

Land-tax receipts for the eleven months were £104,000 short of the Budget estimate, and as the date for payment of this tax is long since past, it is not likely that the shortage will have been reduced by more than £20,000 during March.

In regard to income-tax, the figures shown in the table give no indication of the outcome for the year, as the bulk of the tax is usually paid in March. The aggregate of the assessments, however, did not altogether come up to expectations, and, having regard to economic conditions, it is likely that a portion of the amount due will not have been paid by the 31st March. Under these circumstances, it is not expected that the income-tax receipts for the year will exceed £4,400,000. This would mean a Budget shortage of £535,000.

Interest Receipts.—The amount of Railway interest to be paid to the Consolidated Fund is governed by the amount of the net earnings of the railways. The Board has been striving to offset falling revenues with savings in expenditure, but, even so, it is likely that the amount that can be paid will be at least £100,000 short of the Budget estimate. The other interest items will, for the most part, reach the Budget estimate, although interest on the Public Debt Redemption Fund may be a little short owing to the reduction in the interest-rates of the Public Trust Office, with which part of the fund is invested.

Other Receipts.—In regard to “Other receipts” it now appears probable that Post and Telegraph profits will fall short of the estimate by about £160,000. The various departmental receipts and other miscellaneous items have also declined to a greater extent than was anticipated, and when the books are closed these items in the aggregate will probably be £200,000 short of the estimates.

EXPENDITURE.

In regard to this side of the account, it will be observed that the expenditure for the eleven months in total is in accord with the estimate, but many of the items cannot be wholly judged on a proportionate basis.

Debt Charges.—The expenditure on interest for the eleven months is shown as £217,000 ahead of the estimate for the year; but this does not indicate the real position, as substantial recoveries will be made from interest-earning accounts during March. It is now estimated, however, that, owing to it being necessary to make a much more extensive use of Treasury bills than was anticipated, and the higher rates that had to be paid for these bills, the interest expenditure for the year will be approximately £150,000 in excess of the estimate for this item. Under the “Hoover” moratorium the payments on account of the funded debt for this financial year are complete, and there is a saving of £16,000 on this item.

Other Services.—Under “Other services” a considerable unexpended balance is shown in the return, but this is largely due to accounting fluctuations. It is not anticipated that the estimates for these items, apart from motor-taxation, will be exceeded, and there may be a net saving of £20,000 when the transactions for the year are complete. The item for motor-taxation being governed by the revenue received, will, if the estimate of the revenue proves correct, be exceeded by about £70,000.

Annual Votes.—The departmental expenditure throughout the year was kept under close control, and notwithstanding the carefully pruned estimates it is estimated that a net saving of £70,000 will be made on the annual votes for the year.

Exchange.—No allowance was made in the estimates for this item, as it was anticipated at the time that arrangements could be made to finance London requirements without remitting from New Zealand. The financial crisis in London, however, rendered it necessary to start remitting from New Zealand in December last, and as a result the expenditure for last financial year was increased by £370,000 for cost of exchange.

SUMMARY OF POSITION.

To sum up the position for last financial year, it appears likely, on the basis of the eleven months' figures, that the net expenditure as a whole will exceed the estimate by approximately £500,000, due to the increased debt charges and the cost of exchange arising out of the financial emergency.

On the revenue side the final figures will probably disclose a shortage amounting in the aggregate to about £2,000,000, and this notwithstanding shrinkages amounting to £6,060,000 provided for in the main and supplementary