

Following the Hon. Mr. Downie Stewart's personal representations in London in regard to our difficulties, Great Britain has again extended a helping hand by consenting to postpone for another year all payments due on our Funded War Debt and certain other debts due to the British Government. The additional relief to this year's Budget is £825,000, in addition to which a saving of £47,000 will accrue to the State Advances Office. Our grateful thanks are due to the Mother-country for this substantial measure of assistance during the acute period of our troubles.

Apart from these postponements, debt charges would have shown an increase of £325,000 due to the last London loan and the extensive use of Treasury bills and other forms of borrowing to finance the remittances to London, last year's deficit, &c. As it is, there is now an estimated net decrease in debt charges amounting to £500,000.

Against all these savings there has to be set various unavoidable increases, estimated at £975,000. This sum is made up as follows:—

Reimbursement of State Advances and other Funds	£
of amount of reduction in mortgage interest under	
the National Expenditure Adjustment Act ..	250,000
Additional pensions .. .. .	200,000
Increased cost of lime and fertilizer subsidies to assist	
farmers .. .. .	135,000
Naval defence—Commissioning of second cruiser ..	55,000
Shrinkage in credits-in-aid .. .. .	115,000
Other miscellaneous items (net) .. .. .	220,000
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	£975,000

The first item to cover reductions in mortgage interest is provided for out of the additional stamp duties derived from the 10-per-cent. duty on interest on Government securities.

The additional pensions are mostly old-age pensions and family allowances. The increase is considerably more than usual, and reflects the difficult times we are passing through.

As to the shrinkage in credits-in-aid, this item is not in itself an increase, but has the effect of increasing the net total of the votes. These credits-in-aid are various recoveries and other receipts not brought in as revenue, but set off against the gross expenditure. They are, however, affected in the same way as revenue by the prevailing economic conditions.

All the adjustments made in the expenditure estimates may be summarized as follows:—

<i>Reductions.</i>				<i>Summary of reductions.</i>	
From National Expenditure Commission's			£		
recommendations .. .. .			2,100,000		
Less—					
Amounts affecting Railways and					
Post Office reflected in the		£			
revenue .. .. .		420,000			
Under-expenditure of appropria-					
tions last year .. .. .		140,000			
		<hr/>	560,000	£	
			<hr/>	1,540,000	
Motor taxation .. .. .				200,000	
Hospital subsidies .. .. .				140,000	
Unemployment subsidies .. .. .				950,000	
Debt charges .. .. .				500,000	
				<hr/>	
				3,330,000	
Less increases and new items .. .. .				975,000	
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Net reduction on last year's expenditure ..			£2,355,000		