

probable that the falling tendency in imports will continue. As a result a further shrinkage in Customs revenue, estimated in the meantime at £900,000, is to be expected, although the revenue will benefit from the fact that the extra duties imposed last year will this year be operative for a full year.

Income-tax.—In regard to this item, which will be based on the income of last financial year, there is certain to be a much reduced yield, but the extent of the falling-off is very difficult indeed to gauge as there is no definite data on which a reliable estimate can be based. The tentative estimate, however, has been set down at £3,500,000, which is £900,000, or about 20 per cent., less than the yield now anticipated for last financial year.

Land-tax.—Receipts under this heading for last year are estimated at £540,000, and this year it is not likely that receipts will exceed £500,000.

Motor-vehicles: Duties and Licenses.—This was the most buoyant item of revenue last year, but it is considered that this year there will be a falling-off, estimated at £210,000. Under present legislation, however, there will be a corresponding fall in expenditure, so this item does not at present affect the prospective budgetary shortage.

Stamp and Death Duties.—The revenue from stamp duties generally appears more stable at the lower level now reached, although further falls, particularly in racing revenue and amusement-tax, appear likely. Death duties will probably show a further shrinkage on account of the fall in property values. Having regard to all the circumstances, it would not be prudent to set down the receipts from stamp and death duties at more than £2,500,000, which is a decrease of about £290,000 compared with the reduced amount now anticipated to be received for last financial year.

Interest Receipts.—Railway revenue has been falling steadily, but the decline has to a considerable extent been offset by savings in expenditure. To a certain extent it may be possible to continue this procedure, but if services are to be maintained it cannot be carried on indefinitely. The rate of decline in revenue is showing signs of easing off, but even so further decreases are to be expected. On this account it has been deemed advisable in the meantime to allow for a further falling-off of £200,000 in the amount of net earnings payable to the Consolidated Fund. The other interest items are also likely to be adversely affected to a further extent, estimated at £200,000.

Post and Telegraph Profits.—For last financial year this item will fall about £160,000 short of the Budget expectations, notwithstanding efforts to offset declining revenues with economies. During this financial year the prevailing economic conditions are likely to be reflected in smaller revenues in all branches, while, owing to the nature of the business, costs remain fairly rigid. Under these circumstances it does not appear safe to count upon more than £350,000 net profits, which is a comparative reduction of £590,000.

Reserves.—Last year's resources were augmented by using reserves to the extent of £1,490,000. This is practically a non-recurring item, as, apart from hypothecation of securities or other special measures to obtain liquidation, very little in the way of reserves is likely to be available this year. About £200,000 will, however, probably be available from capital repayment of the Discharged Soldiers Settlement Account.

Miscellaneous Items.—The land revenues, fees, departmental receipts, and other miscellaneous items will, it is estimated, all be more or less affected to a further extent by the conditions likely to prevail this financial year. The aggregate further decline in these items has been tentatively set down at £160,000.

EXPENDITURE.

In regard to the expenditure for this financial year, there will be various unavoidable or automatic increases on the present basis of operations.

Debt Services.—In the ordinary course of present arrangements it is estimated that there will be an increase of £500,000 in debt charges. This is due to the large amount of Treasury bills or other forms of internal borrowing that will be necessary