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1931.  
NEW ZEALAND.

# FINANCIAL STATEMENT.

*(In Committee of Supply, 30th July, 1931.)*

BY THE RIGHT HON. G. W. FORBES, P.C., MINISTER OF FINANCE.

MR. CHAIRMAN,—

The honour once again devolves upon me of laying before honourable members a statement of the Dominion's finances, together with an explanation of the circumstances which have given rise to the position thereby disclosed, and the proposals which the Government intends to submit to this House with a view to providing for the existing conditions.

As honourable members are aware, the year through which we have just passed has been probably the most difficult in the history of this Dominion. The general economic depression, although world-wide in its effects, has been felt very severely by primary-producing countries such as New Zealand, the value of primary products having fallen to an even greater extent than that of manufactured goods.

Dealing first of all with the external trade—with which the prosperity of the Dominion is so intimately bound up—the exports for the year totalled £39,500,000, a reduction of no less than £9,500,000 compared with the previous year and £17,600,000 as compared with the year ended 31st March, 1929. The decline in the value of exports was due principally to a further sharp fall in prices, the “all groups” export-prices index showing a decline of over 28 per cent. for the year. The falling-off in value, however, was not the result of a reduction in the actual volume of exports, considerable quantity increases being shown in butter, frozen meat, and gold. Wool was the only important item showing a reduction in quantity; but this was due not to decreased production, but to the carry-over of stocks in anticipation of an improvement in prices. External trade.

Imports amounted to a total of £38,300,000, being £10,900,000 less than for the previous year. Thus, although the value of exports fell to an unprecedented extent, imports were curtailed to an even greater amount, with the result that the year closed with a favourable recorded balance of trade—an excess of exports over imports to the extent of approximately £1,200,000. The equilibrium in external trade has thus been largely preserved, but the general contraction in the value of this trade has seriously affected the public finances, as well as all internal business, either directly or indirectly.

## Banking position.

Turning now to the banking figures, wherein the general economic position of the Dominion is reflected, it is found that at the beginning of the financial year bank deposits exceeded advances by £326,000, whereas by the end of the year advances had exceeded deposits by approximately £3,080,000. A further symptom of the economic position is the relationship between fixed and free deposits. On the 31st March, 1930, fixed deposits represented 56 per cent. of the total, whereas by the following 31st March the proportion had increased to 64 per cent., indicating that in periods of economic depression investors display a preference for gilt-edged investments rather than for the greater return but less security offered by the average commercial enterprise.

## Decreased State revenue.

Arising out of the trade conditions which I have just described, and the consequent heavy falling-off in various kinds of revenue—Customs, stamp and death duties, interest-recoveries, &c.—particularly during the last quarter of the year, the financial year closed with a deficit of £1,639,000. In this connection it will be remembered that in preparing last year's Budget a decrease in revenue amounting to £2,830,000 was anticipated, and steps were taken to meet the position. As soon as it became apparent, during the second half of the year, that the revenue was likely to fall short of the Budget estimate, efforts were made to meet the situation by further economies, but the sudden decline in revenue in the closing months of the financial year was so heavy that it was impossible in the time available to avoid the deficit which resulted. In fact, while the rate of decline was accelerating so rapidly, it was a very difficult matter even to forecast what the final result would be.

## General economic position.

Reviewing the economic position for the year, one is forced to the conclusion that prices are down to practically pre-war level, and that until conditions improve overseas we must accustom ourselves to a smaller income than has obtained for a number of years past. Signs are not wanting, however, that the general level of world prices has now reached its lowest point, and there has even been a slight recovery in some lines. Such being the case, it is anticipated that, perhaps slowly at first but later with increasing momentum, conditions will improve in our principal markets overseas, and this, of course, with internal stability and confidence, will materially assist in again placing this Dominion on the high road to prosperity. It appears quite likely, however, that prices will stabilize at a level lower than we have been accustomed to in recent years.

## REVENUE.

## Revenue.

Details of the year's operations of the Ordinary Revenue Account of the Consolidated Fund will be found in the published statements, and are summarized in the comparative tables attached to this statement.

The total revenue for the year amounted to £23,068,931, a net shortage of £2,051,069 compared with the estimate, or a reduction of £2,280,930 compared with the previous year. Of the total revenue, £18,599,980 was derived from taxation, and the balance of £4,468,951 from interest-earnings and sundry revenues from State activities. Included in the revenue from taxation is an amount of £1,840,590, representing petrol-tax, motor-license fees, &c., specially earmarked for main highways, so that the revenue actually available for general purposes was £21,228,341, which represents a decrease of no less than £2,610,730 compared with the previous year.

The items chiefly concerned in the revenue-shortage are as follows :—

	£
Customs .. .. .	924,024
Interest on railway capital .. .. .	695,000
Stamp and death duties .. .. .	392,665
Interest on Public Debt Redemption Fund .. .. .	126,107
Land-tax .. .. .	94,383
	<hr/>
	£2,232,179
	<hr/>

In reduction of these shortages must be offset certain revenue increases, leaving a net shortage, as previously stated, of £2,051,069.

The shortage in Customs revenue—namely, £924,024—is, of course, the result of the heavy decline in imports, to which I have already referred. The principal items concerned in the shortage were apparel and textiles (£465,316), and motor-vehicles and parts (£579,132). Customs.

The revenue received on account of interest on railway capital amounted to £685,000, compared with a Budget estimate of £1,380,000. In spite of certain increases in fares and freights, the railways failed to meet the estimate for the year to the extent of £695,000. Considerable savings were effected in Railway expenditure, but these economies, as the results indicate, were much more than offset by a heavy shrinkage in revenue, due to an unprecedented falling-off in passenger and goods traffic. The interest due to the Consolidated Fund on railway capital amounted to approximately £2,255,000, but £1,570,000, or more than two-thirds of it, had to be provided out of taxation. Railway interest.

Honourable members are already aware of the steps which the Government has taken with a view to placing the railways on a sound business basis, freed from the influences which must inevitably be associated with direct political control. The Board appointed pursuant to the relative legislation of last session has now taken charge, and it is hoped that their efforts will enable the burden on taxation to be materially lightened without detriment to the standard of service given to the people.

Regarding stamp and death duties, the total revenue under this heading for the year was £3,387,335, which amount fell short of the estimate by £392,665. Of this amount, stamp duty on instruments accounted for a shortage of £104,479, as a result of the general falling-off in property transactions, while duties payable by racing clubs accounted for a further shortage of £85,857, due to a substantial reduction in the amount passing through the totalizer. Death-duty revenue is obviously a more or less unknown quantity, and for the year under review contributed a total of £1,744,697, compared with an estimate of £1,830,000—a shortage of £85,303. As showing the fluctuation in the rate at which death-duty revenue is received, it may be mentioned that the earlier half of the year produced £991,785, whereas the revenue of the latter half fell to £752,912. Stamp and death duties.

Land-tax contributed a total revenue of £1,145,617, compared with an estimate of £1,240,000—a shortage of £94,383. This shortage was due to the non-receipt of tax as a result of the prevailing economic conditions, together with extensive revaluations of rural lands during the year. Land-tax.

As an offset to some extent against the shortage in land-tax, the income-tax for the year totalled £4,003,606, which was £43,606 in excess of the amount estimated. Income-tax.

The only other item of importance in which the revenue fell materially short of the estimate was in respect of interest on the Public Debt Redemption Fund, the deficiency being £126,107. A large portion of this fund is invested in discharged-soldier-settlement mortgages, and on account of the prevailing conditions it has not been possible to collect the whole of the interest due. Interest on Public Debt Redemption Fund.

### EXPENDITURE.

Honourable members may recollect that in submitting last year's Budget, attention was drawn to the fact that in order to avoid as far as possible any increases in taxation the Government had carefully reviewed the whole of the State expenditure, and as a result succeeded in reducing the estimates of expenditure to a total of £24,997,000, which was over £200,000 less than the net expenditure of the previous year, notwithstanding the fact that provision had to be made for increases in debt charges, pensions, and other fixed items amounting to £415,000. Under these circumstances it is satisfactory to record that the year's expenditure was £289,067 less than the amount provided for in the estimates. Interest was £97,902 less than was anticipated, chiefly on account of the low rates that ruled Expenditure.

for Treasury bills in London, while the expenditure under Repayment of the Public Debt Act was £17,441 less than the estimate. The net decrease under other permanent appropriations was £138,374, the principal items concerned being subsidies to Hospital Boards, £25,553, and disbursements of motor taxation, £73,639, while a saving of £35,350 was effected under the annual votes.

Expenditure  
summary.

These savings are all the more satisfactory when it is realized that a large portion of the State's expenditure does not permit of economies being effected. This will be apparent from the following summary of last year's net expenditure :—

	£
Public-debt charges .. .. .	10,952,505
Social services—	
Education .. .. .	3,354,545
Pensions and family allowances .. .. .	3,025,206
Health and hospitals .. .. .	1,219,184
Roads and highways .. .. .	1,875,609
Defence—land, sea, and air .. .. .	821,644
Agriculture .. .. .	418,913
All other items .. .. .	3,040,436
	<hr/>
	£24,708,042
	<hr/>

Debt charges.

The largest single item in the State expenditure was debt charges, amounting to £10,952,505. A substantial part of this amount, however—namely, £1,638,672—was on account of debt-repayment, which must be regarded as an investment rather than an expense.

Education.

Education expenditure, together with payments from loan-moneys in respect of school buildings, &c., resulted in a total cost for the year in excess of £4,500,000. Annual increases under this heading are to a large extent the result of the increased number of children attending school, consequent upon increased population; but the time has now arrived when we must take stock of our educational system and endeavour to effect economies, while at the same time maintaining the present high standard. With this in mind, the Government has decided to set up a special Economy Committee to investigate the whole matter.

Pensions and  
family allowances.

The expenditure under the heading of "Pensions and family allowances" consisted of £1,245,499 war pensions, £1,118,286 old-age pensions, £325,998 widows' pensions, £63,608 in family allowances, and the balance of £271,815 in respect of miscellaneous pensions and administration expenses. The cost of pensions has increased during the past few years, due partly to normal population-increases, and more recently to the prevailing economic conditions.

Public health.

The health and hospitals expenditure during the year consisted of grants and subsidies totalling £670,847 to public hospitals; maintenance of mental hospitals, £303,667; and £244,670 in respect of public-health administration.

Roads and highways.

Roads and highways accounted for a total allocation from revenue of £1,875,609. Including loan-moneys, the total expenditure on roads and highways for the year amounted to approximately £3,700,000. In this connection the Government's proposals with respect to the co-ordination of the national transport system will be fully dealt with later.

Defence.

The Defence expenditure involved £229,051 in respect of land defence, £543,845 for naval defence, and £48,748 for air defence. Expenditure on defence generally was rigorously curtailed during the year, principally in connection with the suspension of compulsory military training, but the full effect of the savings will not be felt until the current financial year.

Agriculture.

Expenditure on agriculture accounted for a total of £418,913, approximately half of which was in respect of subsidies and grants of various descriptions.

This completes a review of the principal headings of expenditure out of the Consolidated Fund. The balance of the expenditure, to which I have not drawn special attention, is fully accounted for in the public accounts, and represents general administration expenses for the most part.

## SUMMARY OF THE YEAR'S OPERATIONS.

The transactions for the year resulted in a deficit, as follows:—

Summary of year's operations.

<i>Expenditure.</i>		£	£
Permanent appropriations .. .. .		20,738,422	
Less credits in reduction .. .. .		3,702,559	
			17,035,863
Annual appropriations .. .. .		9,063,321	
Less credits in aid .. .. .		1,391,142	
			7,672,179
Net expenditure chargeable against revenue .. .. .			24,708,042

<i>Revenue.</i>			
Taxation—			
Direct .. .. .		8,972,111	
Indirect .. .. .		9,627,869	
			18,599,980
Other receipts .. .. .		4,468,951	
			23,068,931
Deficit .. .. .			£1,639,111

The following shows the year's results as reflected in the Ordinary Revenue Account of the Consolidated Fund:—

Result in funds of Ordinary Revenue Account.

Balance brought forward, 1st April, 1930 .. .. .	£	2,356,337
Less—	£	
Deficit, 1930–31 .. .. .	1,639,111	
Subsidy on expenditure out of Unemployment Fund .. .. .	159,247	
Subsidies to local authorities in respect of unemployment relief .. .. .	116,768	
Advances to Rural Intermediate Credit Board .. .. .	127,900	
Expenditure in connection with Hawke's Bay earthquake .. .. .	29,536	
Expenditure in connection with West Coast earthquake .. .. .	174	
Advance to Westport Harbour Account .. .. .	5,000	
		2,077,736
Balance, 31st March, 1931 .. .. .		£278,601

This balance was made up as follows:—

	£
Cash .. .. .	151,105
Imprests outstanding .. .. .	127,496
	£278,601

The subsidy on expenditure out of the Unemployment Fund is payable in terms of the Unemployment Act passed last year. The Act provides for the payment of a subsidy equivalent to £1 for £1 on expenditure out of the fund.

Subsidies on account of unemployment relief.

In addition to subsidizing the Unemployment Fund, the Consolidated Fund also provided subsidy to the extent of £116,768 in connection with unemployment-relief works undertaken by local authorities. This expenditure represents charges incurred prior to the coming into force of the Unemployment Act.

Advances totalling £127,900 were made to the Rural Intermediate Credit Board to provide capital moneys for the purpose of enabling advances to be made to farmers. These advances to the Board represent the last instalment of the total advance of £400,000 authorized in terms of the Rural Intermediate Credit Act, 1927.

Rural Intermediate Credit Board.

Earthquakes  
expenditure.

Expenditure during the year in connection with earthquakes totalled £29,710, of which the Hawke's Bay District accounted for £29,536 and the West Coast of the South Island for the balance. I will deal later in detail with the action which the Government has taken and proposes to take in connection with the rehabilitation of the Hawke's Bay District.

Advance to  
Westport Harbour  
Account.

The advance of £5,000 to the Westport Harbour Account was made in terms of the Westport Harbour Act, 1920. The advance, together with interest thereon, is repayable to the Consolidated Fund.

## Treasury bills.

## TREASURY BILLS.

## Revenue bills.

Treasury bills totalling £2,950,000 in anticipation of revenue were issued during the year. It may be explained that financing by means of Treasury revenue bills is, under existing conditions, unavoidable, as the working balance carried forward in the Consolidated Fund is now practically exhausted and a large portion of the revenue—namely, from land and income tax—is not received until towards the end of a financial year, whereas expenditure is continuous throughout the year. Of the total issue of £2,950,000, the sum of £1,100,000 represented internal transactions between Treasury accounts. A further £1,100,000 was raised in New Zealand at rates varying from 4 to 5½ per cent., and the balance of £750,000 was raised in London at from 2⅜ to 2⅝ per cent. All these bills were duly paid off when the proceeds of land and income tax were received, and no revenue bills were outstanding at the close of the financial year.

## Redemption bills.

In addition to revenue bills, a series of Treasury redemption bills were sold in London during the year at rates of from 2⅜ to 2¾ per cent. The issue of these bills was necessary owing to the prohibitive rates for transferring money to London, the telegraphic rate at the close of the year being no less than 10 per cent. On the 31st March, 1931, redemption bills to the extent of £3,550,000 were outstanding, but were partially covered to the extent of £2,350,000 by temporary investments in New Zealand. Owing to the low rates of interest paid on the bills, their cost was offset by the interest earned on the fixed deposits in New Zealand.

## PUBLIC WORKS.

## Public works.

I propose now to deal with that section of State activity on which the major portion of loan capital is expended each year—namely, public works. In this connection I may explain at the outset that it has been the Government's policy to restrict capital expenditure, as far as circumstances will permit, to works of a productive nature only, as it is fully realized that the expenditure of borrowed money on other than productive works imposes an increasing burden on the general taxpayer, and under a contracting national income would eventually tend seriously to affect the financial standing of the Dominion.

The unemployment position has created a special problem, however, with the result that, while the principle of concentrating on essential productive works is being adhered to as far as possible, in some cases works have been undertaken in advance of the normal developmental programme in order to provide additional remunerative forms of employment. The necessity for such works will be appreciated when it is realized that the Public Works Department is the largest single employer of manual labour in the Dominion.

Summary of  
expenditure.

The expenditure on public works during the year, under the relative headings, was as follows:—

	£
Railway construction, additions, and improvements ..	3,159,813
Main highways and roads .. .. .	2,341,902
Hydro-electric supply .. .. .	1,230,172
Public buildings (including schools) ..	939,110
Telegraphs and telephones .. .. .	434,615
Irrigation, land and river improvements ..	252,585
Miscellaneous public works .. .. .	129,398
	<hr/>
	£8,487,595



The railways expenditure consisted of £1,576,101 on construction, £526,515 on additions, and the balance of £1,057,197 on improvements. Expenditure on railways.

In pursuance of the Government's policy of reducing to a minimum all expenditure on railway-construction which is not economically justifiable at the present time, it was decided to close down several works as from the 1st January last. The principal lines so dealt with were the North Island Main Trunk line beyond Okaihau, the Dargaville to Kirikopuni, and Gisborne to Waikokopu lines, and also the Nelson to Inangahua line, on which construction work was proceeding between Kawatiri and Murchison. Work on these sections has now ceased, the employees have been transferred to other works where possible, and the plant and materials on hand will be utilized elsewhere. Works closed.

Regarding the construction works still in hand, in the North Island the principal lines are the Stratford to Main Trunk and the Putorino to Wairoa sections, both of which are now rapidly approaching completion, and in the South Island work is proceeding in connection with the Main Trunk line between Wharanui and Parnassus, and also on the line between Westport and Inangahua to connect the Westport section with the main southern system. In this connection, I may explain that the Railway Board is empowered to report on all works at present under construction, while no new works can be started until a report on the same by the Board has been laid before both Houses of Parliament and a resolution approving of any such work has been passed by both such Houses. Construction work.

The balance of the expenditure on railways represents additions to open lines—mainly in respect of new rolling-stock—and improvements such as new buildings, reclamation, and rearrangement works in connection with the existing railways.

Expenditure under the heading of "Highways and Roads" comprises £757,906 on main highways and £1,583,996 on roads. Compared with the previous year, the latter amount represents an increase of £392,927 in expenditure on ordinary settlement and backblock roads, as a result of the necessity to which I have already referred, of finding useful work for many of the unemployed. Highways and roads.

Regarding expenditure on hydro-electricity, I may explain that the various schemes earned a gross revenue for the year of £685,242, and after charging all expenses, including depreciation and interest, the accounts disclosed a loss over all schemes of £2,043. Had it not been for the stoppage at Arapuni, and the consequent necessity for purchasing supplies of electricity from local authorities, a profit would undoubtedly have resulted from the year's operations. Hydro-electricity.

The expenditure on public buildings includes school-buildings, post and telegraph offices, and hospitals. In terms of the amending legislation passed last year, the separate account in respect of education buildings—namely, Education Loans Account—was abolished as from 1st April last, and in future the capital cost of school-buildings will be met out of the Public Buildings vote under the Public Works Fund, as obtained several years ago. Public buildings.

The balance of the expenditure on public works was incurred in respect of irrigation, land and river improvements, &c.

This concludes a brief review of the Government's stewardship of public works during the past year. Complete details will be given in the Public Works Statement, which will be submitted later.

### LONDON LOAN, 1931.

To provide the necessary funds for essential public works during the current financial year, a loan of £4,000,000 was raised in London on the 8th June, 1931, by means of 5-per-cent. bearer bonds, a further £1,000,000 being added to the issue for redemption purposes. The bonds were issued at £99, and are repayable at par on the 16th July, 1934, the Government having the option, however, to redeem at par, either in whole or in part, on or after the 16th July, 1932, on the giving of three months' notice. Including redemption of discount over the period of the loan, the return to investors is £5 7s. 3d. per cent., and the cost to the State, after allowing for expenses, amounts to £6 1s. 3d. per cent. This is certainly dear money, but the Dominion on this occasion had to go on the market in the face of complex and adverse circumstances, among which might be mentioned our heavy adverse exchanges and reactions from happenings in Australia. In addition, the general London Loan, 1931.

uncertainty brought about by the world-wide slump in prices seems to have made investors somewhat reluctant in the meantime to make further investments overseas. As evidence that the rate was by no means excessive under the circumstances, I may explain that the underwriters were left with approximately 68 per cent. of the loan, and that, after issue, the market price of the bonds fell temporarily to 97½ per cent., but later recovered to the issue price.

Long- and short-term borrowing.

It may have come as a surprise to some people that we had to pay such a high price for the loan, in view of the fact that the rates for Treasury bills and other short-term borrowing are so low at present. It may be explained, however, that long- and short-term borrowing are two different things, governed by different considerations. Arising out of the general slackness in trade, the supply of short-term loan funds is greater in relation to the demand, and so interest-rates have fallen. In the long-term market, however, the slump in trade has had the opposite effect. Savings, and consequently the amount available for permanent investments, have decreased, in addition to which the uncertainty of the outlook and general lack of confidence resulting from the tremendous fall in prices have tended to harden interest-rates for long-term loans, and in the meantime make investors somewhat chary of lending overseas.

The issue of short-dated bonds is a departure from the usual practice in issuing New Zealand loans in London, but in view of the present high cost of raising funds it was deemed advisable to make the period as short as possible, in the expectation that rates will tend to be reduced within the next three years.

The only alternative to raising an overseas loan, as it was not possible to obtain sufficient funds within the Dominion under present circumstances, would have been to close down the public works in respect of which the funds are to be expended. Such action, I feel sure honourable members will agree, would have been disastrous at the present time, and would, directly and indirectly, have resulted in many thousands of men being added to the present number of unemployed. Opinions may vary as to what works should be carried out, but I think it will be generally agreed that this is not the time to go to the extreme of a complete stoppage in one step.

Allocation of proceeds.

Of the proceeds of the loan, £3,000,000 was allocated to the general Public Works Fund, out of which is met the expenditure for railway-construction, telephones and telegraphs, roads, buildings, and £1,000,000 to the Electric Supply Account for carrying on the hydro-electric works at present under construction. Details of the proposed expenditure will be submitted in the public-works estimates.

In conjunction with the loan for new money, a further £1,000,000 was raised for redemption purposes. The amount will be applied in repayment of an equivalent amount of the Treasury redemption bills to which I have just referred. These bills were issued in redemption of securities held in New Zealand, so that the whole transaction represents a transfer of debt from New Zealand to London, which, while regrettable, was practically unavoidable except at a prohibitive cost in exchange.

#### PUBLIC DEBT.

Public debt.

The public debt as at the 31st March, 1931, amounted to £276,033,358, compared with £267,383,343 for the previous year, a net increase of £8,650,015.

Gross additions.

The gross additions to the debt during the year totalled £11,123,700, and the repayments amounted to £2,473,685, leaving a net increase, as I have just stated, of £8,650,015. The following are the purposes to which the gross additions were applied:—

	£
Public works .. .. .	8,820,700
State advances .. .. .	1,500,025
Land-settlement .. .. .	514,000
State forests .. .. .	285,000
Redemptions (unexpended as at 31st March, 1931) ..	3,975
	<hr/>
	£11,123,700
	<hr/>

Of this total, £7,250,000 was raised in London, £5,500,000 being on account of the 1930 London loan, £685,703 was derived from various supplementary issues of the same stock, while the balance represents charges and expenses of raising the 1929 and 1930 loans and the remainder of the expenses in connection with the large conversions of 1929 consolidated stock.

Local issues accounted for £3,873,700, of which £455,090 was derived from the sale of Post Office investment certificates and departmental investments bearing interest at from 4 per cent. to  $5\frac{1}{4}$  per cent., while the balance of £3,418,610 was received direct from the public, and bears interest at  $5\frac{1}{2}$  per cent. Local issues.

Of the new capital raised during the year £1,500,025 was for State advances, but in addition to this amount a further sum of £1,141,324 was received on account of the sale of rural-advances bonds, thus the total new moneys available for State advances purposes totalled £2,641,349. In this connection, I may explain that, in accordance with the legislation under which the rural advances system was set up, rural-advances bonds do not form part of the public debt. State Advances.

As a partial set-off against the new loans raised, debt totalling £2,473,685 was repaid during the year, £426,107 of which debt was domiciled in London and the balance of £2,047,578 in New Zealand. These repayments of debt were effected as follows:— Debt repayments.

	£
Under Repayment of Public Debt Act, 1925 ..	1,209,928
Under funded-debt agreement with British Government ..	426,107
Out of reparation-moneys, &c. .. ..	466,500
From Discharged Soldiers Settlement Account ..	157,350
From other accounts .. .. .	213,800
	<hr/>
	£2,473,685

The payments of £1,209,928 and £426,107 represent the operations under the debt-repayment schemes, the funds for which are drawn from the Consolidated Fund. As honourable members are aware, the funded-debt agreement provides for the repayment over a period of about thirty-six years from 1922 of an amount (originally £27,532,164) advanced by the British Government during the war. Further payments are to be partially suspended this year, but I will refer to that presently.

The balance of the public debt, apart from certain minor exceptions, is automatically included in the general debt-repayment scheme, which provides for repayment upon an annuity basis over a period of sixty years from 1925 in respect of the loans then outstanding, and from the year of issue in the case of subsequent loans.

The transactions of the public debt during 1930–31 may be summarized as follows:— Summary of debt operations.

	£
Debt as at 1st April, 1930 .. .. .	267,383,343
Add new loans raised—	£
Ordinary .. .. .	9,623,675
State advances .. .. .	1,500,025
	<hr/>
	11,123,700
	<hr/>
	278,507,043
Less redemptions—	
Ordinary .. .. .	244,610
War .. .. .	2,071,725
Discharged soldiers .. .. .	157,350
	<hr/>
	2,473,685
	<hr/>
Debt as at 31st March, 1931 ..	£276,033,358

## Classification of debt.

Classification of Debt.				£
Ordinary ..	..	..	..	163,676,911
War ..	..	..	..	67,711,800
Discharged soldiers ..	..	..	..	7,704,536
State advances ..	..	..	..	36,940,111
				<u>£276,033,358</u>

## Domicile of debt.

Domicile of Debt.				£
London ..	..	..	..	154,546,941
Australia ..	..	..	..	4,175,350
New Zealand..	..	..	..	117,311,067
				<u>£276,033,358</u>

## Combined State balance-sheet.

Before leaving the subject of the public debt, I would like to take this opportunity of again stating that the Government fully realizes the necessity for reducing to a minimum further additions to the debt, and, as I have previously stated, the raising of loans, especially overseas, is being curtailed as much as is possible under the circumstances, having in mind the needs of the Dominion and the effect of recent economic changes.

In passing I may add that the financial aspect of the various State activities is reflected in the relative departmental accounts and balance-sheets, all of which are now presented on approved commercial lines. Last year, honourable members may recollect, a preliminary State balance-sheet was prepared, showing in concise form the position of the national finances, and I am pleased to be able to announce that this year, for the first time in our history, a complete combined balance-sheet has been prepared, duly audited, and will be published in parliamentary paper B.-1 [Part IV].

## UNEMPLOYMENT RELIEF.

## Unemployment Relief.

The principal problem which is engaging the earnest attention of most countries at the present time is that of providing suitable work for the large number of workers who, under existing conditions, are unable to obtain remunerative employment.

The most recent statistics available in this connection indicate that the proportion of unemployed to the total population is substantially lower in New Zealand than obtains in most countries overseas, but while this is so the Government considers the matter to be of such vital import as to justify the adoption of special measures in order to meet the position.

## Unemployment Board.

With this end in view, and in accordance with the recommendations of the Unemployment Committee which submitted its report last year, legislation was enacted whereby a Board was set up to administer unemployment relief on a national basis. The Act, however, did not divest local authorities of any of their responsibilities in regard to unemployment in their districts, and the closest co-operation between them and the Unemployment Board is essential to the granting of relief. In terms of the Act a special fund was instituted, to comprise the net proceeds of the levy of £1 10s. per head on all males (with certain exceptions) of twenty years of age or over, together with a subsidy from the Consolidated Fund equivalent to the Board's expenditure. By this means provision was made to meet the requirements of what the Unemployment Committee estimated would be a maximum of 15,000 unemployed men. With the continued fall in the Dominion's national income, however, the number of unemployed steadily increased, and on taking office in November, 1930, the Unemployment Board was faced with the immediate necessity of providing relief, as the funds previously voted for subsidizing relief works undertaken by local authorities had by this time become exhausted. Various schemes were accordingly initiated forthwith, and these succeeded in materially relieving the position and at the same time ensured as far as possible that useful works were undertaken. In spite of all efforts, however, which

necessarily were limited by finance, there was still a large number of unemployed, so in February last the Unemployment Board introduced a scheme for providing rationed relief work through the medium of local authorities. This marked the first occasion when some work was offered to all registered unemployed, with the result that there was a large increase in the number of registrations. At the inception of this last-mentioned scheme, there were 17,000 registered unemployed, and the number rapidly rose to 37,600 by the end of the financial year, when the Board was incurring expenditure at the rate of, approximately, £2,000,000 per annum. The fund was obviously not equal to such a drain, and on the exhaustion of the available moneys it was publicly announced that further commitments would have to be suspended until Parliament had met. In view, however, of the wide appeal made for the continuation of the scheme and the near approach of the session, the Government subsequently decided to arrange the necessary finance in the meantime, and, as honourable members are aware, legislation has now been passed imposing the maximum taxation for relief schemes that it is considered the country could reasonably afford, having regard to the economic position and demands on the taxpayers for other purposes.

Honourable members and the country generally will, I feel sure, agree that everything possible should be done to reduce unemployment to a minimum, and while additional burdens must necessarily be imposed on those of us who are employed, I am convinced that the majority of citizens will agree that there is no reasonable alternative under the circumstances.

During my visit to the Imperial Conference, I both saw and heard of the demoralizing effect of the dole system, and I am satisfied that in the long-run damage will be done to the *morale* of those in receipt of pay without work. It is thus essential that work should be provided, and, although it is a difficult matter, every effort must be made to provide work of a productive nature in order to lessen the economic burden of the taxation imposed to finance the schemes.

In addition to subsidizing expenditure totalling £319,141 incurred by the Unemployment Board, the Government has provided employment for as many men as possible on public works, and during the financial year ended the 31st March last the following expenditure on relief was incurred by the State:—

Expenditure on unemployment relief.

	£
Subsidy paid to Unemployment Board .. ..	159,247
Public Works Department (including main highways) ..	1,249,446
State Forest Service .. ..	85,000
Department of Lands and Survey .. ..	21,933
Subsidies to local authorities .. ..	116,768
<b>Total .. ..</b>	<b>£1,632,394</b>

Wherever practicable, men engaged on public relief works are employed on a co-operative contract system whereby they are paid by results. I might add also that the number of men employed by the Public Works Department during the past two years on all its works (including relief works) was the highest in the history of the Department.

The Government, I may add, fully recognizes the necessity for a permanent solution of the unemployment problem, and is taking all steps possible in this direction.

#### HAWKE'S BAY EARTHQUAKE, 1931.

I propose now to refer to the earthquake which occurred in the Hawke's Bay District on the 3rd February last, resulting both in loss of life and material damage to property.

Hawke's Bay earthquake.

Immediately advice was received as to the nature and extent of the damage the Government issued instructions for the organization of relief measures, the success of which may be judged from the fact that within forty-eight hours of the earthquake adequate medical assistance and supplies, temporary accommodation, and food were available in the stricken areas. Great credit in this connection is due to the Navy for the quick response and valuable assistance rendered, and also

to the various private organizations for supplies and assistance which were immediately forthcoming. The various Government Departments were called upon for tents and medical and other supplies, &c., and railway facilities were made available, free of charge, for the carriage of goods and the transport of refugees from the earthquake areas.

Following upon the more urgent relief work, road and railway repairs were put in hand, and complete temporary communication was quickly restored. In the meantime, local committees were organized, and these attended in a very efficient and expeditious manner to the distribution of food, clothing, and the provision of accommodation, in order to ensure that none were in want.

Public  
subscriptions.

Right throughout New Zealand—and, indeed, throughout the Empire—there was a spontaneous response in providing funds for the relief of distress, and to date a total sum of approximately £381,000 has been received in voluntary subscriptions. Following the experience in connection with the Murchison earthquake, a central fund was established and a Central Committee formed to co-ordinate the various relief activities in the affected areas, and to ensure that the best possible use is made of the funds subscribed. The fund is being administered by the Public Trustee as executive officer of the Central Committee, and the accounts are subject to audit by the Controller and Auditor-General. No organizing or administrative costs will be charged against the relief fund, so that the whole of the amount subscribed will be directly applied in relief of distress caused by the earthquake.

Hawke's Bay  
Adjustment Court  
and Rehabilitation  
Committee.

As a preliminary to restoration, a fairly general liquidation of the liabilities existing at the time was obviously necessary, and a special Court—the Hawke's Bay Adjustment Court—was set up and given wide powers to deal with this phase of the matter. To facilitate the actual work of restoration, a Rehabilitation Committee was set up to investigate claims and make recommendations to the Government as to the extent and nature of assistance to be granted.

State expenditure.

As will be readily appreciated, the State has been committed to considerable expense in connection with the restoration and rehabilitation of the affected areas. Restoration of and repairs to roads, schools, and public buildings, &c., are estimated to cost approximately £500,000, resurveys and restoration of land transfer titles, &c., a further £150,000, while sundry grants, including an amount of approximately £85,000 representing *ex gratia* payments by the State Fire Insurance Office, account for a further £110,000. The Government has also made sundry grants from the Consolidated Fund for relief of immediate distress, clearing of streets, re-erection of chimneys in private residences, &c. In addition, provision was made in the Hawke's Bay Earthquake Act, 1931, authorizing the Government to make use of reserve funds to the extent of £1,500,000 to enable loans and grants to be made both to local authorities and to private persons, with a view to enabling rehabilitation to be speedily effected in the earthquake areas. Thus the total expenditure from public funds will amount to over £2,250,000.

Pending complete rehabilitation, the towns concerned are being resurveyed and laid out in accordance with modern town-planning principles. Occupational activities are now in full swing again, and in the near future we may expect the district concerned to be restored to its previous position of being one of the most productive and prosperous in the Dominion.

#### LAND-SETTLEMENT.

Land-settlement.

The Government fully recognizes the necessity, especially in a primary producing country such as New Zealand, for the prosecution of a vigorous policy of land development and settlement, and since assuming office has taken all steps possible both to bring into production all idle lands and to foster closer settlement. The matter is of particular importance at the present time owing to the necessity for increasing the Dominion's exports to offset the reduction in prices received in the overseas markets, and also with a view to assisting in the relief of unemployed. Successful land-development is one of the best possible means in which the financial position generally may be improved, for primary production is the basic industry of the Dominion, and increased purchasing-power for the farmers means better times for the rest of the community.

In so far as Crown lands are concerned, as many as possible of the available **Crown lands.** areas have been opened for selection. During the period 1st December, 1928 (when the United Government took office), to the 31st May, 1931, a total area of over 940,000 acres of all classes of Crown lands has been selected on various tenures, involving over 4,350 subdivisions, which include some 700 entirely new rural sections selected on permanent tenures.

The number of settlers actually placed on the land, however, while considerable, does not cover the whole of the Government's activities in this respect, as the areas which are being developed by the Crown have not yet been offered for selection. It is satisfactory in this connection to note that every unoccupied block of Crown land in the Dominion has been specially reported upon, and as a result arrangements are being made to settle a large number of sections, the settlers to receive financial assistance for the further development of the land in terms of the Land Laws Amendment Act, 1929.

Good progress is also being made in the development of large areas of gum and pumice country in various localities. The Ngakuru blocks of pumice land in the Rotorua district are breaking in satisfactorily, and the results so far achieved in the laying-down of pastures and general development are most encouraging. Satisfactory progress is also being made with the development of certain estates purchased under the Land for Settlements Act. Approximately 3,000 acres has so far been laid down in pasture in various blocks and further large areas are in preparation, incidentally giving employment to a large number of men.

In addition to the development of Crown lands, the Government has also **Land purchases.** acquired some fifty-four properties, covering a total area of approximately 110,388 acres, and capable of subdivision into over 350 farms. Included in the purchases were nineteen properties, totalling 10,940 acres, which were acquired under Part II of the Land Laws Amendment Act, 1928, on behalf of sixty-seven approved applicants. In this connection I may mention that strict supervision is exercised over the purchase of private estates, for, as a general rule, it is preferable to expend the funds available in developing Crown land rather than in the purchase of private estates. Most of the properties purchased for ordinary settlement have been subdivided and selected, but amongst those not yet offered are two or three estates on which development work prior to selection is being carried out by the Crown; and in this connection I would specially mention the Galatea Estate (between Whakatane and Lake Taupo), which it is proposed to cut up into blocks ranging from 100 to 200 acres, the objective being to place 120 settlers in occupation on these holdings. In the meantime the roading and general development of the estate is providing employment for several hundred men.

Before leaving the subject of land-settlement, I desire to refer to the very **Native-land settlement.** successful results which have been accomplished in connection with the Native-land-development schemes.

In the North Auckland province development work is being proceeded with energetically, and some 404 separate holdings are at present under supervision.

In the Waikato and King-country districts several large areas are being broken in for settlement, while in the Rotorua—Bay of Plenty districts the area under development exceeds 30,000 acres. Work is also being carried out in the East Coast, Poverty Bay, and Wairoa districts, and at Wairau (Marlborough) and Southland in the South Island.

A feature of the Native-land development is that all labour, both skilled and unskilled, is recruited from the Maoris, who, I am pleased to state, have so far fulfilled every requirement, which augurs well for their adaptability to farm-management when the lands are eventually settled by them.

The full advantage of these schemes will, of course, accrue in the future, but from the brief outline which I have supplied it will be agreed, I feel sure, that both the intensive and extensive cultivation of the land is being encouraged by the Government in every possible way.

1931-32.

**1931-1932.**

General level of prices.

The current financial year is likely to be remembered as a difficult one of economic readjustment, although a great deal has already been accomplished in this direction. Further, it would appear that we now know the worst, and that is half the battle, for there is no doubt that uncertainty as to what is going to happen is a powerful psychological factor in retarding trade and industry. It appears reasonably certain now that prices have reached bottom, and there is evidence of some movement in an upward direction. Economists in all countries, however, seem to be in agreement that prices will stabilize on a lower level than we have been accustomed to in recent years; but stability is the essential factor, for without that there can be no confidence in business. Given the foundation of stability, we have but to complete the task, onerous though it is, of adjusting our economic structure by bringing it into alignment with the new price-level, and then the way is clear for a revival of business and a general return to prosperity, which alone can provide a permanent remedy for the distressing problem of unemployment.

Public finances.

The public finances reflect the position of the country generally, and the restoration of budgetary equilibrium on a permanent and secure basis is a practical impossibility unless and until general economic equilibrium is restored. The Government's proposals have accordingly been aimed primarily at assisting the solution of the larger problem, which involves the adjustment of the finances of our farmers, the lowering of working-costs, both direct and overhead, and the writing-off of losses incurred. These adjustments are largely matters for private initiative, and the most the Government can do, short of a radical change in the economic system, is to give a strong lead and endeavour to prevent exploitation of the situation. For these purposes this House was called together for the special session held in March last.

**ADJUSTMENT OF SALARIES AND WAGES.**

Salaries and wages adjustment.

As honourable members are aware, the Finance Act, 1931, made provision for an all-round 10-per-cent. reduction in the salaries and wages of the Public Service, and provided authority for the Arbitration Court to review award rates of wages, taking into account the economic and financial conditions affecting trade and industry in New Zealand, and all other considerations which it deemed to be relevant. This authority was exercised by the Court, which, after hearing all sides of the question, came to the conclusion that a 10-per-cent. reduction in award rates was necessary to enable trade and industry to carry on and provide employment for the workers. It further reached the conclusion that the reduction ordered could be made without impairing the standard of living. This is borne out by the index figures of the Government Statistician, which show that between May, 1929, and May, 1931, the "all groups" index declined from 60·9 per cent. to 48 per cent. above July, 1914—a fall of about 8 per cent. In the same period the food-group index fell from 47·5 per cent. to 24·8 per cent. above July, 1914—a fall during the period of over 15 per cent. In general, the effect of the world-wide fall in prices was that the purchasing-power of money was increased. This being so, if the country could have afforded to allow money wages to remain unaltered, it would have meant that real wages would have been increased. The Government would have been very pleased indeed if the standard of living could have been raised in this way, for cutting wage-rates is neither a pleasant nor a popular task. The hard facts are, however, that the money income of the country as a whole is substantially reduced, and the question was whether a steadily decreasing number of men were to receive higher real wages while a large and increasing number of their fellow-workmen were to have no wages at all, or whether real wages were to be kept at the same level as heretofore, with a consequent revival of business and more employment. It will thus be seen that a reduction in money wages is not only essential for the economic recovery of the country, but is in the real interests of the workers as a whole. It is not the money wages, but the purchasing-power received by the workers, that is the important factor. If money wages and prices are both reduced the worker in employment is no worse

Cost-of-living index.

Real wages maintained.



off, but the consequent saving in working-costs will enable industry to meet competition and carry on successfully under the altered conditions and provide the only permanent cure for unemployment, to the lasting benefit of the workers and the country generally.

The latest cost-of-living figures that I have quoted are for May last, whereas the reductions in award rates were effective from the beginning of June only. The consequent savings in working-costs will enable prices to be still further reduced. The Government has all the necessary authority to ensure that the savings are passed on in one form or another, and, if necessary, the Government will not hesitate to use its powers. The Industries and Commerce Department is keeping in touch with the matter, but is not confining its attention to this point alone; it is busy investigating the relationship between the cost and selling price of various articles in all its aspects.

Steps taken to ensure prices reduced.

As regards food, inquiries have been made, for instance, into prices of bread, meat, fish, sugar, butter, eggs, and bacon; while in other lines the inquiries have been extended to bran and pollard, gas, petrol, cement, bricks, earthenware pipes, fertilizers, coal, woollen goods, hosiery, and boots and shoes. It may be added that over an extensive field price investigations are rendered unnecessary by energetic price competition, but special attention is being given to trades and industries where monopolistic or semi-monopolistic conditions appear to exist.

In regard to bread, I have previously announced the intention of the Government to submit to the House proposals for a reduction of the duty on wheat and flour. An undertaking has been given by the Government that no alteration will be made in the duties until the crop harvested this year has been marketed, but it is intended as from early next year to make substantial reductions in the duty on both wheat and flour. These reductions, while still giving the wheat-grower reasonable protection, will enable substantial reductions to be made in the retail price of flour and bread, and will assist the poultry-farmer and other users of wheat.

Reduction of duty on wheat and flour.

### FARMERS' FINANCE.

As practically the whole prosperity of New Zealand is based on primary produce—which fact is only too evident at a time like the present—the Government is much concerned about the position of the farmers, many of whom have been placed in a serious financial position, through no fault of their own, as a result of the sudden unprecedented fall in world prices, which fall, as I have already indicated, has been particularly severe in the case of primary products. These prices, in fact, are back to the pre-war level, and, as farm lands are worth only the capitalized value of what they will produce at current prices, the hard fact must be faced that unless overseas markets rapidly recover—and the best informed opinion holds out little hope of that—many of our unfortunate farmers will have lost the equity in their farms, representing perhaps the hard-won savings of a lifetime, and, in addition, some mortgagees will have lost part of the capital invested by them. These facts are inescapable, and if the mortgagor of land that is now over mortgaged is a good farmer doing his best the mortgagee cannot hope to gain anything by driving him off the land. Accordingly, I repeat my earnest appeal to mortgagees to review all the circumstances in an equitable spirit and recognize their losses by easing the mortgage charges or otherwise granting every relief possible. This appeal extends also to the stock and station agents, and the banks and others who have lent money on the security of the farmers' stock and chattels, with or without collateral security. The readjustment of internal prices generally should bring a certain measure of relief to farmers, and in some cases all that is required is a postponement of the instalments of principal due under the contract for a limited period. I am pleased to say that the finances of many farmers have been rearranged in a spirit that does much credit to the mortgagees, but to prevent any exploitation of the situation, or the infliction of undue hardship on any mortgagor by hasty action on the part of the mortgagee, the Mortgagors Relief Act was placed on the statute-book. This measure is, however, only intended to be a precautionary one, and it is hoped that in most cases matters will be equitably arranged between mortgagor and mortgagee in a spirit of co-operation without outside assistance or interference. I am glad to say that it would appear

Farmers' finance.

Effect of fall in prices.

Mortgagors Relief Act.

Adjustment Commissioners.

that this is happening in the majority of cases. To assist parties where any mediation or assistance was required, the Commissioners of Crown Lands in the various districts have been appointed Adjustment Commissioners. The work of the Commissioners is, of course, confidential, but I may say they have assisted to bring about a number of amicable settlements. In general, however, they have not been called upon to any great extent; and it is also a matter for satisfaction that applications to the Court under the Mortgagors Relief Act have been relatively few.

State lending  
Departments.

In so far as the State lending Departments are concerned, I can assure this House and the country generally that every application for relief is being dealt with on its merits in as sympathetic a manner as is practicable, with due regard to the exceptional economic conditions that prevail at present.

Disparity between  
external and  
internal prices.

The fall in land-values, while perhaps the most complicated and difficult matter to adjust, is only part of the farmer's problem. His difficulties are increased by the fact that, whereas he is receiving only pre-war prices for his products, the prices he has to pay for the goods he buys are still nearly 50 per cent. above the pre-war level. This wide disparity between the external world prices and New Zealand internal prices is, of course, the basic cause of a great many of our difficulties, and, as we cannot control world price-levels, the only way to remedy matters is to bring our internal prices down. They would be forced down in any case, but the aim of the Government's proposals in bringing about a prompt reduction in salaries and wages, &c., is to reduce the loss and suffering involved to a minimum by having the necessary adjustment made in as short a time as possible. The disparity in the price-levels to which I have referred is the principal difficulty to overcome before we can expect a return to more prosperous times. As prices fall, the purchasing-power of the farmers will rise, and this will benefit the secondary industries and the whole community. Local industries, with their costs and prices both governed by internal conditions, are not directly affected by the fall in prices overseas, and their troubles arise from the fact that at present prices the unsheltered industries can afford to buy only a much smaller quantity of their goods. Hence, the most urgent need of the all-round reduction in working-costs and prices which the Government is endeavouring to bring about.

Purchase of  
fertilizers.

The Government is assisting farmers in connection with the supply of fertilizers, for it is realized that a marked decline in the use of these manures would react seriously upon next season's production. The Government has accordingly made available to the Rural Intermediate Credit Board the sum of £100,000, and has authorized the Board to lend this amount to farmers, with a limit of £75 to any one farmer, on much easier terms than apply to the ordinary business of the Board. An undertaking has been given that the Board will be recouped from the Consolidated Fund for any losses incurred on these special advances. At the same time, notwithstanding the urgent need for reduction in expenditure out of the Consolidated Fund, the Government has continued to subsidize the carriage of lime and fertilizers on the railways. The cost to the Consolidated Fund this year is estimated at about £140,000.

Local  
Government  
inquiry.

One of the most onerous items in the overhead costs of farming is rates, and, as a further means of assisting the farmers, the Government has prepared an order of reference, and is at present selecting the personnel of a Royal Commission to explore the possibilities of giving relief to rural ratepayers by a general overhaul and reorganization of the system of local government. The statistics show that, apart from Power Boards and Harbour Boards, there are no less than 299 rural local authorities, collecting rates approximating £2,240,000 annually. The administration of these authorities costs about £330,000 a year, which represents 11 per cent. of their total revenue from all sources, or, alternatively, nearly 15 per cent. of the receipts from rates. Good communications and the revolutionary development of road transport in recent years have rendered it quite unnecessary to have so many local authorities, and it is evident that if the number can be reduced not only will there be large savings in the cost of administration, but larger districts will enable modern roadmaking machinery to be kept fully employed, which would mean, of course, cheaper maintenance and construction of roads. I may add that the proposed inquiry will cover the whole incidence of local bodies' taxation, and the expenditure of all local authorities, including Hospital and Charitable Aid Boards.

## TRANSPORT.

Another field that presents great scope for national economy is transport. **Transport.** References have been made in previous Budgets to the huge economic waste that arises from the lack of any form of co-ordination between rail and road transport, and a Transport Law Amendment Bill, designed to cope to some extent with the problem, was introduced in 1929. This Bill was not proceeded with, but a short measure was passed constituting a Ministry of Transport and a Department. The economic position of the country is now such, however, that the Dominion can no longer afford the economic waste involved, and it is essential in the public welfare that action should be taken without further delay to cope with the whole problem.

As honourable members are aware, steps have already been taken to place the railways under the control of a non-political Board with a view to reducing the burden on taxation as much as possible. This step was taken on the recommendation of the Royal Commission which investigated the position of the railways. This Commission also pointed out that unrestricted motor transport along routes adequately served by railway increased the total cost of transport, particularly of primary products, and recommended that consideration be given to the question of making legislative provision for the license, control, and regulation of motor transport throughout the Dominion. **Railways control.** The essence of the problem is to determine the proper economic spheres of the railways and motor transport respectively, and to provide adequate machinery for regulating the traffic accordingly. **Transport co-ordination.**

In most other countries it has been found necessary to take steps in this direction. Information in regard to the action taken in other countries has been collected by the Transport Department, which has made a careful investigation of conditions in New Zealand. A report on these investigations was published last year in parliamentary paper H.—40. The legislation which has already been submitted to honourable members is based on these investigations and the experience of other countries. The principal effect of this legislation will be the elimination, in the course of time, of unnecessary and wasteful competition between motor transport and the railways. The benefits will be a decrease in railway losses, improved conditions within the motor transport industry, and some relief to county rates consequent upon the reduction of traffic to a minimum consistent with the requirements of each area.

## REDUCTION IN INTEREST-RATES.

Another matter in which the Government has endeavoured to assist primary producers, and indeed the whole Dominion, is in connection with a reduction in interest-rates. **Reduction in interest-rates.** It is realized that interest charges form a considerable proportion of the overhead expenses in connection with most business activities, and with this in mind, and as part of the policy of encouraging a reduction in internal costs generally, the Government has for some time past been negotiating with various financial authorities throughout the Dominion, and as a result a voluntary arrangement has been agreed upon which will have the effect of cheapening the price of money by at least  $\frac{1}{2}$  per cent.

The Government rate of  $5\frac{1}{2}$  per cent. for overcounter sales of inscribed stock or debentures maturing 1st September, 1937, will be reduced to 5 per cent. **Government rates.** The present issue of Rural Advances bonds will be closed and replaced by a new issue of 5-per-cent. bonds at par, to mature on 15th September, 1947. In regard to the investment certificates on sale at the post-offices, it has been decided to reduce the return on two-year currency certificates to  $4\frac{3}{4}$  per cent., and on five-year certificates to 5 per cent. No further issues will be made of one-year certificates after the 31st July.

The Public Trustee will reduce by  $\frac{3}{4}$  per cent. the rate to be paid for new deposits by way of investment agencies in the Common Fund for a fixed term of years, and in addition will pass on to his clients the benefits accruing from such new deposits.

Unexercised loan authorities held by local bodies will also be reduced by  $\frac{1}{2}$  per cent. **Local authorities' rates.** The maximum rate on such loans in future will be 5 per cent., but authority is contained in the Local Bodies' Loans Act, 1926, to increase this rate if necessary. Negotiations in respect of loans at present under action will, of course, be safeguarded.

**Bank rates.**

The associated banks have also agreed to participate in the arrangement, and have made a public announcement regarding a reduction in deposit-rates of  $\frac{1}{2}$  per cent. for two-year deposits, and  $\frac{1}{4}$  per cent. for shorter periods, to operate as from 1st August. The minimum rate for advances will be reduced by  $\frac{1}{2}$  per cent. from 1st November next.

**Savings-banks' rates.**

The Post Office Savings-bank deposit rate, which has remained at 4 per cent. since 1920, will be reduced to  $3\frac{3}{4}$  per cent. on 1st August, being the rate which operated in 1914. Similar adjustments in deposit rates have also been agreed to by the private savings-banks, the reduction in most cases being  $\frac{1}{2}$  per cent. In the case of the Auckland Savings-bank, the deposit rate will be reduced by  $\frac{1}{4}$  per cent., but the lending-rate is to be reduced by  $\frac{1}{2}$  per cent. the latter reduction to apply to both current and future mortgages.

**Building societies, &c.**

Similar adjustments have also been agreed to by the principal building societies, trustee, investment, mortgage, and deposit companies, and it is confidently anticipated that the remainder will agree to fall into line, and thus bring about an all-round reduction in interest rates. These reductions in deposit rates will take effect as from the 1st August next, and corresponding reductions in lending-rates will be made as soon as practicable thereafter. I feel sure all sections of the community will appreciate the efforts that have been made on their behalf with a view to reducing the cost of living generally.

**State Advances Office.**

In so far as the State Advances Office is concerned, honourable members will realize that it is not possible in the meantime to reduce the rate of interest on existing mortgages, owing to the very small margin between the borrowing and lending rates of the Office, the borrowing rate being fixed by the cost of the long-term loan capital. Where circumstances justify it, however, the State Advances Board will extend sympathetic consideration in cases of genuine hardship by extending the period of the balance of the loans or otherwise easing the burden of the half-yearly payments.

**BANKING AND CURRENCY.****Banking and currency.**

Arising out of the economic depression and the fairly general dissatisfaction at the present unprecedented rates of exchange on London, the question of banking and currency is at present receiving a good deal of attention throughout the Dominion, and I have received many—and in some cases distinctly novel—suggestions for remedying matters. In fact, many seem to think that the quickest way out of our present troubles lies in the direction of a reform of our banking and currency legislation; but I am afraid no change in our banking system could possibly compensate us for the shrinkage in the value of our exports in the overseas markets or overcome the fact that the relative weight of fixed charges for interest and debt-repayments has been proportionately increased by the fall in world price-levels. A change in monetary policy at the other end of the world, and more especially co-operation between the principal central banks of the world, may, however, materially benefit us in these matters.

**Exchange-rates.**

At the same time, our difficulties are being accentuated by rates of exchange being at present up to 10 per cent., and it is within our power to do something to hasten a return to more normal rates and make such provisions as will greatly minimize the chances, if not entirely obviate the possibility, of a recurrence of such abnormally high rates of exchange.

There is no doubt that the high rates of exchange and especially the uncertainty as to future movements in the rates are a considerable factor in the business stagnation that prevails. Further, the exchange-rates have seriously affected our credit abroad, increased the cost of new borrowing, added a further 10 per cent. to the weight of interest payments abroad, and prevented prices and the cost of living falling as much as they otherwise would have done. It is true that exporters are receiving an exchange bonus of approximately 10 per cent.; but it is not very long before any temporary advantage obtained thereby is cancelled out in the higher rates and taxes, higher cost of goods, and the general reaction from slackness in trade.

I do not propose at present to go into the question of the causes of the current rates of exchange, or whether or not they are wholly justified by New Zealand conditions.

Apart from such questions, however, I consider it is time steps were taken to repeal the War Regulations still governing banking and currency in the Dominion, and place this vital factor in our economic life upon a permanent and secure basis.

As it appeared that a return to the pre-war basis was not altogether practicable, or even desirable, the Government took the opportunity of the visit of Sir Otto Niemeyer, of the Bank of England, to this end of the world to seek his advice on the matter. This gentleman, who is a banker of international repute, was able to visit New Zealand and investigate our problems on the spot. Following his return to London, he has forwarded to me a report and certain definite recommendations, which I propose to lay on the table for the information and consideration of honourable members and the people generally. The main recommendations are summarized in the report as follows—

Niemeyer report.

- (1) That permanent legislation should be passed making the New Zealand note inconvertible in New Zealand but convertible into sterling at rates fixed within certain limits ;
- (2) That an independent Reserve Bank should be set up charged with responsibility for the stability of New Zealand currency, invested with the privilege of note-issue, and charged with holding the Government account and the banking reserves of New Zealand ;
- (3) That the note-issue should be unified and concentrated in the Reserve Bank, the note-issuing powers of existing banks being abrogated ;
- (4) That the trading banks should be required to transfer to the Reserve Bank the gold they now hold in New Zealand in exchange either for Reserve Bank notes, with which they can pay off their own notes, or for credit at the Reserve Bank ;
- (5) That the trading banks should be required to keep with the Reserve Bank minimum reserves of 7 per cent. of their demand liabilities in New Zealand and 3 per cent. of their time liabilities in New Zealand ;
- (6) That thereafter the existing prohibition on the export of gold coin from New Zealand should be withdrawn.

Summary of recommendations.

It is believed these recommendations will provide the basis for the amendments required to our legislation to secure for this Dominion a sound and well organized banking system in keeping with modern developments throughout the rest of the world. At the same time, as some far-reaching changes are involved, and the matter is a very important one, it is felt that it should not be rushed.

### PROSPECTIVE BUDGETARY POSITION.

The various matters to which I have just referred deal for the most part with the broader aspects of the economic crisis with which we are now faced, and also with the Government's plan of campaign for stimulating national economy for the purpose of reducing working-costs and the cost of living ; in short, for hastening the restoration of economic equilibrium without which, of course, we cannot get the wheels of trade and industry running smoothly again. I now want to place before honourable members, as concisely as possible, the position of the public finances, which is a more direct responsibility of the Government.

Prospective budgetary position.

The economic situation will undoubtedly mean a large shrinkage in practically all State revenues during the current financial year. The results during the closing months of last financial year and also the experience of this financial year up to date are ample evidence of that.

Shrinkage in State revenues.

Although imports for last financial year showed a decline of 20 per cent. compared with the previous year, the total for this year is likely to be several million less than for last year. The Customs revenue will be lowered proportionately to an even greater extent as, in times like the present, the falling-off in imports is always heaviest in luxury lines where, generally speaking, the rates of duty are highest. Forecasting this, our largest item of revenue, is always a difficult matter, and the difficulties are greatly accentuated under present conditions ; but, having regard to all the circumstances, it is considered that on the present tariff the

Customs duties.

receipts would be £1,100,000 less than for last year, or a falling-off of approximately £2,030,000 compared to the amount budgeted for last year. The last figure is the measure of the shortage that has to be provided for to obtain a balanced budget for this year, for, as previously explained, the total revenue received last year was insufficient to the extent of £1,639,000.

**Land and income tax.**

In regard to income-tax, which will be based on the trading results and incomes during last financial year, it is obvious that a substantial decrease is to be expected. On the best information at present available, the comparative decrease is estimated at £460,000. As for land-tax, this item fell short of last year's estimate of £1,240,000 by £94,000, and collections this year will probably show a further decline. The estimate for this year has accordingly been set down at £1,100,000.

**Stamp and death duties.**

Stamp and death duties will also be considerably affected by the prevailing economic conditions. The decrease in values will mean less in death duties, while returns from racing taxation and amusement-tax are also seriously affected. A decrease in the volume of business means less revenue from impressed stamps. The total revenue from stamp and death duties for last financial year fell short of the estimate by approximately £390,000, and a further falling-off of about £300,000 is expected this financial year.

**Beer duty.**

Beer duty reflected the shrinkage in the purchasing-power of the people by falling short of last year's estimate by £40,000, and it is estimated that this year will show a further falling-off amounting to about £75,000.

**Interest on railway capital.**

Railway interest is another item which is a considerable factor in the prospective deficit for this year. Last year's receipts amounted to only half the estimate of £1,380,000, and apart from the benefit from the salary reductions which come in as part of the provision made to meet the situation, there is likely to be a further decline estimated at £235,000, due to the continued shrinkage in the railway revenue.

**Interest on Public Debt Redemption Fund.**

Another interest item that is affected to a considerable extent is interest on the Public Debt Redemption Fund. About £10,850,000 of this fund is invested in advances to soldier settlers through the Discharged Soldiers Settlement Account, and it is anticipated that under present economic conditions there will be a considerable shrinkage, set down at £165,000, in the amount of interest that can be collected.

In addition to the items that I have mentioned, many of the smaller items will be adversely affected by the prevailing economic conditions, the net decrease being estimated at £280,000.

**Economies in expenditure.**

In regard to expenditure, honourable members were acquainted during the special emergency session with the work done by the Economy Committee set up by the Government as soon as the present trend of affairs in public finance became apparent. This Committee was continuously engaged for about four months in painstakingly investigating every item of expenditure in turn, with a view to effecting all possible reductions consistent with the maintenance of services considered necessary for the welfare of the community. A study of the summary of expenditure included in my review of last year's transactions will indicate how much more limited than is generally supposed is the scope for practical reductions. Cutting down expenditure is not a popular or an agreeable task, but it must be generally realized that it is absolutely necessary at a time like the present, when the Dominion is faced with a serious contraction in the national income. Economy in expenditure is generally approved, but, unfortunately, there is not the same unanimity of opinion in regard to what items should be reduced. Still, while no effort is being spared to obtain economy in administration, a substantial reduction in expenditure can only be obtained by curtailing or, in some cases, eliminating some of the services hitherto supplied by the State, either free or below cost. By services I mean not only work done by the departments of State, but also monetary grants. In effecting economies every endeavour has been made to avoid inflicting undue hardship, but in private life most of us in hard times have to forgo many desirable things simply because we cannot afford them, and the same economic laws apply to public expenditure.

However, in carrying out their somewhat invidious task, the Economy Committee and the Government have been actuated solely by a desire to promote the public welfare.

In order that honourable members and the people generally may appreciate the magnitude of the problem that faced the Government and the country, I propose, before reviewing the reductions effected or other steps taken to meet the position, to indicate the Budgetary position as it would have been if operations had been continued on the same basis as for last financial year, which in itself represented a considerable effort to keep expenditure down to a minimum.

The largest additional item to be provided for this financial year is subsidies under the Unemployment Act. As honourable members are aware, the Consolidated Fund subsidizes expenditure out of the Unemployment Fund on a pound-for-pound basis, and as a result of the measure recently placed on the statute-book it is estimated that subsidies for this year will amount to £1,100,000. Unemployment subsidies.

Then there is the increase in debt charges. Provision has to be made for additional interest amounting to £250,000, while under the funded-debt agreement and the repayment of the public debt scheme there is, or would have been in the ordinary course, an automatic increase amounting to approximately £100,000. Debt charges.

Pensions normally show an increase, but this year, owing to economic stress, it is anticipated that the increase will be larger than usual. Old-age pensions is the principal item concerned, but fairly substantial increases are also expected for family allowances and war pensions. The total increase for pensions is set down at approximately £200,000, while other permanent appropriations involve a net increase of £75,000. Pensions.

Failing new legislation, a further increase in this year's expenditure will arise from the return to the Consolidated Fund of the charges for subsidies to local authorities and other items transferred to the highways revenue pursuant to sections 36 to 38 of the Finance Act, 1930. Honourable members will recollect that these sections are operative to the 31st August next only, although there is no such limitation on the 2d. additional petrol-tax imposed to cover the charges in question. The intention in imposing a limitation on the transfer of the charges was that the matter should be reconsidered this year. For the balance of this financial year the charge to the Consolidated Fund would be about £125,000, but under present circumstances I think it will be generally agreed that the items in question must remain a charge on the Main Highways Account, or else the 2d. per gallon petrol-tax imposed to cover the charges must be retained for the Consolidated Fund. Subsidies to local authorities.

In addition to the items that I have mentioned, further increases in expenditure arise from various unavoidable new items or increases under the annual votes. An increase of about £130,000 in the net expenditure comes from an estimated decrease of that amount in the credits in aid. These receipts, like the revenue, are seriously affected by the economic conditions prevailing. Expenditure increases.

The general election this year will add £75,000 to the expenditure, while the normal increase in the cost of education, assuming operations were continued on the same basis as heretofore, would amount to £100,000. Then surveys in Hawke's Bay will entail extra expenditure this year amounting to about £22,000, while various other items will have to be increased as a result of the earthquake. The particular items I have mentioned mean an increase in the vote expenditure of £327,000, and numerous other items scattered through the votes bring the total additional expenditure under annual appropriations up to approximately £480,000. Details of the expenditure are included in the estimates, which will be laid before the honourable members.

For last financial year, however, the expenditure as a whole was approximately £290,000 less than the amount provided for, and as the estimated revenue for this year has been compared with last year's estimates and not receipts, to arrive at the true position this £290,000 should be deducted from the expenditure increases.



To sum up the position that faced the country, the effect of the economic crisis on the public finances is now found to be [such] that when this financial year opened the Government, as the executive head of the Dominion, had to grapple with the stupendous task of providing, in one way or another, for a prospective deficit of no less than £6,850,000, made up as follows:—

## Summary.

## Shrinkage of revenue—

	£	£
Customs .. .. .	2,030,000	
Land and income tax .. .. .	600,000	
Stamp and death duties .. .. .	690,000	
Beer duty .. .. .	115,000	
Railway interest .. .. .	930,000	
Interest on Public Debt Redemption Fund ..	165,000	
Other items (net) .. .. .	280,000	

4,810,000

## Expenditure increases—

Unemployment subsidies .. .. .	1,100,000
Debt services .. .. .	350,000
Pensions .. .. .	200,000
Subsidies to local authorities, &c. .. .. .	125,000
Education .. .. .	100,000
General election .. .. .	75,000
Decrease in credits to votes .. .. .	130,000
Other items (net) .. .. .	250,000

2,330,000

Less adjustment (equivalent to under-  
expenditure for 1930-31) .. .. .

290,000

2,040,000

£6,850,000

## REMEDIAL MEASURES.

Remedial  
measures.

This was the total amount that had to be provided for, but as honourable members are aware, a great deal has already been accomplished towards bridging the gap.

Reduction in  
salaries, &c.

In accordance with the provisions of the Finance Act, 1931, the salaries and allowances of Cabinet Ministers, members of Parliament, and the whole Public Service have been reduced by 10 per cent., while corresponding reductions have been made in the wages of all temporary men, whether employed by the day or by the hour or otherwise. Provision was also made for the reduction of various grants and subsidies that are or could be used for the payment of wages and salaries. These reductions relieve the expenditure of the Consolidated Fund to the extent of £1,390,000.

Apart from salaries, the work of the Economy Committee has enabled substantial reductions to be made in the expenditure. From its nature, the expenditure under Permanent Appropriations does not offer a great deal of scope for reductions. Of the £17,000,000 expended last year, £15,650,000 was for debt charges, pensions, and transfers of motor-taxation.

War-debts  
postponement.

In the ordinary course, relief from debt charges can come only from conversions at lower rates of interest and repayments of debt, but some unexpected assistance will be obtained this year, and also next year, as a result of the proposals of President Hoover, of the United States of America, for one year's suspension of payments on account of reparations and inter-Governmental war debts. This proposal only directly affected New Zealand through the cessation of reparation payments. It will be remembered that this year it was intended to apply reparation-moneys as a credit in reduction of the amount to be provided under the Repayment of the Public Debt Act, 1925, and about £85,000 has already been received during this financial year. The British Government, however, with characteristic generosity, in spite of its own great financial difficulties, extended President Hoover's proposal to cover the war debts owed to Great Britain by the Dominions. The offer was gratefully accepted by the Government. The war debt in question is included



in the Funded Debt, on which one half-year's payment for this financial year has already been made. Allowing for the reparation-moneys already received, the net saving to the Consolidated Fund for this financial year is approximately £870,000.

Apart from the 10-per-cent. reduction in economic pensions, which are intended to be a cost-of-living allowance, no reductions have been made in pension rates. The balance of the Permanent Appropriations consists largely of various subsidies, the largest item being subsidies to Hospital Boards. Reductions have been made in this item, and also in various grants and subsidies for education purposes. It was also found possible to reduce the subsidy to the National Provident Fund without endangering the financial stability of the Fund. The reductions which were made under Permanent Appropriations apart from salaries total approximately £125,000, including a reduction of £25,000 in the annual contribution to the Singapore Base.

Reductions in  
Permanent  
Appropriations.

The economies under annual votes, apart from salaries and wages, amount to approximately £470,000. Savings were effected in nearly every vote, and details of the same were supplied to the House during the emergency session. In regard to education, I may say that some of the proposed economies were held over pending the investigation by the special Economy Committee which the Government is setting up to overhaul thoroughly the financial side of this important social service. All will agree that we should strive to obtain as high a standard of education as possible, but at the same time it must be recognized that there is a limit to what the country can afford. As has previously been pointed out, including the debt charges on the loan expenditure on buildings, education is at present costing the Dominion about £4,500,000 per annum, which is too heavy a burden on taxation under present economic conditions. There is no doubt that in this matter, as in most other things at present, we shall have to concentrate more on essentials and see that we obtain the greatest possible value for the money expended.

Education  
Economy  
Committee.

Provision has also been made to augment the revenue in various ways. An equitable agreement has been made with the Royal Mint for the Dominion to receive half the profits on the future supplies of silver and bronze coin ordered for this Dominion, less worn coin returned. The other half of the profit will compensate the Mint for loss of metal on worn coin returned and provide a manufacturing profit for the Mint. The agreement is based on the average over a period of years, and we have already received on account of the current year an amount of £13,820.

Coinage profits.

The abolition of the Land Assurance Deposit Account provided for in last session's legislation will benefit the revenue to the extent of £22,000. Provision was also made last session for the profits of the Post Office to be paid to the Consolidated Fund, so that this fund will receive the benefit from the reduction in salaries and other economies that have been effected. In addition it will be remembered that steps were taken to increase the postal rates with a view to augmenting considerably the assistance that can be given to the Consolidated Fund. Apart from reductions in salaries and wages, which I have already included under that heading, it is expected that the Post Office surplus will amount to about £900,000.

Land Assurance  
Deposit Account.

Post Office  
surplus.

The state of the public finances during the current financial year is probably more serious than at any time during the past fifty years, if not during the whole history of the Dominion. Further, the economic position generally is such that it is imperative that increases in taxation be kept down to an absolute minimum. Under these circumstances, the Government considers that this is a time when any reserves that can be legitimately drawn upon should be used. Accordingly, it is proposed that the balance of the Reserve Fund held in London, over and above the £1,500,000 earmarked for earthquake restoration, shall be realized and paid into the Consolidated Fund, which will benefit to the extent of about £550,000. I may add that it is proposed to obtain legislative authority to utilize any surplus there may be in the Consolidated Fund from time to time towards the restoration of this Reserve Fund.

Utilization of  
Reserve Fund.

It is also proposed to utilize an amount of about £590,000 at present held in the Discharged Soldiers Settlement Depreciation Fund. This fund was built up by transfers from the Consolidated Fund, together with accumulated interest on investments, and was established for the purpose of maintaining the value of the securities issued in connection with the discharged-soldiers-settlement loans. It is no longer required for this purpose, however, and it was intended to use it for debt-redemption purposes, but the present circumstances justify transferring the money back to the Consolidated Fund.

Discharged Soldiers  
Settlement  
Depreciation Fund.

Summary of  
savings.

All these proposals will provide towards making good the prospective Budget shortage of £6,850,000, a total of £5,056,000 made up as follows:—

	£
Reductions in salaries and wages .. ..	1,390,000
Benefit from suspension of funded-debt payments ..	870,000
Other economies in expenditure .. ..	595,000
Post Office surplus and other additional revenue ..	936,000
Use of reserves .. ..	1,140,000
Subsidies to local authorities, &c., to remain a charge on Highways Account .. ..	125,000
	<hr/>
	£5,056,000
	<hr/>

This leaves approximately £1,800,000 to be provided for by additional taxation.

## TAXATION.

## Taxation.

Needless to say, it is with much reluctance and regret that the Government brings down any proposals for additional taxation under present circumstances, but it will be clear from what has already been explained that every effort has been made to meet the situation by other means.

Let me say, quite sincerely, that I have well thought over the consequences that would result were the Government to budget for a deficiency, and after careful consideration I am satisfied that the only course to pursue, if the interests of our people are to be properly safeguarded, is to keep the ship of State on an even keel, and maintain our public finances on a sound basis.

## Income-tax.

Towards the last £1,800,000 required to obtain a balanced budget, it is proposed to obtain £730,000 from additional income-tax. For last financial year the tax was levied at certain prescribed rates, plus 10 per cent., but for this year the surtax will be increased to 30 per cent. In addition, the present general exemption of £300, diminished £1 for every £2 of income between £450 and £750, and £1 for £1 between £750 and £900, will be cancelled and replaced by a general exemption of £260, diminished £1 for every £3 of income between £260 and £560, and £2 for every £3 between £560 and £800.

## Stamp duties.

It is proposed to obtain a further amount, estimated at £50,000, from additional stamp duties. A duty of 5 per cent. will be imposed on overseas steamer tickets, and a duty of 10 per cent. on art union tickets in the case of art unions for mineral specimens of a value in excess of £100.

Customs and  
excise duties.

The balance of the amount required will come from Customs and Excise duties, and I will give details of these to honourable members presently when moving the necessary resolutions.

## BUDGET ESTIMATES.

## Estimated revenue.

Allowing for these increases in taxation, and also for the economies and adjustments previously enumerated, it is estimated that the revenue for the year will be as follows:—

	£
Customs .. ..	7,410,000
Beer duty .. ..	650,000
Film-hire tax .. ..	50,000
Motor-vehicles—Duties and licenses .. ..	1,760,000
Stamp and death duties .. ..	3,140,000
Land-tax .. ..	1,100,000
Income-tax .. ..	4,230,000
Interest receipts—	£
Railway capital .. ..	930,000
Post Office capital .. ..	535,000
Public moneys .. ..	745,000
Public Debt Redemption Fund .. ..	820,000
	<hr/>
	3,030,000
Miscellaneous—	
Post Office surplus .. ..	1,090,000
From reserves .. ..	1,140,000
Other .. ..	1,346,000
	<hr/>
	3,576,000
	<hr/>
	£24,946,000
	<hr/>

The estimated expenditure for the year is set out in the estimates supplied to honourable members.

To sum up, the position on the basis of the Government's proposals is estimated to be— Estimated results.

Revenue .. .. .	£	24,946,000
Expenditure—	£	
Permanent appropriations ..	17,679,904	
Annual votes .. .. .	7,083,877	
	<u>24,763,781</u>	
Leaving .. .. .	£182,219	

to provide for supplementary estimates and contingencies.

I have now reached the end of what I venture to predict will prove to be in years to come a document of great historic interest. Conclusion.

The economic storm has been felt severely even in the older countries of the world, where the very foundations of leading nations have been severely shaken. This Dominion had to withstand the full force of the storm, for the prices of primary products fell first and most heavily.

So far this Dominion has responded well to my earnest appeal to put our house in order, and I am confident that the spirit of the people is such that a real desire exists to have the task completed as soon as possible.

In this fair land we have a wonderful heritage. Our people are a vigorous and virile race, strong in resource and rich in experience and tradition. I see no reason to doubt in even the smallest degree either the will of the inhabitants to survive our troubles, as has frequently been done in the past, or their readiness to make the required effort or to accept whatever sacrifice may be needed as soon as the nature of and necessity for such is clearly explained and understood.

I referred at the outset to our heavy loss of national income, and just let me explain that in the last analysis, income depends on work, saving, and management. The State has no magic purse out of which the loss of income represented by the heavy decreased values of exports can be made up. Our objective, therefore, must be such a readjustment of the relation between costs and prices as will restore the main industries of the Dominion to a healthy state.

Some improvement in prices has already taken place, and the indications are that once confidence throughout the world is restored a general improvement will follow.

Finally, let all sections of the community realize that the simple key to the solution of our problems lies in hard and honest toil, in the exercise of thrift, and in the fostering of a spirit of reasoned enterprise. Given these simple factors and stability in Government, it requires no great effort to prophesy that we will soon reach a road that will lead to greater prosperity and happiness.

I conclude with the confidence that the Government will receive the assistance and support of the people to attain that goal.

## SUMMARY.

## Consolidated Fund—

## Ordinary Revenue Account—

Expenditure .. .. .	£	24,708,042
Revenue .. .. .		23,068,931
Deficit .. .. .		<u>£1,639,111</u>

Balance brought forward, 1st April, 1930 .. .. .	£	2,356,337
Less—		
Deficit, 1930–31 .. .. .	1,639,111	
Subsidy on expenditure out of Unemployment Fund .. .. .	159,247	
Subsidies to local authorities in respect of unemployment relief .. .. .	116,768	
Advances to Rural Intermediate Credit Board .. .. .	127,900	
Expenditure in connection with Hawke's Bay earthquake .. .. .	29,536	
Expenditure in connection with West Coast earthquake .. .. .	174	
Advance to Westport Harbour Account .. .. .	5,000	
		<u>2,077,736</u>

Balance, 31st March, 1931 .. .. .	<u>£278,601</u>
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This balance was made up as follows:—

Cash .. .. .	£	151,105
Imprests outstanding .. .. .		127,496
		<u>£278,601</u>

Revenue apart from items earmarked for highways showed a comparative decrease compared with the previous year of .. .. .	£	2,610,730
Customs revenue shortage .. .. .		924,024
Interest on railway capital—shortage .. .. .		695,000
Stamp and death duties—shortage .. .. .		392,665
Income-tax—surplus .. .. .		43,606

## SUMMARY OF EXPENDITURE.

Public-debt charges .. .. .	£	10,952,505
Social services—		
Education .. .. .	3,354,545	
Pensions and family allowances .. .. .	3,025,206	
Health and hospitals .. .. .	1,219,184	
Roads and highways .. .. .	1,875,609	
Defence—land, sea, and air .. .. .	821,644	
Agriculture .. .. .	418,913	
All other items .. .. .	3,040,436	
		<u>£24,708,042</u>

No Treasury revenue bills outstanding at end of year.

## PUBLIC WORKS.

*Summary of Capital Expenditure.*

	£
Railway construction, additions, and improvements ..	3,159,813
Main highways and roads .. .. .	2,341,902
Hydro-electric supply .. .. .	1,230,172
Public buildings (including schools) ..	939,110
Telegraphs and telephones .. .. .	434,615
Irrigation, land and river improvements ..	252,585
Miscellaneous public works .. .. .	129,398
	<u>£8,487,595</u>

## RAILWAYS.

Several construction works closed down.

Railway Board appointed.

## LONDON LOAN, 1931.

	£
£4,000,000 raised in June, 1931, for—	
Public Works—General purposes .. ..	3,000,000
Development of hydro-electric-power works ..	1,000,000
	<u>£4,000,000</u>

Also further £1,000,000 for redemption purposes.

## SUMMARY OF DEBT OPERATIONS.

	£
Debt as at 1st April, 1930 .. .. .	267,383,343
Add new loans raised—	£
Ordinary .. .. .	9,623,675
State advances .. .. .	1,500,025
	<u>11,123,700</u>
	278,507,043
Less redemptions—	
Ordinary .. .. .	244,610
War .. .. .	2,071,725
Discharged soldiers .. .. .	157,350
	<u>2,473,685</u>
	276,033,358
Debt as at 31st March, 1931 .. .. .	<u>£276,033,358</u>

*Classification of Debt.*

	£
Ordinary .. .. .	163,676,911
War .. .. .	67,711,800
Discharged soldiers .. .. .	7,704,536
State advances .. .. .	36,940,111
	<u>£276,033,358</u>

*Domicile of Debt.*

	£
London .. .. .	154,546,941
Australia .. .. .	4,175,350
New Zealand .. .. .	117,311,067
	<u>£276,033,358</u>

Debt redeemed during year totalled £2,473,685

Government's policy is to reduce further additions to debt to a minimum.

Combined State balance-sheet prepared on commercial lines, showing in concise form position of national finances.

#### UNEMPLOYMENT RELIEF.

Unemployment Board constituted to administer relief on national basis.

Necessity for recent additional levy, &c.

Objections to institution of dole.

Total expenditure on relief for last year approximately £2,000,000.

Government recognizes necessity for permanent solution of problem.

#### HAWKE'S BAY EARTHQUAKE.

Successful relief measures.

Public subscriptions to fund exceed £381,000 to date.

Central Committee appointed to administer relief.

Adjustment Court set up to facilitate liquidation of liabilities, &c.

Government utilizing reserve funds amounting to £1,500,000 to enable loans and grants to be made in affected areas. In addition to use of reserve funds, Government committed to expenditure exceeding £500,000 for repairs, roads, public buildings, resurveys, &c.

#### LAND SETTLEMENT.

Government prosecuting vigorous policy of land-development and settlement.

Since United Government took office to 31st May last, total area of 940,000 acres Crown lands selected on various tenures, involving 4,350 subdivisions.

Approximately 3,000 acres unproductive land brought into pasture.

Every unoccupied block of Crown land specially reported upon, and arrangements being made to settle 100,000 acres of such land.

Government has also acquired fifty-four properties, involving 110,388 acres, and capable of subdivision into over three hundred and fifty farms.

Also very promising results in connection with Native-land-settlement schemes, a feature being that all labour involved is supplied by the Natives who are eventually to settle on holdings.

#### 1931-32.

Government's proposals aim at the lowering of working-costs to offset decreased returns received from overseas.

10-per-cent. reduction in salaries and wages of Public Service.

Legislation passed last session authorizing Arbitration Court to review award rates of wages. After considering all aspects, Court decided a 10-per-cent. reduction in award rates was necessary to enable trade and industry to function and provide employment.

Cost-of-living showing substantial decline, thus reduction in wages will not impair standard of living.

Industries and Commerce Department investigating selling-prices of standard lines.

#### FARMERS' FINANCE.

Appeal to mortgagees to grant relief wherever possible.

Commissioners of Crown Lands appointed Adjustment Commissioners to mediate between mortgagors and mortgagees.

Mortgagors Relief Act passed to prevent any exploitation arising out of existing conditions.

Special advance to Rural Intermediate Credit Board to assist farmers to purchase fertilizers.

Royal Commission to investigate system of local government with view to reduction in rural rates.

Subsidy on carriage of lime and fertilizers continued at estimated cost of £40,000.

#### TRANSPORT.

Object of legislation is to eliminate unnecessary and wasteful competition between motor-transport and railways.

#### REDUCTION IN INTEREST RATES.

Government successful in arranging general reduction in interest rates as from 1st August.

Associated banks have agreed to make reductions in both deposit and overdraft rates.

State savings-bank rate reduced to  $3\frac{3}{4}$  per cent. per annum.

#### BANKING AND CURRENCY.

Return to normal rates of exchange desirable.

Sir Otto Niemeyer's report—summary of recommendations.

#### PROSPECTIVE BUDGETARY POSITION.

Expenditure carefully reviewed by Economy Committee and savings effected.

Reductions in revenue, together with unavoidable expenditure increases, total £6,850,000.

#### REMEDIAL MEASURES.

Ten-per-cent. reductions in salaries and allowances of Cabinet Ministers, members of Parliament, and Public Service.

Suspension of war-debt payments following proposals of President Hoover, of United States of America.

Annual contribution to Singapore Base reduced to £100,000.

Sundry reductions in annual votes, in addition to savings by 10-per-cent. reduction.

Economy Committee on Education to be set up, with view thoroughly to overhaul financial aspect of problem.

British Government has agreed in future to pay Dominion half profits on silver and bronze coins. Balance to compensate Mint for losses on worn coin, &c.

Sundry accounts to be abolished and balances transferred to Consolidated Fund.

Balance of Reserve Fund held in London to be utilized.

#### SUMMARY OF PROPOSALS.

	£
Reductions in salaries and wages .. .. .	1,390,000
Benefit from suspension of funded-debt payments .. .. .	870,000
Other economies in expenditure .. .. .	595,000
Post Office surplus and other additional revenue .. .. .	936,000
Use of reserves .. .. .	1,140,000
Subsidies to local authorities, &c., to remain a charge on Highways Account .. .. .	125,000
	<hr/>
	£5,056,000

leaving approximately £1,800,000 to be provided for by additional taxation.

#### TAXATION PROPOSALS.

Government reluctant to impose additional taxation, but balanced Budget essential to maintain public finances on sound basis.

Income-tax—Surtax to be increased from 10 per cent. to 30 per cent.; also present general exemption of £300 to be reduced to £260. Estimated to provide an additional £730,000.

Stamp duty of 5 per cent. on overseas steamer-tickets, and duty of 10 per cent. on art-union tickets for mineral specimens of value in excess of £100. Estimated to produce a total of £50,000.

Balance of amount required to be obtained from additional Customs and excise duties.

## BUDGET ESTIMATES.

	£
Customs .. .. .	7,410,000
Beer duty .. .. .	650,000
Film-hire tax .. .. .	50,000
Motor-vehicles—Duties and licenses .. .. .	1,760,000
Stamp and death duties .. .. .	3,140,000
Land-tax .. .. .	1,100,000
Income-tax .. .. .	4,230,000
Interest receipts—	£
Railway capital .. .. .	930,000
Post Office capital .. .. .	535,000
Public moneys .. .. .	745,000
Public Debt Redemption Fund .. .. .	820,000
	<hr/> 3,030,000
Miscellaneous—	
Post Office surplus .. .. .	1,090,000
From reserves .. .. .	1,140,000
Other .. .. .	1,346,000
	<hr/> 3,576,000
	<hr/> <b>£24,946,000</b>

The position on the basis of the Government's proposals is estimated to be—

	£
Revenue .. .. .	24,946,000
Expenditure—	£
Permanent appropriations .. .. .	17,679,904
Annual votes .. .. .	7,083,877
	<hr/> 24,763,781
Leaving .. .. .	<hr/> <b>£182,219</b>

to provide for supplementary estimates and contingencies.



## TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

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REVENUE FOR THE YEAR ENDED 31ST MARCH, 1931, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1930.

	Year ended 31st March, 1931.	Year ended 31st March, 1930.	Increase.	Decrease.
	£	£	£	£
Taxation—				
Customs .. .. .	7,605,976	8,897,046	..	1,291,070
Beer duty .. .. .	575,100	620,312	..	45,212
Film-hire tax .. .. .	41,756	..	41,756	..
Motor-vehicles—Duties, licenses, &c. ..	1,840,590	1,510,790	329,800	..
Stamp and death duties .. .. .	3,387,335	3,405,292	..	17,957
Land-tax .. .. .	1,145,617	1,506,911	..	361,294
Income-tax .. .. .	4,003,606	3,533,764	469,842	..
Interest—				
On capital liability—				
Working railways .. .. .	685,000	2,132,324	..	1,447,324
Postal and telegraph .. .. .	504,000	481,000	23,000	..
On the Public Redemption Fund .. ..	858,893	996,695	..	137,802
On other public moneys .. .. .	866,981	803,491	63,490	..
Other receipts—				
Justice .. .. .	220,321	193,409	26,912	..
Marine .. .. .	103,811	114,267	..	10,456
Printing and Stationery .. .. .	244,780	247,686	..	2,906
Other departmental receipts and recoveries ..	169,378	190,105	..	20,727
National Endowment revenue .. .. .	118,869	..	118,869	..
Registration and other fees .. .. .	223,206	253,788	..	30,582
Territorial revenue .. .. .	187,409	214,229	..	26,820
Miscellaneous .. .. .	286,303	248,752	37,551	..
			1,111,220	3,392,150
			..	1,111,220
Totals .. .. .	23,068,931	25,349,861	..	2,280,930

Table No. 4.

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1931.

	Estimate for 1930-31.	Actual for 1930-31.	Difference.	
			More.	Less.
	£	£	£	£
Customs .. .. .	8,530,000	7,605,976	..	924,024
Beer duty .. .. .	615,000	575,100	..	39,900
Film-hire tax .. .. .	30,000	41,756	11,756	..
Motor-vehicles—Duties, licenses, &c. ..	1,915,000	1,840,590	..	74,410
Stamp and death duties .. .. .	3,780,000	3,387,335	..	392,665
Land-tax .. .. .	1,240,000	1,145,617	..	94,383
Income-tax .. .. .	3,960,000	4,003,606	43,606	..
Interest on capital liability—				
Working railways.. .. .	1,380,000	685,000	..	695,000
Postal and Telegraph .. .. .	510,000	504,000	..	6,000
Interest on Public Debt Redemption Fund ..	985,000	858,893	..	126,107
Interest on other public moneys .. .. .	805,000	866,981	61,981	..
Other receipts—				
Justice .. .. .	198,000	220,321	22,321	..
Marine .. .. .	115,000	103,811	..	11,189
Printing and Stationery .. .. .	230,000	244,780	14,780	..
Other departmental receipts and recoveries ..	182,000	169,378	..	12,622
National Endowment revenue .. .. .	..	118,869	118,869	..
Registration and other fees .. .. .	235,000	223,206	..	11,794
Territorial revenue .. .. .	198,000	187,409	..	10,591
Miscellaneous .. .. .	212,000	286,303	74,303	..
			347,616	2,398,685
			..	347,616
Totals .. .. .	25,120,000	23,068,931	..	2,051,069

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDED 31ST MARCH, 1932, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1931.

	Estimate for 1931-32.	Actual for 1930-31.	Differences.	
			Increase.	Decrease.
Taxation—	£	£	£	£
Customs .. .. .	7,410,000	7,605,976	..	195,976
Beer duty .. .. .	650,000	575,100	74,900	..
Film-hire tax .. .. .	50,000	41,756	8,244	..
Motor-vehicles—Duties, licenses, &c. .. .. .	1,760,000	1,840,590	..	80,590
Stamp and death duties .. .. .	3,140,000	3,387,335	..	247,335
Land-tax .. .. .	1,100,000	1,145,617	..	45,617
Income-tax .. .. .	4,230,000	4,003,606	226,394	..
Interest—				
On capital liability—				
Working Railways .. .. .	930,000	685,000	245,000	..
Postal and Telegraph .. .. .	535,000	504,000	31,000	..
On the Public Debt Redemption Fund .. .. .	820,000	858,893	..	38,893
On other public moneys .. .. .	745,000	866,981	..	121,981
Other receipts—				
Justice .. .. .	209,000	220,321	..	11,321
Marine .. .. .	105,000	103,811	1,189	..
Printing and Stationery .. .. .	210,000	244,780	..	34,780
Other departmental receipts .. .. .	147,000	154,249	..	7,249
National-endowment revenue .. .. .	110,000	118,869	..	8,869
Registration and other fees .. .. .	205,000	223,206	..	18,206
Territorial revenue .. .. .	165,000	187,409	..	22,409
Post Office profits .. .. .	1,090,000	..	1,090,000	..
From reserves .. .. .	1,140,000	..	1,140,000	..
Miscellaneous .. .. .	185,000	286,303	..	101,303
Recoveries on account of expenditure of previous years .. .. .	10,000	15,129	..	5,129
			2,816,727	939,658
			939,658	
Totals .. .. .	24,946,000	23,068,931	1,877,069	

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1931, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1930.

Item.	Year Ended 31st March.		Increase.	Decrease.
	1931.	1930.		
	£	£	£	£
Adhesive stamps .. .. .	91,483	115,463	..	23,980
Duty on instruments .. .. .	326,121	457,148	..	131,027
Death duty (estate and succession duty) .. .. .	1,744,697	1,662,163	82,534	..
Gift duty .. .. .	65,038	65,276	..	238
Impressed stamps, and duty on cheques .. .. .	198,512	209,476	..	10,964
Company licenses .. .. .	87,490	76,066	11,424	..
Sharebrokers' licenses .. .. .	1,470	912	558	..
Bank-note duty .. .. .	233,318	193,017	40,301	..
Duties payable by racing clubs .. .. .	529,143	542,899	..	13,756
Amusements-tax .. .. .	105,936	79,887	26,049	..
Rates, fines, and miscellaneous .. .. .	4,127	2,985	1,142	..
			162,008	179,965
			..	162,008
Totals .. .. .	3,387,335	3,405,292	..	17,957

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1930-31, COMPARED WITH THE YEAR 1929-30.

	1930-31.	1929-30.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer .. .. .	1,079,881	1,172,199	..	92,318
Tobacco, cigars, and cigarettes .. .. .	1,544,412	1,472,662	71,750	..
Apparel and textiles .. .. .	1,401,232	1,866,548	..	465,316
Motor-vehicles and parts* .. .. .	637,447	1,216,579	..	579,132
Other goods .. .. .	2,072,189	2,399,207	..	327,018
Primage and surtax .. .. .	870,815	769,851	100,964	..
			172,714	1,463,784
			..	172,714
Totals .. .. .	7,605,976	8,897,046	..	1,291,070

\* Excluding tire-tax and petrol-tax earmarked to Main Highways.

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1931, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1930.

	Year ended 31st March, 1931.	Year ended 31st March, 1930.	Increase.	Decrease.
	£	£	£	£
Permanent appropriations—				
Under special Acts—				
Civil List .. .. .	30,862	30,528	334	..
Debt services—				
Interest .. .. .	9,266,676	9,136,301	130,375	..
Sinking fund .. .. .	3,119	2,889	230	..
Repayment of Funded Debt .. .. .	425,540	405,136	20,404	..
Repayment of Public Debt Act, 1925 ..	1,207,059	1,154,245	52,814	..
Transfer to Loans Redemption Account	2,954	1,374	1,580	..
Administration and management ..	44,584	31,168	13,416	..
Payments on guaranteed loans .. .. .	2,573	1,022	1,551	..
Grants and subsidies—				
Hospitals and charitable institutions* ..	670,847	743,847	..	73,000
Education .. .. .	124,345	139,171	..	14,826
Superannuation Funds and National Provident Fund	165,096	381,548	..	216,452
Local authorities on rates .. .. .	..	219,688	..	219,688
Working Railways Account .. .. .	..	29,929	..	29,929
Contribution towards Singapore Naval Base	125,000	125,000	..	..
Miscellaneous .. .. .	78,062	85,637	..	7,575
Salaries and honoraria .. .. .	101,538	107,173	..	5,635
Pensions—				
Family allowances .. .. .	63,608	60,876	2,732	..
Old-age pensions .. .. .	1,118,286	1,067,603	50,683	..
Widows' pensions .. .. .	325,998	322,886	3,112	..
War pensions .. .. .	1,245,499	1,204,422	41,077	..
Other pensions .. .. .	98,639	94,196	4,443	..
Motor taxation—				
Transfers to Main Highways Account ..	1,742,194	1,420,460	321,734	..
Paid to boroughs .. .. .	83,012	74,565	8,447	..
Expenses of collecting and making refunds	17,555	14,385	3,170	..
Advances—				
On account of other Governments ..	6,617	10,000	..	3,383
To Working Railways Account .. .. .	..	150,000	..	150,000
Miscellaneous .. .. .	2,906	15,000	..	12,094
Other special Acts—				
Maintenance of overseas war graves and memorials	30,750	30,750	..	..
Compensation for stock destroyed or condemned	30,610	30,203	407	..
Transfer to Discharged Soldiers Settlement Loans Act 1920 Depreciation Fund	..	50,000	..	50,000
Miscellaneous .. .. .	21,934	87,603	..	65,669
Total permanent appropriations ..	17,035,863	17,227,605	656,509	848,251

\* Includes subsidy to Jubilee Institute for the Blind, which is really educational.

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1931, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1930—continued.

	Year ended 31st March, 1931.	Year ended 31st March, 1930.	Increase.	Decrease.
	£	£	£	£
Annual appropriations—				
Legislative Departments .. .. .	98,990	99,251	..	261
Prime Minister's Department .. .. .	14,665	13,817	848	..
Treasury Department .. .. .	40,329	41,941	..	1,612
National Provident and Friendly Societies Department .. .. .	25,096	25,586	..	490
Land and Income Tax Department .. .. .	66,262	65,314	948	..
Stamp Duties Department .. .. .	104,839	99,339	5,500	..
Public Buildings .. .. .	62,381	69,451	..	7,070
Government and other Domains .. .. .	4,498	4,939	..	441
Maintenance and Repairs to Roads .. .. .	32,848	79,504	..	46,656
Maintenance of Irrigation Works .. .. .	16,242	16,310	..	68
Native Department .. .. .	35,720	35,714	6	..
Department of External Affairs .. .. .	41,213	36,612	4,601	..
Cook Islands .. .. .	42,895	34,389	8,506	..
Department of Industries and Commerce, Tourist, and Publicity .. .. .	132,532	..	132,532	..
Department of Industries and Commerce .. .. .	..	9,356	..	9,356
Department of Justice .. .. .	135,702	135,383	319	..
Prisons Department .. .. .	100,713	88,443	12,270	..
Crown Law Office .. .. .	5,727	5,824	..	97
Police Department .. .. .	456,672	452,883	3,789	..
Pensions Department .. .. .	173,176	176,743	..	3,567
Mines Department .. .. .	30,934	27,531	3,403	..
Department of Internal Affairs .. .. .	278,517	351,039	..	72,522
Audit Department .. .. .	27,773	27,260	513	..
Public Service Commissioner's Office .. .. .	7,140	6,374	766	..
Printing and Stationery Department .. .. .	228,287	214,976	13,311	..
Mental Hospitals Department .. .. .	303,459	307,040	..	3,581
Department of Health .. .. .	244,671	247,250	..	2,579
Naval Defence .. .. .	418,837	437,573	..	18,736
Defence Department .. .. .	277,799	454,828	..	177,029
Customs Department .. .. .	111,532	112,087	..	555
Marine Department .. .. .	172,509	133,706	38,803	..
Department of Labour .. .. .	55,400	60,985	..	5,585
Department of Lands and Survey .. .. .	165,146	192,819	..	27,673
Scenery-preservation .. .. .	2,303	2,391	..	88
Valuation Department .. .. .	55,027	55,566	..	539
Electoral Department .. .. .	9,991	11,266	..	1,275
Department of Agriculture .. .. .	388,277	435,283	..	47,006
Department of Tourist and Health Resorts .. .. .	..	92,383	..	92,383
Department of Education .. .. .	3,230,139	3,218,828	11,311	..
Department of Scientific and Industrial Research .. .. .	63,371	65,774	..	2,403
Transport Department .. .. .	5,982	5,313	669	..
Services not provided for .. .. .	4,585	22,206	..	17,621
	7,672,179	7,973,277	238,095	539,193
			894,604	1,387,444
			..	894,604
Total expenditure .. .. .	24,708,042	25,200,882	..	492,840

Table No. 9.

## NET EXPENDITURE.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1931.

	Net Appropriations, 1930-31.	Actual Net Expenditure, 1930-31.	Difference.	
			More.	Less.
Permanent appropriations—	£	£	£	£
Civil List .. .. .	30,918	30,862	..	56
Interest .. .. .	9,364,578	9,266,676	..	97,902
Sinking Fund .. .. .	2,921	3,119	198	..
Reduction of Funded Debt .. .. .	425,540	425,540	..	..
Repayment of Public Debt .. .. .	1,224,500	1,207,059	..	17,441
Miscellaneous debt services .. .. .	38,030	50,111	12,081	..
Other services .. .. .	6,203,093	6,052,496	..	150,597
	17,289,580	17,035,863	12,279	265,996
Annual appropriations—				
Legislative Departments .. .. .	92,368	98,990	6,622	..
Prime Minister's Department .. .. .	14,656	14,665	9	..
Treasury Department .. .. .	40,350	40,329	..	21
National Provident and Friendly Societies Department .. .. .	25,350	25,096	..	254
Land and Income Tax Department .. .. .	66,026	66,262	236	..
Stamp Duties Department .. .. .	106,645	104,839	..	1,806
Public Buildings .. .. .	75,575	62,381	..	13,194
Government and other Domains .. .. .	5,055	4,498	..	557
Maintenance and Repairs to Roads .. .. .	46,000	32,848	..	13,152
Maintenance of Irrigation Works, &c. .. .. .	15,000	16,242	1,242	..
Native Department .. .. .	38,426	35,720	..	2,706
Department of External Affairs .. .. .	22,121	41,213	19,092	..
Cook Islands .. .. .	42,924	42,895	..	29
Department of Industries and Commerce, Tourist, and Publicity .. .. .	135,313	132,532	..	2,781
Department of Justice .. .. .	134,000	135,702	1,702	..
Prisons Department .. .. .	90,033	100,713	10,680	..
Crown Law Office .. .. .	5,800	5,727	..	73
Police Department .. .. .	451,099	456,672	5,573	..
Pensions Department .. .. .	165,270	173,176	7,906	..
Mines Department .. .. .	36,381	30,934	..	5,447
Department of Internal Affairs .. .. .	291,192	278,517	..	12,675
Audit Department .. .. .	28,450	27,773	..	677
Public Service Commissioner's Office .. .. .	7,480	7,140	..	340
Printing and Stationery Department .. .. .	220,196	228,287	8,091	..
Mental Hospitals Department .. .. .	310,843	303,459	..	7,384
Department of Health .. .. .	248,202	244,671	..	3,531
Naval Defence .. .. .	450,480	418,837	..	31,643
Defence Department .. .. .	275,000	277,799	2,799	..
Customs Department .. .. .	114,002	111,532	..	2,470
Marine Department .. .. .	180,757	172,509	..	8,248
Department of Labour .. .. .	60,034	55,400	..	4,634
Department of Lands and Survey .. .. .	174,099	165,146	..	8,953
Scenery Preservation .. .. .	2,801	2,303	..	498
Valuation Department .. .. .	58,051	55,027	..	3,024
Electoral Department .. .. .	11,212	9,991	..	1,221
Department of Agriculture .. .. .	404,445	388,277	..	16,168
Department of Education .. .. .	3,193,524	3,230,139	36,615	..
Department of Scientific and Industrial Research .. .. .	62,012	63,371	1,359	..
Transport Department .. .. .	6,357	5,982	..	375
Services not provided for .. .. .	..	4,585	4,585	..
	7,707,529	7,672,179	106,511	141,861
			118,790	407,857
				118,790
Totals .. .. .	24,997,109	24,708,042	..	289,067

Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR 1931-32, COMPARED  
WITH ACTUAL NET EXPENDITURE FOR 1930-31.

	Estimate for 1931-32.	Actual for 1930-31.	Difference.	
			Increase.	Decrease.
Permanent Appropriations,—				
Under Special Acts of the Legislature—	£	£	£	£
Civil List .. .. .	28,673	30,862	..	2,189
Debt Services—				
Interest .. .. .	8,940,675	9,266,676	..	326,001
Sinking Fund .. .. .	3,202	3,119	83	..
Repayment of Funded Debt .. .. .	236,796	425,540	..	188,744
Repayment of Public Debt .. .. .	1,203,298	1,207,059	..	3,761
Transfer to Loans Redemption Account .. .. .	3,000	2,954	46	..
Administration and Management .. .. .	35,600	44,584	..	8,984
Payments on Guaranteed Loans .. .. .	4,800	2,573	2,227	..
Other Services .. .. .	7,223,860	6,052,496	1,171,364	..
	17,679,904	17,035,863	1,173,720	529,679
Annual Appropriations,—				
Legislative Departments .. .. .	88,568	98,990	..	10,422
Prime Minister's Department .. .. .	15,553	14,665	888	..
Treasury Department .. .. .	37,686	40,329	..	2,643
National Provident and Friendly Societies Department .. .. .	4,978	25,096	..	20,118
Land and Income Tax Department .. .. .	65,055	66,262	..	1,207
Stamp Duties Department .. .. .	103,043	104,839	..	1,796
Public Buildings .. .. .	67,347	62,381	4,966	..
Government and other Domains .. .. .	..	4,498	..	4,498
Maintenance and Repairs to Roads .. .. .	17,700	32,848	..	15,148
Maintenance of Irrigation Works, &c. .. .. .	14,750	16,242	..	1,492
Native Department .. .. .	74,393	35,720	38,673	..
Department of External Affairs .. .. .	8,997	41,213	..	32,216
Cook Islands .. .. .	..	42,895	..	42,895
Department of Industries and Commerce, Tourist, and Publicity .. .. .	138,273	132,532	5,741	..
Department of Justice .. .. .	140,591	135,702	4,889	..
Prisons Department .. .. .	104,019	100,713	3,306	..
Crown Law Office .. .. .	5,266	5,727	..	461
Police Department .. .. .	424,188	456,672	..	32,484
Pensions Department .. .. .	162,649	173,176	..	10,527
Mines Department .. .. .	24,679	30,934	..	6,255
Department of Internal Affairs .. .. .	210,816	278,517	..	67,701
Audit Department .. .. .	24,896	27,773	..	2,877
Public Service Commissioner's Office .. .. .	5,859	7,140	..	1,281
Printing and Stationery Department .. .. .	194,267	228,287	..	34,020
Mental Hospitals Department .. .. .	270,743	303,459	..	32,716
Department of Health .. .. .	220,859	244,671	..	23,812
Naval Defence .. .. .	444,045	418,837	25,20	..
Defence Department .. .. .	240,000	277,799	..	7,799
Customs Department .. .. .	99,290	111,532	..	12,242
Marine Department .. .. .	110,614	172,509	..	61,895
Department of Labour .. .. .	62,942	55,400	7,542	..
Department of Lands and Survey .. .. .	186,320	165,146	21,174	..
Scenery-preservation .. .. .	..	2,303	..	2,303
Valuation Department .. .. .	46,979	55,027	..	8,048
Electoral Department .. .. .	81,518	9,991	71,527	..
Department of Agriculture .. .. .	414,255	388,277	25,978	..
Department of Education .. .. .	2,912,536	3,230,139	..	317,603
Department of Scientific and Industrial Research .. .. .	54,916	63,371	..	8,455
Transport Department .. .. .	5,287	5,982	..	695
Services not provided for .. .. .	..	4,585	..	4,585
	7,083,877	7,672,179	209,892	798,194
			1,383,612	1,327,873
			1,327,873	..
Total expenditure .. .. .	£24,763,781	£24,708,042	£55,739	..

Table No. 11.

## STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED.

To Accumulated surpluses at 31st March, 1931	£	By Transfers to—	£	£
30,395,817		Discharged Soldiers Settlement Account—		
		1920-21 .. ..	13,330,000	
		1921-22 .. ..	170,000	
				13,500,000
		Discharged Soldiers Settlement Loans Act 1920 Deprecia- tion Fund Account—		
		1920-21 .. ..	50,000	
		1921-22 .. ..	50,000	
		1922-23 .. ..	50,000	
		1923-24 .. ..	50,000	
				200,000
		Public Works Fund—		
		1920-21 .. ..	500,000	
		1923-24 .. ..	1,000,000	
		1924-25 .. ..	1,000,000	
		1925-26 .. ..	500,000	
		1927-28 .. ..	250,000	
				3,250,000
		Reserve Fund Account—		
		For purchase of securities, 1920-21 .. ..	1,200,000	
		For redemption of loan, 1922-23 .. ..	800,000	
				2,000,000
		Loans redemption—		
		1921-22 .. ..	560,011	
		1922-23 .. ..	2,337,360	
		1923-24 .. ..	1,367,341	
		1924-25 .. ..	1,052,130	
		1925-26 .. ..	566,161*	
		1926-27 .. ..	588,868†	
		1927-28 .. ..	95,980	
		1928-29 .. ..	50	
				6,567,901
		Bank of New Zealand Shares Account—	£	
		1926-27 .. ..	808,594	
		1927-28 .. ..	117,187	
		1928-29 .. ..	58,594	
				984,375
		Education Loans Account, 1923-24 ..		100,000
		Subsidies for relief of unemployment ..		531,415
		Assistance towards earthquake services ..		33,226
		Advance to State Forests Account ..		45,000
		Advance to Rural Intermediate Credit Board .. ..		400,000
		Advance to Westport Harbour Account ..		5,000
		Charges and expenses of renewing loans..		4,105
		Ordinary revenue—		
		To balance revenue and expenditure—	£	
		1921-22 .. ..	279,831	
		1928-29 .. ..	577,252	
		1930-31 .. ..	1,639,111	
				2,496,194
		Balance (cash and imprests) at 31st March, 1931 .. ..		278,601
	£30,395,817			£30,395,817

\* Includes £151,824 of reparation-moneys received from Germany.

† Includes £73,710 of reparation-



Table No. 12.

## PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1931, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1930.

Vote	Year ended 31st March, 1931.	Year ended 31st March, 1930.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental .. ..	131,816	132,527	..	711
Railway-construction .. ..	1,478,689	1,452,860	25,829	..
Additions to Open Lines .. ..	508,507	359,661	148,846	..
Public Buildings—				
General .. ..	100,927	28,748	72,179	..
Courthouses .. ..	19,572	15,765	3,807	..
Prison Buildings and Works .. ..	2,504	18,814	..	16,310
Police-stations .. ..	8,360	8,442	..	82
Postal and Telegraph .. ..	138,670	104,157	34,513	..
Agricultural .. ..	1,509	2,963	..	1,454
Mental Hospital Buildings .. ..	134,140	152,096	..	17,956
Health and Hospital Institutions .. ..	17,338	16,651	687	..
Timber-supply and Sawmills, &c. ..	<i>Cr.</i> 2,271	<i>Cr.</i> 3,608	..	<i>Cr.</i> 1,337
Acquisition and Operation of Quarries..	4,219	329	3,890	..
Lighthouses .. ..	4,103	4,460	..	357
Harbour-works .. ..	6,742	10,736	..	3,994
Development of Tourist Resorts .. ..	60,288	20,547	39,741	..
Department of Immigration .. ..	33,544	41,756	..	8,212
Roads, &c. .. ..	1,379,810	1,005,329	374,481	..
Roads to give Access to Outlying Districts	91,126	53,693	37,433	..
Roads on Goldfields .. ..	4,587	1,885	2,702	..
Telegraph Extension .. ..	419,756	594,383	..	174,627
Contingent Defence .. ..	13,812	46,766	..	32,954
Lands, Miscellaneous .. ..	70,534	79,454	..	8,920
Irrigation, Water-supply, and Drainage	62,614	69,657	..	7,043
Plant, Material, and Stores .. ..	<i>Cr.</i> 44,772	<i>Cr.</i> 31,813	<i>Cr.</i> 12,959	..
Transfer to Main Highways Account, Construction Fund	..	200,000	..	200,000
Services not provided for .. ..	..	257	..	257
			731,149	471,540
			471,540	
Totals .. ..	4,646,124	4,386,515	259,609	

Table No. 13.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1931.

WAYS AND MEANS.				£	s.	d.	£	s.	d.
LOANS:—									
Immigration and Public Works Loan, 1870	..	..	..	4,000,000	0	0			
Immigration and Public Works Loan, 1873	..	..	..	2,000,000	0	0			
Immigration and Public Works Loan, 1874	..	..	..	4,000,000	0	0			
General Purposes Loan Act, 1873	..	..	..	750,000	0	0			
New Zealand Loan Act, 1876	..	..	..	750,000	0	0			
New Zealand Loan Act, 1877	..	..	..	2,200,000	0	0			
New Zealand Loan Act, 1879	..	..	..	5,000,000	0	0			
New Zealand Loan Act, 1882	..	..	..	3,000,000	0	0			
New Zealand Colonial Inscribed Stock Loan Act, 1882	..	..	..	250,000	0	0			
North Island Main Trunk Railway Loan Act, 1882	..	..	..	1,000,000	0	0			
New Zealand Loan Act, 1884	..	..	..	1,500,000	0	0			
New Zealand Loan Act, 1886	..	..	..	1,325,000	0	0			
District Railways Purchasing Acts, 1885 and 1886	..	..	..	479,487	7	11			
New Zealand Loan Act, 1888	..	..	..	1,000,000	0	0			
Native Land Purchase Act, 1892	..	..	..	149,700	0	0			
Lands Improvement and Native Lands Acquisition Act, 1894	..	..	..	500,000	0	0			
Aid to Public Works and Land Settlement Act, 1896	..	..	..	1,000,000	0	0			
Aid to Public Works and Land Settlement Amendment Act, 1897..	..	..	..	250,000	0	0			
Aid to Public Works and Land Settlement Amendment Act, 1898..	..	..	..	500,000	0	0			
Aid to Public Works and Land Settlement Act, 1899	..	..	..	1,000,000	0	0			
Aid to Public Works and Land Settlement Act, 1900	..	..	..	1,011,600	0	0			
Aid to Public Works and Land Settlement Act, 1901	..	..	..	1,250,000	0	0			
Aid to Public Works and Land Settlement Act, 1902	..	..	..	1,750,000	0	0			
Aid to Public Works and Land Settlement Act, 1903	..	..	..	997,690	0	0			
Aid to Public Works and Land Settlement Act, 1904	..	..	..	750,000	0	0			
Aid to Public Works and Land Settlement Act, 1905	..	..	..	1,000,000	0	0			
Aid to Public Works and Land Settlement Act, 1906	..	..	..	989,700	0	0			
Aid to Public Works and Land Settlement Act, 1907	..	..	..	1,000,000	0	0			
Aid to Public Works and Land Settlement Act, 1908	..	..	..	1,250,000	0	0			
Aid to Public Works and Land Settlement Act, 1909	..	..	..	1,000,000	0	0			
Aid to Public Works and Land Settlement Act, 1910	..	..	..	1,750,000	0	0			
Aid to Public Works and Land Settlement Act, 1911	..	..	..	1,500,000	0	0			
Aid to Public Works and Land Settlement Act, 1912	..	..	..	1,748,900	0	0			
Aid to Public Works and Land Settlement Act, 1913	..	..	..	1,750,000	0	0			
Aid to Public Works and Land Settlement Act, 1914	..	..	..	3,000,000	0	0			
Aid to Public Works and Land Settlement Act, 1921	..	..	..	5,060,613	0	3			
Aid to Public Works and Land Settlement Act, 1922	..	..	..	4,408,860	12	3			
Finance Act, 1909	..	..	..	1,250,000	0	0			
Finance Act, 1915, and New Zealand Loans Act, 1915	..	..	..	2,000,000	0	0			
Finance Act, 1916	..	..	..	1,000,000	0	0			
Finance Act, 1917	..	..	..	850,000	0	0			
Finance Act, 1918 (No. 2)	..	..	..	2,500,000	0	0			
Finance Act, 1919, Section 5	..	..	..	750,000	0	0			
Finance Act, 1920, Section 15	..	..	..	2,500,000	0	0			
Finance Act, 1921, Section 10	..	..	..	2,673,111	10	11			
Finance Act, 1923, Section 2	..	..	..	4,306,608	17	6			
Finance Act, 1924, Section 2	..	..	..	2,065,883	12	6			
Finance Act, 1925, Section 2	..	..	..	4,151,450	10	2			
Finance Act, 1926, Section 2	..	..	..	5,220,134	10	7			
Finance Act, 1927 (No. 2), Section 2	..	..	..	4,319,594	10	3			
Finance Act, 1928, Section 2	..	..	..	3,188,132	14	8			
Finance Act, 1929, Section 2..	..	..	..	4,017,119	4	6			
Stock issued for Expenses of Conversion, 1930-31	..	..	..	360,835	18	0			
Post and Telegraph Act, 1908	..	..	..	200,000	0	0			
Midland Railway Petitions Settlement Acts, 1902 and 1903	..	..	..	150,000	0	0			
Paeroa-Waihi Railways Act, 1903	..	..	..	75,000	0	0			
Waikaka Branch Railway Act, 1905	..	..	..	50,000	0	0			
Wellington and Manawatu Railway Purchase Act, 1908	..	..	..	1,000,000	0	0			
Appropriation Act, 1912	..	..	..	15,000	0	0			
Irrigation and Water-supply Act, 1912	..	..	..	100,000	0	0			
							103,611,422	9	6
RECEIPTS IN AID:—									
Amount transferred from Consolidated Fund	..	..	..	14,555,000	0	0			
Contributions of Canterbury Province for Railways	..	..	..	56,000	0	0			
Proceeds of Railway Material handed over to Cook County Council	..	..	..	4,963	7	4			
Stamp Duties to 31st December, 1876	..	..	..	264,657	16	4			
Transfer from Confiscated Lands Liabilities Account	..	..	..	19,963	1	3			
Receipts under Section 16 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1912	..	..	..	21,890	4	5			
Special Receipts under Section 9 of the Railways Construction Act, 1878	..	..	..	60,616	3	0			
Special Receipts under the Ellesmere Lake Lands Acts, 1888 and 1893	..	..	..	67,584	12	11			
Special Receipts under the Railways Authorization and Management Act, 1891	..	..	..	2,257	1	9			
Special Receipts under the North Island Main Trunk Railway Loan Application Act, 1886	..	..	..	114,550	19	6			
Sinking Funds released	..	..	..	506,819	19	3			
							15,674,303	5	9
							£119,285,725	15	3

Table No. 13—continued.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1931—continued.

NET EXPENDITURE.						£	s. d.	£	s. d.
Expenditure on—									
Immigration .. .. .						3,309,849	17 10		
Public Works, Departmental .. .. .						2,740,866	1 2		
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders .. .. .						56,117,712	4 8		
Roads .. .. .						20,334,817	2 2		
Land-purchases .. .. .						2,061,147	1 10		
Development of Mining .. .. .						881,065	0 11		
Telegraph Extension .. .. .						10,930,500	10 4		
Public Buildings .. .. .						11,099,894	14 8		
Lighthouses, Harbour-works, and Harbour-defences .. .. .						1,291,816	14 10		
Contingent Defence .. .. .						1,406,587	2 8		
Rates on Native Lands .. .. .						68,671	16 10		
Thermal Springs .. .. .						14,599	13 2		
Development of Tourist Resorts .. .. .						576,707	15 6		
Lands Improvement .. .. .						661,215	10 7		
Plant, Material, and Stores .. .. .						274,633	5 5		
Charges and Expenses of raising Loans .. .. .						3,713,744	9 1		
Coal-mines .. .. .						10,835	8 0		
Interest and Sinking Fund .. .. .						218,500	0 0		
Irrigation and Water-supply .. .. .						968,743	1 6		
Timber Supply, Sawmills, &c. .. .. .						Cr. 5,489	0 10		
Acquisition and Operation of Quarries .. .. .						9,636	4 11		
Motor Transport Service .. .. .						33,635	5 3		
Transfer to Main Highways Account, Construction Fund .. .. .						1,226,000	0 0	117,945,690	0 6
Balance on 31st March, 1931,—									
Cash in the Public Account .. .. .						811,999	12 1		
Imprests outstanding .. .. .						20,416	2 8		
Investments .. .. .						507,620	0 0	1,340,035	14 9
								£119,285,725	15 3

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1931, AS COMPARED WITH THE 31ST MARCH, 1930.

Account.	1931.			1930.		
	Balance on 31st March, 1931.	Liabilities on 31st March, 1931.	Unexhausted Authority for raising Loan on 1st April, 1931.	Balance on 31st March, 1930.	Liabilities on 31st March, 1930.	Unexhausted Authority for raising Loan on 1st April, 1930.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue .. ..	278,601	261,203	..	2,356,337	304,493	..
Nauru and Ocean Islands .. ..	3,056	..	..	3,172	..	..
Nauru and Ocean Islands Sinking Fund ..	49	..	..	312	..	..
Public Works Fund—						
General Purposes .. ..	1,340,036	441,295	5,141,050	348,125	629,649	5,061,050
Waibou and Ohinemuri Rivers Improvement .. ..	5,519	1,933	..	3,344	2,381	14,375
Electric Supply .. ..	150,009	134,835	2,533,990	341,881	122,816	1,243,990
Electric Supply Sinking Fund .. ..	42,655	..	..	172,729	..	..
Advances to other Governments .. ..	..	..	..	21,045	..	..
Bank of New Zealand Shares .. ..	1,859,375	..	..	1,859,375	..	..
Cheviot Estate .. ..	..	..	..	230,895	162	..
Deteriorated Lands .. ..	..	..	..	11,393	15	278,000
Discharged Soldiers Settlement .. ..	259,532	23	..	240,223	44	..
Discharged Soldiers Settlement Loans ..	580,962	..	..	558,735	..	..
Act 1920 Depreciation Fund .. ..						
Education Loans .. ..	12,867	6,331	..	19,842	1,248	1,404,160
General Purposes Relief .. ..	23,756	..	..	31,631	..	..
Hauraki Plains Settlement .. ..	13,941	3,692	91,000	24,252	5,519	115,000
Hunter Soldiers' Assistance Trust .. ..	6,837	..	..	6,105	..	..
Hutt Valley Lands Settlement .. ..	139	..	..	61	..	..
Kauri-gum Industry .. ..	1,588	..	..	16,722	..	..
Land Assurance Fund .. ..	..	..	..	84,938	21	..
Land for Settlements .. ..	742,106	1,635	6,278,000	557,619	9,414	6,000,000
Loans Redemption .. ..	344,182	..	..	220,150	..	..
Main Highway—						
Revenue Fund .. ..	339,886	77,124	..	136,453	114,471	..
Construction Fund .. ..	102,637	57,018	1,070,400	160,567	112,553	1,620,375
Mining Advances .. ..	362	4	50,000	14,724	23	50,000
National Endowment .. ..	..	..	..	135,008	1,085	..
National Endowment Trust .. ..	..	..	..	42,202	..	..
Native Land Settlement .. ..	28,908	15,771	500,000	55,742	7,102	500,000
Public Debt Repayment .. ..	32	..	..	3,053	..	..
Railways Improvement Authorization Act, 1914 .. ..	420,784	61,995	..	327,157	91,273	1,515,000
Rangitaiki Land Drainage .. ..	5,306	667	7,000	2,418	766	7,000
Reserve Fund .. ..	2,068,563	..	..	2,068,563	..	..
Samoan Loan Suspense .. ..	..	..	4,800	..	..	4,800
State Coal-mines .. ..	40,810	20,935	55,000	59,057	22,547	55,000
State Coal-mines Sinking Fund .. ..	7,739	..	..	7,945	..	..
State Forests .. ..	31,103	5,374	1,051,225	48,722	9,635	336,225
Swamp Land Drainage .. ..	6,338	2,617	150,000	7,008	6,169	150,000
Unemployment Fund .. ..	69,115	..	..	..	..	..
Westport Harbour .. ..	1,759	1,533	..	6,000	1,292	..
Working Railways .. ..	496,463	272,550	..	77,236	364,479	..
State Advances Loan .. ..	40,002	..	10,280,510	100,397	..	10,173,920
<i>Additional Unexhausted Authorities for raising Loans.</i>						
Government Accident Insurance Act, 1908 ..	..	..	23,000	..	..	23,000
State Fire Insurance Act, 1908 .. ..	..	..	98,000	..	..	98,000
Totals .. ..	9,325,017	1,366,535	27,333,975	10,361,138	1,807,157	28,649,895



*Details of Assets included above.*

(Note: Stores or supplies in hand not included in assets.)

## Cash and Investments:—

*Cash in the Public Account and in the hands of officers of the	£	£	£
Government .. .. .	1,154,459		
†Less liabilities outstanding, 31st March, 1931 ..	1,342,265		
		Dr. 187,806	
*Investment of cash balances .. .. .		4,181,000	
Reserve fund (securities at cost) .. .. .		1,996,725	
Post Office Savings-bank Reserve Fund .. .. .		1,000,000	
Bank of New Zealand shares (nominal value) .. .. .		2,109,375	
‡Public Debt Redemption Fund .. .. .		22,075,645	
			31,174,939

## Sinking funds accrued—

State Advances debt .. .. .	1,982,814		
State Coal-mines .. .. .	7,739		
Westport Harbour loans .. .. .	261,676		
Samoan loan .. .. .	18,740		
Nauru and Ocean Islands Sinking Fund Account .. .. .	49		
Electric Supply Sinking Fund Account .. .. .	42,655		
			2,313,673

## Loans and advances outstanding—

Mining purposes .. .. .	36,460		
Local bodies (annuity value of interest receivable) .. .. .	772,126		
Samoan loan, less sinking fund .. .. .	146,460		
Repatriation advances outstanding, 31st March, 1931 .. .. .	227,301		
	£		
Discharged soldiers' mortgages and property held .. .. .	14,887,904		
Less amount included in Public Debt Redemption Fund .. .. .	10,850,000		
		4,037,904	
State Advances—Mortgages and property held, less sinking funds and investments included elsewhere .. .. .	40,689,289		
General purposes relief—Advances outstanding .. .. .	35,024		
Rural Intermediate Credit Board—Advances outstanding .. .. .	400,000		
			46,344,564

## Revenue Earning and Trading Accounts—

Railways (capital cost, including unopened lines and value of assets taken over from provinces, less capital written off to 31/3/31) .. .. .	58,211,466		
Telephones and Telegraphs (value of assets) .. .. .	10,133,557		
Electric-power supply and development (capital expenditure) .. .. .	10,235,570		
Westport Harbour-works (value of assets) .. .. .	489,087		
Lighthouses and harbour-works (capital expenditure) .. .. .	1,291,817		
Tourist and health resorts (capital expenditure) .. .. .	591,307		
State coal-mines (value of assets) .. .. .	241,154		
Kauri-gum (trading capital) .. .. .	13,210		
Nauru and Ocean Islands (purchase price of rights) .. .. .	565,040		
			81,772,208

## Lands and forests—

Crown lands (estimated value, including settlement lands, Native lands, and education reserves) .. .. .	30,140,334		
Land-drainage schemes (capital invested) .. .. .	2,001,136		
Irrigation and water-supply (capital expenditure) .. .. .	968,743		
Waihou and Ohinemuri Rivers improvement (capital expenditure) .. .. .	709,740		
Lands improvement (capital expenditure) .. .. .	661,216		
New Zealand Reparation Estates (value of Dominion's interest) .. .. .	686,646		
Howard Estate .. .. .	88,296		
State forests (estimated value of forests, reserves, plantations, and nurseries) .. .. .	38,512,239		
			73,768,350

## Indirectly productive expenditure—

Public buildings (including school buildings) .. .. .	15,778,941		
Roads (including roads on Crown lands and main highways) .. .. .	26,377,392		
Quarries (acquisition and working) .. .. .	9,636		
Development of mining (capital expenditure) .. .. .	881,065		
Immigration (capital expenditure) .. .. .	3,309,850		
			46,356,884

£281,730,618

\* Does not include trust, deposit, or sinking funds, or certain other accounts included elsewhere.

† After deducting £24,271. credits due from other Governments, from the total liabilities.

‡ Includes £10,850,000 previously included under discharged soldiers mortgages, and £11,225,645 of accumulated sinking funds.

**Table No. 17.**  
**PUBLIC DEBT.**

STATEMENT SHOWING LOANS FALLING DUE IN THE NEXT SEVEN YEARS, ENDING WITH THE YEAR 1938,  
EXCLUDING IMPERIAL DEBT REPAYMENTS.

Year ending 31st March,	London.	Australia.	New Zealand.	Totals.
	£	£	£	£
1932 .. .. .	200	320,900	6,948,856	7,269,956
1933 .. .. .	..	393,850	5,219,163	5,613,013
1934 .. .. .	12,900*	52,000	17,128,414	17,193,314
1935 .. .. .	37,000	1,252,000	1,945,850	3,234,850
1936 .. .. .	..	213,800	5,885,760	6,099,560
1937 .. .. .	..	110,400	9,994,999	10,105,399
1938 .. .. .	..	..	5,535,695	5,535,695
Totals .. .. .	50,100	2,342,950	52,658,737	55,051,787

\* In addition, £5,000,000 raised in London since the end of the financial year falls due in 1934.

**Table No. 18.**  
**PUBLIC DEBT.**

STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF  
£27,532,164 ADVANCED BY THE IMPERIAL GOVERNMENT AND FUNDED IN TERMS OF THE  
AGREEMENT DATED 6TH SEPTEMBER, 1922.

Date Instalments paid.	Interest.	Principal.	Balance of Debt outstanding.
	£	£	£
1st December, 1922 .. .. .	684,794	141,171	27,390,993
1st June, 1923 .. .. .	681,282	144,683	27,246,310
1st December, 1923 .. .. .	677,684	148,281	27,098,029
1st June, 1924 .. .. .	673,996	151,969	26,946,060
1st December, 1924 .. .. .	670,216	355,749*	26,590,311
1st June, 1925 .. .. .	661,367	164,598	26,425,713
1st December, 1925 .. .. .	657,274	168,691	26,257,022
1st June, 1926 .. .. .	653,078	172,887	26,084,135
1st December, 1926 .. .. .	648,778	177,187	25,906,948
1st June, 1927 .. .. .	644,370	181,595	25,725,353
1st December, 1927 .. .. .	639,854	186,111	25,539,242
1st June, 1928 .. .. .	635,225	190,740	25,348,502
1st December, 1928 .. .. .	630,481	195,484	25,153,018
1st June, 1929 .. .. .	625,618	200,346	24,952,672
1st December, 1929 .. .. .	620,635	205,330	24,747,342
1st June, 1930 .. .. .	615,528	210,437	24,536,905
1st December, 1930 .. .. .	610,294	215,671	24,321,234

\* Includes £200,000 paid off the Naval Defence Loan in terms of the clause by which New Zealand has the right, on giving three months' notice, to repay at par any part of the principal.

Table No. 19.

EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING UNIVERSITY, PRIMARY, SECONDARY, AND HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, 1913-14 TO 1930-31.

Year.	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	Administration: Vote, Education, Salaries and other Charges.	Revenue from Reserves.	Subsidies to Teachers' Superannuation Fund.	Public Works Fund.	Education Loans Account.		
	£	£	£	£	£	£	£	£	£ s. d.
1913-14 ..	27,742	50,681	1,131,756	71,808	17,000	121,954	..	1,420,941	1 5 3
1914-15 ..	26,128	55,139	1,207,983	70,802	17,000	122,940	..	1,499,992	1 6 2
1915-16 ..	46,874	64,858	1,329,166	84,390	17,000	97,972	..	1,640,260	1 8 6
1916-17 ..	58,408	60,180	1,406,264	90,535	17,000	70,367	..	1,702,754	1 9 8
1917-18 ..	59,362	70,345	1,511,256	90,518	17,000	63,082	..	1,811,563	1 11 5
1918-19 ..	57,716	76,177	1,602,995	92,095	43,000	115,656	..	1,987,639	1 14 1
1919-20 ..	79,747	78,988	2,031,825	99,352	43,000	195,500	..	2,528,412	2 1 10
1920-21 ..	101,972	70,313	2,460,116	100,758	43,000	244,722	214,571	3,235,452	2 11 8
1921-22 ..	96,217	71,737	2,580,562	105,448	43,000	2,469	563,411	3,462,844	2 13 10
1922-23 ..	90,393	66,610	2,514,991	112,378*	68,000	..	361,976	3,214,348	2 9 0
1923-24 ..	96,506	77,788	2,604,508	116,808*	68,000	..	295,681	3,259,291	2 8 11
1924-25 ..	128,844	86,746	2,752,271†	118,973*	68,000	..	462,212	3,617,046	2 13 2
1925-26 ..	111,389	87,512	2,854,719†	119,978*	70,952	..	564,946	3,809,496	2 14 9
1926-27 ..	115,499	88,545	2,954,597†	119,073*	71,452	..	550,954	3,900,120	2 14 11
1927-28 ..	127,289	90,518	2,974,615†	123,247*	71,497	..	369,134	3,756,300	2 12 1
1928-29 ..	137,233	94,934	3,067,296†	127,444*	71,749	..	375,423	3,874,079	2 13 1
1929-30 ..	140,561	87,420	3,193,828†	129,531*	146,781	..	428,764	4,126,885	2 15 10
1930-31 ..	125,331	94,506	3,230,200‡	106,405	46,907	..	491,974	4,095,323	2 14 8

\* Net revenue after deducting expenses and cost of collection.  
† Excluding £25,000 for teachers' superannuation, included under that heading.  
‡ Includes £61 charged to "Unauthorised."

In addition, secondary schools and University colleges derive direct income (amounting for 1930-31 to £72,922) from reserves vested in them.

The following amounts were also paid out of the Government Fire Insurance Fund for rebuilding school buildings destroyed by fire :—

	£
1916-17 .. .. .	2,127
1917-18 .. .. .	2,658
1919-20 .. .. .	15,682
1920-21 .. .. .	16,162
1921-22 .. .. .	27,103
1922-23 .. .. .	8,542
1923-24 .. .. .	12,490
1924-25 .. .. .	32,829
1925-26 .. .. .	4,938
1926-27 .. .. .	10,337
1927-28 .. .. .	12,474
1928-29 .. .. .	12,197
1929-30 .. .. .	6,357
1930-31 .. .. .	6,671



Table No. 20.

## PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1927 TO 1931.

	Year ended 31st March,				
	1927.	1928.	1929.	1930.	1931.
	£	£	£	£	£
War .. .. .	1,122,741	1,146,955	1,178,646	1,204,422	1,245,499
Old-age* .. .. .	979,296	1,007,722	1,059,039	1,105,069	1,158,788
Widows' .. .. .	301,080	302,766	312,963	322,886	325,998
Miners' .. .. .	41,947	45,083	48,102	51,676	58,441
Maori War .. .. .	19,446	16,377	13,673	11,510	9,101
Epidemic .. .. .	10,935	8,757	7,981	7,309	6,322
Civil Service Act, 1908 .. .. .	16,724	13,206	12,192	10,547	9,251
Defence Act, 1909 .. .. .	2,628	2,695	2,715	2,573	2,620
Judicature Act, 1908 .. .. .	3,556	4,204	3,429	3,333	2,285
Police .. .. .	406	457	671	789	1,741
Blind .. .. .	10,304	12,249	13,339	14,716	15,796
Family Allowance .. .. .	..	37,515	54,815	60,876	63,608
Sundry .. .. .	5,945	6,273	5,698	6,589	6,588
Totals .. .. .	2,515,008	2,604,259	2,713,263	2,802,295	2,906,038

\* Includes payments of old-age pensions paid out of national-endowment revenue.

Table No. 21.

## EXTERNAL TRADE.

STATEMENT SHOWING IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1922 TO 1931.

Year ended 31st March,					Imports.	Exports.	Excess of Exports.	Excess of Imports.
					£	£	£	£
1922 .. .. .	..	..	..	..	36,123,256	43,802,326	7,679,070	..
1923 .. .. .	..	..	..	..	36,975,583	45,548,700	8,573,117	..
1924 .. .. .	..	..	..	..	44,401,756	51,652,606	7,250,850	..
1925 .. .. .	..	..	..	..	49,821,095	54,771,158	4,950,063	..
1926 .. .. .	..	..	..	..	53,025,856	48,697,587	..	4,328,269
1927 .. .. .	..	..	..	..	48,192,670	45,682,338	..	2,510,332
1928 .. .. .	..	..	..	..	44,419,357	54,962,031	10,542,674	..
1929 .. .. .	..	..	..	..	45,105,865	57,154,343	12,048,478	..
1930 .. .. .	..	..	..	..	49,167,914	49,045,817	..	122,097
1931 .. .. .	..	..	..	..	38,300,807	39,527,784	1,226,977	..
							52,271,229 6,960,698	6,960,698
Totals .. .. .	..	..	..	..	445,534,159	490,844,690	45,310,531	

