

1932.  
NEW ZEALAND.

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# FINANCIAL STATEMENT.

*(In Committee of Supply, 4th October, 1932.)*

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

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MR. CHAIRMAN,—

In the absence of the Hon. Mr. Downie Stewart, who, as honourable members are aware, is at present furthering the Dominion's interests in London, I have again to submit for the information of honourable members the annual review of the public accounts, together with a summary of the Government's stewardship during the past year.

During this period the "economic blizzard," as it has somewhat aptly been described, continued with unabated force, and its effects were felt in all parts of the civilized world, particularly in the primary producing countries. World prices continued to fall at such an alarming rate that confidence was shattered and trading became seriously disorganized and unprofitable, with a consequent large increase in unemployment, hardship, and suffering. Unprecedented strain was imposed upon the financial and economic structure of nations, leading to large Budget deficits, colossal losses, together with depreciation of currency, defaults, and, in some cases, serious disorders. Even the financial bulwarks of Great Britain were not proof against the international storm, and that great nation was forced off the gold standard in September, 1931. Few indeed will doubt that the year 1931 will go down in history as a year of world-wide calamity.

As is usual in such circumstances, primary products suffered most from the fall in prices. New Zealand was thus among the countries that had to bear the full brunt of the depression. As pointed out by the Economic Committee in February last, export prices for 1931 were about 40 per cent. lower than for 1929, and appreciably lower than those ruling in 1914. The result is that about 80 per cent. more exports are now required to meet our annual debt charges. Furthermore, import prices on a sterling basis have fallen to the extent of about 12½ per cent. only, and the net result of these unfavourable movements is to the Dominion a real loss of considerable magnitude. Exports for the year ended June, 1929, amounted, in round figures, to £56,240,000, and for the year ended 30th June last to £35,547,000. Compared with the previous year (*i.e.*, ended June, 1931), this last figure represents a decline of £1,400,000 in value, or approximately 4 per cent., whereas during the year export prices declined by approximately 11 per cent. This means that to some extent falling prices were offset by increased production, which is cause for some satisfaction. Imports for the same years were—1929, £46,510,000; 1931, £33,370,000; and 1932, £23,060,000. There has thus been a very heavy falling-off in imports, the striking fact being that imports for last year were only about half what they were in 1929—not only in value, but also in quantity. This has undoubtedly been an important factor in the increase in the number of unemployed.

External trade.

**Economic Committee.**

Combined with this drastic curtailment of the purchasing-power of our exports, we have the major internal problem of the wide disparity between costs and prices. In the words of the Economic Committee, "The fundamental cause of the depression in New Zealand is the fall in export prices combined with the failure of other prices, including interest, rents, wages, fees, taxes, and other payments for services, to fall in sympathy."

**Currency.**

It has been suggested that the violent fall in world prices is due wholly to inherent defects in the existing monetary systems, and that by means of currency reform the whole of the present difficulties could be made to disappear. There is admittedly an absence of unanimity amongst the foremost economists of the world as to the precise causes and the relative importance of the factors which have given rise to the existing conditions, but it is nevertheless generally conceded that the causes are numerous and not due to any single factor. Monetary policy and the maldistribution of gold are apparently important contributing items, but reparations and war debts, together with tariffs and other restrictions on trade, are also considered to be important and perhaps more fundamental aspects of the problem. What is of more importance at this juncture is the hope that monetary policy and easy credit conditions in Great Britain can be made a powerful instrument in assisting to bring about a rise in sterling prices for primary products. In this connection, the announcement made at the Ottawa Conference that Great Britain intended to pursue a monetary policy designed to bring about a rise in wholesale prices is of first-rate importance. With these prices lies the key to our prosperity. This fact is apparently overlooked by those who maintain that the Dominion can avoid the depression by adopting various internal currency proposals.

**Banking position.**

Banking deposits for the quarter ended June last amounted to approximately £52,200,000. This amount is £4,800,000 less than for the June quarter in 1929, but £5,700,000 more than for the same period of 1927. It is important to note, however, that whereas in 1927 only 47 per cent. of the deposits were fixed, the percentage is now 68, indicating that the banking resources at the disposal of trade and industry are being used to a much less extent now than was formerly the case. Statistics of bank debits are not available for 1927, but it may be mentioned that in 1929 the weekly average of such debits was £22,000,000, against about £15,000,000 for the past year, a decline of 32 per cent. in the turnover of money. In other words, ample credit is available and what is lacking is the business confidence to make more use of it.

The immediate cause of the abandonment of the gold standard by Great Britain was the withdrawal from London of some hundreds of millions of foreign balances. As a result, and in view of the uncertainty as to the reactions which would follow the departure from the gold standard, the situation in the short-term loan market was delicate, and borrowing there became more difficult daily.

The Government, from the commencement of the crisis, was in close touch with the London authorities, and in December last advice was received that the short-term loan market could no longer be relied upon and that we must be prepared to finance all London requirements from New Zealand. I may mention that normally it was the practice to purchase each year sufficient London exchange to meet requirements in excess of the amount of the long-term borrowing. When the exchange-rate rose to the present level, however, arrangements were made to utilize the short-term loan market in order to keep down the charges on taxation. At that time New Zealand Treasury bills were issued at rates as low as  $2\frac{1}{4}$  per cent. per annum. The intention was to continue this method of London finance until economic conditions improved, and no difficulty would probably have been experienced had it not been for the crisis in London.

**Exchange pool.**

That crisis necessitated an abrupt change of plans, and in order to ensure that funds would be available to meet all commitments, including £4,000,000 of Treasury bills which were then outstanding, it was deemed advisable to arrange with the banks for the formation of an exchange pool. To meet all requirements in full, it was estimated that the Government would need £12,000,000 of exchange for the year, and local bodies about £2,000,000. Later, however, market conditions improved, rendering it possible to sell Reserve Fund securities without loss. In addition, a long-term loan of £5,000,000 was raised. In this way the Government's exchange requirements for the year were reduced to about £5,000,000.

Under these circumstances, combined with a greater measure of stability in the position and the improved outlook for our external trade, the exchange pool was no longer required, and, as honourable members are aware, it was abolished as from the 1st July last. The exchange pool was purely an emergency measure, taken in a time of crisis when it was impossible to forecast the trend of events. Under such circumstances, it was deemed advisable in the national interest to have the means of controlling the country's overseas finance.

In the past twelve months Great Britain's financial recovery has earned the admiration of the world, and, as, directly and indirectly, this recovery cannot fail to react to the benefit of this Dominion, our interest in the matter is not detached. The latest evidence of the financial strength of London is the successful conversion of £2,000 millions of 5 per cent. War Loan into  $3\frac{1}{2}$  per cent. stock. The announcement of this gigantic financial operation caused the price of our 5 per cent. stock to increase from about £98 to £110. The price has since declined to about £105, but has remained substantially above what it was prior to the announcement of the conversion. Influenced, no doubt, by the outstanding British success, many suggestions have been made that New Zealand should attempt to obtain some relief from loan charges in the same way. In our case, however, the conditions are by no means parallel. In the first instance, the British Government had the right to repay the War Loan, and, concurrently with the offer of conversion, gave notice of intention to do so at a time when the current rate of interest was very low. Only about £500,000 of our London debt falls due within the next two years, and the only option of repayment exercisable at present is in connection with the £5,000,000 short-term bonds issued last year.

British conversion loan.

In so far as our internal debt is concerned, it may be pointed out that the amount held by the public is approximately £60,000,000, of which nearly half consists of free-of-income-tax securities. Further, as pointed out in the preliminary Budget delivered last session, the average rate of interest on the debt held by the public is only  $4\frac{7}{8}$  per cent. The present market price of securities indicates that the effective borrowing rate is substantially above this level. Finally, relatively little of this debt falls due within the next year or so. Under these circumstances, it will be realized that the scope for reducing debt charges by means of conversion operations is very limited.

In addition to the financial recovery of London, the situation abroad has been materially improved by the achievement at Lausanne, where the matter of war reparations was, it is confidently hoped, finally disposed of. As reparations and war debts are generally considered to be one of the principal causes of the depression and one of the most difficult obstacles to surmount, the settlement at Lausanne is an important milestone on the road to economic recovery.

Lausanne Conference.

The Imperial Economic Conference at Ottawa constituted another such milestone.

Imperial Economic Conference.

At this Conference agreements of a far-reaching nature were concluded between the various parts of the Empire. The actual details of the results achieved will be submitted later by my colleague, the Right Hon. Mr. Coates, but in the meantime I may say that, generally speaking, the purpose of the agreements is to promote inter-Empire trade on a reciprocal basis. Provision has been made to ensure for New Zealand tariff preferences in the United Kingdom market for a further term of five years, and in many instances the existing preferences have been increased. In return for these concessions New Zealand has undertaken, subject to ratification by Parliament, to consider certain revisions in her Customs tariff and has also agreed that United Kingdom goods will in future be exempt from the present surtax, and that as soon as financial circumstances permit the primage duty on United Kingdom goods will also be abolished.

Monetary policy and banking questions were prominent matters in the deliberations at Ottawa. The other Governments represented at the Conference recorded their intention, insofar as it lay in their power, to co-operate with Great Britain in a monetary policy designed as far as possible to bring about

Central Bank.

and maintain, within the limits of sound finance, low rates of interest and easy credit conditions, together with stability of exchanges with sterling.

In New Zealand we have at present no central authority to co-ordinate our banking system, control credit and the exchanges, and generally provide a connecting link with the Bank of England and the central institutions in the other parts of the Empire. Accordingly, the Government has decided to bring down this session a Bill designed to provide for the establishment of a Central Bank largely along the lines recommended by Sir Otto Niemeyer in his report presented to this House in 1931.

World Economic  
Conference.

Following Ottawa, there is shortly to be a World Economic Conference in London, as a result of which we may confidently expect a further decisive forward movement in the restoration of trade and also some recovery in the price-level. Further, if any measure of success attends the long-drawn-out deliberations of the Disarmament Conference it will provide another fillip to recovery.

In fact, the calamitous fall in prices now appears to have been checked, and at present the tendency is in an upward direction. A spectacular recovery is not to be expected—business confidence has been so badly shaken and trade too much disorganized for that—but if the movements which have already started continue it can safely be said that the worst is past and that we are on the road to better times.

Emergency session.

In the meantime, efforts have been made to cope with our internal situation, and with a view to dealing comprehensively with the more pressing of our problems, as honourable members are aware, a special session of Parliament was called early in the year. During that session legislation was passed extending the protection and relief afforded by the Mortgagors Relief Act to include all forms of mortgages, and provision was also made for the relief of lessees in certain cases (Mortgagors and Tenants Relief Act, 1932), as it was fully realized that these sections of the community particularly were experiencing great difficulty as a result of the general financial stringency. In regard to reductions in fixed charges, it was realized that in accordance with economic laws the amount of such charges would in the long-run be reduced without State intervention, but in order that the adjustment might be made more rapidly, and thus shorten the period of hardship, provision was made by legislation (National Expenditure Adjustment Act, 1932) whereby rents and interest on mortgages generally were subject to a reduction of 20 per cent. as from the 1st April last. In addition, Public Service salaries and wages were reduced by a further 5 to 12½ per cent., and a stamp duty of 10 per cent. was imposed on income from Government and local-body securities. Provision was made to meet cases of hardship. Reductions were also made in certain pensions and allowances, and generally an effort was made to spread the fall in national income over the whole community. Greater provision was also made for dealing with the urgent problem of unemployment; but I will deal with that aspect more fully presently. Amendments were made to the Arbitration Act in order that more elasticity might be introduced into wage agreements and working-conditions, with a view to facilitating an increase in the volume of employment.

#### PUBLIC ACCOUNTS.

Public Accounts.

The conditions which I have just described necessarily had their counterpart and were reflected in the public finances for the year, for budgetary equilibrium can rest only on stability in the wider field of national trade and industry.

When economic conditions are changing as rapidly as was the case during the past two years, it is practically impossible to make reliable estimates of revenue. Honourable members will recollect that the main Budget last year made provision to meet a prospective deficit of £6,850,000, of which £4,810,000 was on account of shrinkages in revenue. The progressive drift in the finances increased so rapidly, however, that within a very short period it became evident that inadequate allowance had been made for revenue shrinkages and provision was made in the Supplementary Budget to meet further anticipated decreases amounting to £1,250,000. Steps were thus taken to cope with a contraction in revenue of no less than £6,060,000. Unemployment subsidies,

further assistance to hard-pressed farmers by way of fertilizer subsidies, together with unavoidable increases in debt charges, pensions, &c., brought the total anticipated gap to be bridged up to £8,445,000, equal to about one-third of the total Budget. This formidable task, it was hoped, would be accomplished by means of stringent economies, reductions in salaries and wages, the use of reserves, and some heavy increases in taxation. In short, a great effort was made to maintain a balanced Budget. It failed to the extent of £2,140,000, almost wholly due to shortages in the revenues. The result was disappointing, but the drastic steps taken and the heavy additional burdens so cheerfully shouldered by the people were certainly not in vain, for without them the public finances would clearly have reached such a hopeless position as to constitute a menace to the general financial stability of the Dominion. We came out with a deficit, but of manageable size, so are entitled to claim that the situation was saved.

The total revenue received during the year amounted to £22,719,733, consisting of £16,189,967 proceeds of taxation, £2,868,138 from interest receipts, and £2,166,803 from departmental and miscellaneous receipts, while £1,494,825 was drawn from reserves. Revenue.

The items making up these amounts are set out in the comparative tables attached to this Statement. It will be seen that in comparison with the Budget estimates the total revenue shortage amounted to £1,946,000, the chief contributing item being Customs revenue, £846,000. This item is, of course, dependent on the volume and nature of the goods imported. In this connection it is interesting to note that the main items concerned in the contraction of imports were apparel and textiles, motor-cars and parts, and spirituous liquors.

Income-tax receipts fell short of the estimate by £487,000. In times like the present this item is particularly difficult to estimate, for even a comparatively small decrease in gross income may mean a relatively heavy fall in profits. Land-tax, on the other hand, is more easily calculated, but under present circumstances the ability of the people to pay is the uncertain factor. The receipts for this item were £83,000 short of the Budget estimate. Stamp and death duties contributed £190,000 towards the revenue shortage. Death duties, always an incalculable item, produced £65,000 less revenue than had been allowed for. The remainder of the decrease was, for the most part, due to the contraction in duty on instruments and in totalizator revenue being greater than was anticipated. Both of these items directly reflect the prevailing economic conditions.

The interest receipts, in total, fell only £60,000 short of expectations. Railway revenue showed a heavy falling-off during the year, but great efforts were made by the Railway Board to meet the position by economies in expenditure. Even so, the amount of net revenue paid to the Consolidated Fund was £90,000 short of the estimate. Incidentally, the amount paid was only about one-third of the interest due on the capital invested. Interest on "other public moneys" exceeded the estimate by £30,000. Departmental and miscellaneous receipts fell short to the extent of £319,000, the amount being spread over practically all of the items concerned.

## EXPENDITURE.

The net expenditure for the year totalled £24,860,552, against an estimate of £24,627,561—an excess of £232,991. The estimate, however, included no allowance for exchange on remittances to London, but, owing to the abrupt change in the plan of London finance to which I have already referred, expenditure for this purpose amounted to £374,473. On the items covered by the Budget there was thus a saving in expenditure of approximately £140,000. Expenditure.

Under "Permanent Appropriations," the expenditure amounted to £17,854,462, an excess over the estimates of approximately £140,000. Interest charges contributed £94,000 to this excess, the reason being that, owing to the deficit, issues of Treasury bills were greater than was anticipated. Further, on the departure of Great Britain from the gold standard, Treasury-bill rates in London rose sharply.

Of the annual votes covering departmental expenses the amount appropriated was £6,911,673, but the expenditure, apart from the unexpected item of

exchange already referred to, was kept down to £6,631,617, thus providing a saving of £280,000 in reduction of the deficit. This result is particularly satisfactory in view of the fact that the estimates for the year were pared down following the work of the 1931 Economy Committee. Practically every vote contributed towards the saving, which resulted from a multitude of small savings following a stringent control over every detail of expenditure.

SUMMARY OF YEAR'S OPERATIONS.

Summary of year's operations.

The year's operations may be summarized as follows :—

<i>Expenditure.</i>					£	£
Debt services .. .. .	..	..	..	..	10,511,989	
Pensions and family allowances .. .. .	..	..	..	..	3,075,415	
Motor taxation transferred to Main Highways						
Account and local bodies .. .. .	..	..	..	..	1,807,666	
Unemployment subsidies .. .. .	..	..	..	..	1,130,231	
Hospital subsidies .. .. .	..	..	..	..	642,809	
Under other special Acts .. .. .	..	..	..	..	686,352	
Total permanent appropriations .. .. .	..	..	..	..	17,854,462	
Annual votes .. .. .	..	..	..	..	6,631,617	
Exchange .. .. .	..	..	..	..	374,473	
Total net expenditure .. .. .	..	..	..	..	..	24,860,552
<i>Revenue.</i>						
Taxation—						
Direct .. .. .	..	..	..	..	8,200,479	
Indirect .. .. .	..	..	..	..	7,989,488	
					16,189,967	
Interest .. .. .	..	..	..	..	2,868,138	
Other receipts .. .. .	..	..	..	..	2,166,803	
From reserves .. .. .	..	..	..	..	1,494,825	
Total revenue .. .. .	..	..	..	..	..	22,719,733
Deficit .. .. .	..	..	..	..	..	£2,140,819

The deficit of 1931 was automatically met out of the balance carried forward in the Consolidated Fund, and that was the end of it. This year we are not so fortunate. The balance carried forward in the accounts on the 1st April, 1931, was only £278,601, so that to the extent of £1,862,218 the 1932 deficit is represented in the outstanding Treasury bills. This means that sooner or later that deficit has to be made good either out of reserves or out of future revenue.

TREASURY BILLS.

Treasury bills.

Owing to the depletion of the working cash balances in the Consolidated Fund and the shortage of revenue, also in order to finance remittances to London under the exchange-pool arrangements, it was found necessary or advantageous to make considerable use of Treasury bills during the year. A reference to the published accounts will show that revenue bills to the amount of £15,845,000 were issued. To the extent of £4,485,000, however, such issues included renewals of bills issued in the first instance usually for a period of three months only. The net amount involved was thus £11,360,000, of which £3,425,000 was issued in London at rates varying between 2 and 2¾ per cent. early in the year, but rising to 6¼ per cent. following the departure from the gold standard. All these London bills were redeemed.

Issues of revenue bills in New Zealand amounted to £7,935,000, discounted for the most part at  $5\frac{1}{4}$  per cent. and  $5\frac{7}{16}$  per cent., but in a few cases at rates as low as 2 per cent. Bills to the value of £4,905,000 were redeemed before the year closed, leaving £3,030,000 of floating debt to be carried forward, representing the deficit for the year to the extent of £1,862,218, and the balance carried forward in the Consolidated Fund, £1,167,782. From a cash point of view, however, the £3,030,000 of outstanding bills was covered by fixed deposits held in London amounting to £3,105,000. These deposits arose partly from cash remitted from New Zealand during the last quarter of 1931–32 under the exchange-pool arrangement, and partly from the sale of Reserve Fund securities in London.

In addition to the revenue bills, there were also considerable transactions in redemption bills—that is, bills issued in redemption of debentures and other long-term debt securities. As stated in the main Budget for 1931, redemption bills to the amount of £3,550,000 were outstanding on the 1st April, 1931, having been issued to avoid heavy exchange cost in remitting cash to London. Redemption bills.

Of this floating debt in London, £971,250 was redeemed out of the proceeds of the £5,000,000 loan raised in June, 1931, and the balance of £2,578,750 was converted back into New Zealand debentures. A further £4,000,000 of bills was, however, issued in London in redemption of New Zealand debentures, and this was the amount that was taken into account when the exchange pool was formed. Issued earlier at discount rates varying from  $2\frac{1}{16}$  per cent. to  $2\frac{1}{4}$  per cent., these bills in December, 1931, were renewed by special arrangement for six months at a rate of  $6\frac{1}{8}$  per cent. The bills were thus outstanding at the end of the financial year, but were paid off out of the proceeds of the £5,000,000 long-term loan raised in May last. In addition, a small redemption bill of £25,000 held by a Government Department in New Zealand was also outstanding on the 31st March last.

The Treasury-bill transactions as a whole will doubtless appear to be intricate, but they illustrate the difficulties of finance in a troublesome period.

#### BUDGETARY POSITION FOR 1932–33.

The prospective position for the current financial year was outlined in the preliminary Financial Statement presented to this House in April last. It will be remembered that we were confronted with a prospective budgetary shortage estimated at £8,300,000, at a time when resources had already been generally strained in the effort to balance last year's Budget, and very little in the way of taxable capacity remains. Budgetary position for 1932–33.

To the extent of £7,300,000 this huge prospective shortage arose from heavy shrinkages in the various items of revenue. The outlook, however, has undergone a change for the better during the past few months, and, as half the year has now elapsed, more accurate estimates can be made of the probable receipts under the various headings. Accordingly the estimated revenue decreases given in the previous statement have been varied somewhat.

The main alteration is in respect of Customs revenue, which it was anticipated would fall to £5,000,000. During the first five months of this financial year, however, receipts are £250,000 ahead of those for the corresponding period of last year. Imports for the period showed a comparative decrease of £406,000, and the additional revenue was due to the fact that the increased duties imposed last year were operative from the 1st August, 1931, only. Given a reasonably good season, with an improvement in overseas prices, of which there are hopeful indications, it appears likely now that the value of exports for the year will reach last year's total. This should allow of much the same volume of imports, for, with due allowance for interest and other invisible import items, the balance of external trade was on the right side last year. Accordingly, after a careful investigation of the prospects for various classes of goods, and making allowances for the loss of revenue arising out of the tariff reductions to be made to give effect to the Ottawa agreements, I have decided to put the estimate down at £5,700,000, which is approximately £200,000 less than was received last year. Customs revenue.

Beer duty, it is considered, should produce about the same amount of revenue as was received last year, the decrease in the volume of business being offset by the higher duties imposed last year. Beer duty.

**Motor-vehicles :  
Duties, &c.**

The economic conditions are also adversely affecting the revenue item of "Motor-vehicles—Duties and licenses." There is a falling-off in the registration of vehicles, and this, of course, must be reflected in a lower petrol-consumption. It is estimated that the revenue will show a falling-off of approximately £200,000.

**Stamp and death  
duties.**

Stamp and death duties appear to be relatively stable at the lower level reached last year, but it has been deemed advisable to allow for further decreases in racing revenue, amusement-tax, and duty on instruments. On the other hand, allowance has to be made for the receipts from the 10-per-cent. stamp duty on interest from Government securities imposed by the National Expenditure Adjustment Act. Incidentally, it may be mentioned that this latter item will not be a net gain to the Budget, as it is offset by reductions in mortgage interest, particularly on State Advances securities. Taking all factors into consideration, the estimate for stamp and death duties has been set down at £2,900,000, which is approximately £100,000 ahead of last year's receipts.

**Land and income  
tax.**

Then there is income-tax, which under present circumstances is admittedly the most uncertain item in the Budget. This year's tax is assessed on last year's income. It is well known that in many cases profits have fallen away to zero, and, as the assessments have not yet been made and compiled, it is very difficult to estimate the effect in the aggregate on the amount of tax due. On such information as is available, I have set the estimate down at £3,400,000 for this year. This is approximately £1,050,000 less than the receipts for last financial year. Land-tax due can be calculated with much more precision, although the position is to some extent complicated by subdivisions and revaluations. The main uncertain element, however, is the ability of landowners to pay. Last year's receipts, assessed on the lower rates of tax provided for, were £83,000 short of the Budget estimate, and for this year it is deemed advisable to allow for a further decrease of £27,000.

**Interest receipts.**

Apart from taxation, there is a considerable amount of revenue derived from interest and other receipts. Under interest the most difficult item is interest on railway capital. This item represents the net earnings of the railways. As previously pointed out, railway revenue directly reflects the depressed state of trade and industry, and has been falling steadily, although the rate of decline is now easing off. To a considerable extent the decline has been offset by savings in expenditure, but, if the services are to be maintained, there is a minimum beyond which expenditure cannot be reduced. The reductions in salaries and wages assisted the finances of the Railway Board considerably. Allowing for this and other relevant factors, it is considered that the net revenue for this financial year will not be more than £100,000 below that of last year.

Other interest items will probably be adversely affected to an extent estimated at £220,000. In this connection it may be mentioned that interest on the Public Debt Redemption Fund will suffer as a result of the reduction in interest-rates of the Common Fund of the Public Trust Office, following the reduction in mortgage interest under the provisions of the National Expenditure Adjustment Act and relief given to mortgagors. Interest on public moneys will also be less, due to the fact that balances available for investment are smaller and rates of interest in London are low.

**Other receipts.**

The land revenues, departmental receipts, and other miscellaneous items grouped in the accounts under "Other Receipts" produced last year, apart from the amount drawn from reserves, revenue totalling approximately £2,167,000. Of this amount £940,000 came from Post and Telegraph profits. For the current financial year the estimate for this item has been set down at half this amount—viz., £470,000. The estimates for the other items in this group have been varied somewhat on account of the closing of some of the separate accounts. The net result is an aggregate estimate which is £387,000 less than receipts for last financial year.

**Use of reserves.**

The remaining item on the revenue side of the accounts is the amount drawn from reserves. Last year £1,495,000 was derived from this source, and in the preliminary Financial Statement it was estimated that only about £200,000 derived from repayment of discharged-soldier-settlement mortgages would be available this financial year. Honourable members will recollect, however, that arrangements were made with the Bank of New Zealand, with the National Bank of New Zealand participating in the deal, to liquidate up to £2,500,000 of the reserves invested in discharged-soldiers-settlement mortgages by hypothecating the securities. The



present intention is that the amount obtained by this procedure will be repaid as instalments of principal are received in respect of these mortgages. This arrangement takes the place of the proposal contained in the preliminary Financial Statement to find £2,200,000 by additional taxation. By thus utilizing a considerable proportion of our remaining reserves, having regard to actual and probable deficits, the Government has conserved what remains of the taxable capacity of the people and avoided imposing further heavy burdens upon the community at a time when it is finding great difficulty in holding its own against the weight of the depression. It is hoped that this respite from further taxation will be an encouragement to trade and industry, and thus hasten the process of recovery.

To sum up this review of the revenue prospects for this financial year, the estimates, in total, amount to £21,630,000, which is £1,090,000 less than the receipts for last year. As, however, last year's receipts fell short of a balanced Budget to the extent of £2,140,000, the problem resolves itself into a question of reducing the total of last year's expenditure by £3,230,000. The actual reduction in items required to balance the Budget is round about £4,250,000, for, as pointed out in the preliminary Statement, in the ordinary course a substantial amount of additional expenditure has to be provided for. Budget programme.

A reference to the summary of last year's expenditure, given earlier in this Statement, will show that about 40 per cent. consists of debt services, and that a large proportion of the remainder is of a rigid nature. Thus the scope even for drastic reductions is not nearly as large as might be supposed when considering merely the total of expenditure. This fact was recognized by the 1932 Economists' Committee, which considered that a further reduction of £2,250,000 was about as much as could be expected without unduly impairing existing social services or breaking down the organization of the Public Service.

Further, while recognizing on the one hand that the finances of the State must not be allowed to get out of hand—for that would only accentuate the difficulties of the Dominion generally—on the other hand the Government was concerned not to add to those already formidable difficulties in the effort to balance the Budget. In other words, the Government is not losing sight of the fact that Budget stability is a corollary to economic recovery.

Accordingly, after a careful consideration of all aspects of the problem, it was considered advisable not to attempt to restore Budget equilibrium this financial year, but to confine our efforts to reducing the deficit to not more than £2,000,000. This is considered to be a manageable amount, which will not disturb the financial stability of the country. At the same time, it should not be overlooked that this programme means incurring further floating debt which has to be liquidated sooner or later. Thus the programme adopted is an extraordinary one, designed to provide a breathing-space. It cannot be continued for long, for to pile up debt of this nature is only building up a further serious obstacle to economic restoration.

### ECONOMY MEASURES.

Towards the close of last financial year, as soon as it became evident that the country was faced with further heavy contractions in the revenue, a National Expenditure Commission was set up to review the expenditure in detail and make recommendations to the Government for effecting forthwith all possible reductions. The interim report of the Commission was presented during the special session called principally to give effect to some of its most important recommendations. The final report has just recently been presented to this House, and the thanks of the country are due to the members of the Commission for the painstaking manner in which they carried out the onerous duty placed upon them. Since the report has been received the Government has been busily engaged in considering the recommendations. A great many of these have been adopted and are reflected in the Budget estimates. In fact, much has been done in a relatively short time to effect reductions, but making extensive economies in services takes a long time. In many of the cases already approved the full saving will not be obtained until next financial year. Some of the recommendations, notably those relating to hospital reorganization, involve far-reaching changes and call for very careful consideration before any action can be taken. Even if adopted, the full benefit would not be obtained for some years. That in itself, is of course, no Economy measures.

reason why such recommendations should not be adopted. In fact, a permanent lightening of the burden of expenditure must to a large extent depend upon far-reaching changes to obtain equal service at less cost, or a definite curtailment of services rendered by the State. After the reductions that have been made in recent years, the possibilities of effecting further savings in administrative costs of existing services are very limited. However, a steady pressure is being maintained to keep costs as low as possible.

**State Superannuation Funds.**

As already indicated when submitting the final report, one of the most important matters dealt with by the Commission was the position of the State Superannuation Funds. As honourable members are aware, the financial position of these funds is most unsatisfactory if not precarious. Prompt action to stop the drift is essential, but under present economic conditions the whole cost of placing the funds in a sound position cannot be made a charge on taxation. Accordingly, the recommendations made provide for an overhaul of the whole scheme of superannuation whereby in effect the burden of the rehabilitation of the finances of the funds will be approximately halved between the State and its employees. This part of the Commission's report does not provide for any present saving in public expenditure, but, if adopted, the proposals recommended will have the effect of lightening a definite liability of the State that is becoming increasingly urgent. It is therefore proposed to introduce a Bill along the lines recommended in the report.

**Savings in expenditure.**

As to the other recommendations made by the Commission, honourable members will recollect that towards the close of last session a detailed statement was made in this House setting out the savings arising out of the recommendations of the interim report adopted by the Government. The total of the estimated savings this year was £2,040,000, with a further saving next financial year of £246,000. The savings for this year, however, included £150,000 additional credits-in-aid from reparation-moneys, following the expiration of the Hoover moratorium. As reparations have now been practically cancelled, this item will not materialize. The net estimated savings for this year are thus reduced to £1,890,000. Approximately £420,000 of the savings affect the expenditure of the Railways and the Post and Telegraph Departments, and these savings are reflected in the revenue of the Consolidated Fund. Further, the savings estimated by the Commission are based on last year's appropriations, and, as these were underspent to the extent of £140,000, this amount has to be brought into account in making a comparison between this year's estimates and last year's expenditure.

In their final report the Commission estimated that their recommendations, if adopted, would result in a total saving of £845,000. This amount includes £300,000 to be obtained from a reorganization of the hospital system, already referred to. The Government has not yet had time to consider this proposal seriously, and, in any case, it would not be possible to obtain any saving from it this financial year. Of the other recommendations, the ones already approved will bring about a further reduction of approximately £210,000 in the annual votes for this financial year. When it is remembered that salaries and wages account for about £5,000,000 out of the £6,630,000 expended under last year's votes, it will be realized that the saving of £210,000 is a more drastic one than appears at first sight.

A further saving to the Consolidated Fund, though not to taxpayers, arises out of the change made in the finances of the Unemployment Fund. Legislation passed last session abolished the subsidy from the Consolidated Fund. Provision has, however, been made for £167,000 of subsidy payable up to the time the amending Act came into operation. The net saving to the Consolidated Fund is thus £950,000.

There is also a saving of £140,000 in hospital subsidies, due to the Unemployment Board relieving the Hospital Boards of a portion of the responsibility of supplying charitable aid.

The estimated fall of £200,000 in the revenue from what is usually known as motor taxation automatically reduces by a similar amount the charge against the Consolidated Fund for transfers to the Main Highways Account and the local bodies. In addition, there is, of course, the special amount of £500,000 included in the National Expenditure Commission's recommendations and provided for by legislation passed last session.

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 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
	<hr/>
	£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 appropri-					
ations 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		
			<hr/>		
Net reduction on last year's expenditure ..		£2,355,000			

## BUDGETARY POSITION.

## Budgetary position.

Deducting this net saving of £2,355,000 from the amount of last year's expenditure—viz., £24,860,000—brings the net total of the estimates to be presented to the House down to approximately £22,505,000. The precise amount of the estimates is £22,507,442. Pursuant to legislation passed last session, a large part of the expenditure hitherto provided for under permanent appropriations has now been included in the annual votes. Honourable members will, I think, be interested to note that the expenditure provided for may be broadly classified as follows:—

Expenditure.	£			
Debt services .. .. .	..	..	10,012,000	
Transfer of motor taxation ..	..	..	1,110,000	
Exchange .. .. .	..	..	350,000	
Other permanent charges ..	..	..	473,000	
				£
Total permanent appropriations ..				11,945,000
Social services .. .. .	..	..	6,870,000	
Defence .. .. .	..	..	631,000	
Law and order .. .. .	..	..	688,000	
Development of primary and secondary industries .. .. .	..	..	897,000	
Administrative and general ..	..	..	1,476,000	
Total annual votes .. .. .	..	..	10,562,000	
Total estimated expenditure .. ..	..	..	£22,507,000	

Full details will be found in the printed estimates. In order to set out the position more clearly, I have arranged for the annual votes to be grouped in the summary under suitable headings.

The revenue for the year, which I have already reviewed in detail, may be summarized as follows:—

Revenue.	£			
Taxation—				
Customs .. .. .	..	..	5,700,000	
Beer duty .. .. .	..	..	640,000	
Film-hire tax .. .. .	..	..	35,000	
Motor - vehicles — Duties and licenses .. .. .	..	..	1,610,000	
Stamp and death duties ..	..	..	2,900,000	
Land-tax .. .. .	..	..	515,000	
Income-tax .. .. .	..	..	3,400,000	
				£
				14,800,000
Interest—				
Railways .. .. .	..	..	740,000	
Post and Telegraph .. .. .	..	..	540,000	
Public Debt Redemption Fund ..	..	..	645,000	
Other public moneys .. .. .	..	..	625,000	
				2,550,000
Other receipts—				
From reserves .. .. .	..	..	2,500,000	
Post and Telegraph profits ..	..	..	470,000	
Other items.. .. .	..	..	1,310,000	
				4,280,000
				£21,630,000

## Summary.

This leaves the Budget in the following position:—

£			
Expenditure estimates .. .. .	..	..	22,507,442
Revenue .. .. .	..	..	21,630,000
Shortage .. .. .	..	..	£877,442

A small amount will probably be required for supplementary estimates and contingencies, but I consider that we can now be reasonably certain of keeping the deficit within £1,000,000, which is half the amount allowed for in the initial programme for the year. Most of the additional saving arises out of the generosity of Great Britain. Given a little acceleration along the road to economic recovery we may be able to reduce the deficit still further.

The prospective deficit has been reduced to this amount partly by an easing-off or cessation of the fall in the various items of revenue, but mostly by reductions in expenditure.

For the reasons already indicated, there will be no increases in taxation this year; in fact, there will be some reductions in giving effect to the Ottawa agreements. Further, it should not be overlooked that the people are already receiving considerable benefit from the restoration of penny postage.

The Government is anxious to assist trade and industry by making further reductions in taxation, and will continue its efforts to keep expenditure down to a minimum in order that action in this direction may be taken as soon as possible.

As far as I am aware, this is the first time that this Dominion has been so hard pressed as to find it necessary or advisable to budget for a deficit, and the fact is eloquent testimony of the extent to which a landslide in price-levels can strain the whole economic and financial structure of the country.

### UNEMPLOYMENT.

Unemployment unfortunately continues to be the most intractable and distressing problem with which we are faced. The further fall during the year in the value of exports by reducing the general spending-power of the community and thus lessening the demand for labour has undoubtedly accentuated the trouble and made the Government's task in providing relief a particularly difficult one.

There can, of course, be no permanent solution of the problem until the unfortunate men and women now unemployed can be reabsorbed in profitable trade and industry. A return of business confidence and increased activity locally can do a great deal to ease the situation, but, as we are so predominantly an exporting country, our prosperity largely depends upon events overseas, and in particular upon the prices for food and primary products in Great Britain. The present indications of an upward tendency in those prices are heartening, and we can only hope it will continue. In the meantime the wage-earners and those still in receipt of income are being heavily taxed, and with the proceeds of such taxation the Unemployment Board and the Government are doing their utmost to provide relief work of as productive a nature as is possible under the circumstances.

The resources of the Unemployment Fund during the past financial year amounted to £2,439,000, of which £1,249,000 was derived from levies and the emergency unemployment charge, and £1,119,000 from the Consolidated Fund, the remainder being the balance brought forward and sundry items.

The disbursements consisted of administration expenses, £37,000, and £2,216,000 expended on various schemes for providing work. Subsidizing employment on farms absorbed £137,000, while £12,500 was expended on rural camps and £55,000 for miscellaneous items. The bulk of the expenditure, £2,013,000, was incurred on what is known as No. 5 Scheme, being for the most part works carried out for the benefit and under the supervision of local bodies throughout New Zealand.

Towards the end of last financial year it became evident that the financial resources placed at the disposal of the Unemployment Board were quite inadequate to cope with the increasing numbers of unemployed. Further, the position of the Consolidated Fund was such that it was deemed advisable to relieve it of the burden of the £1-for-£1 subsidy provided for under the original legislation. Accordingly unemployment finance was entirely separated from the general Budget and the special taxation on salaries and wages and other income was raised to 1s. in the £1, operative from the 1st May last. On this basis the income at the disposal of the Board up to the 31st March next is now estimated at £3,967,000, made up as follows:—

	£
Levies .. .. .	400,000
Wages-tax .. .. .	2,400,000
Tax on other income .. .. .	1,000,000
Subsidy from Consolidated Fund .. .. .	167,000
	<hr/>
	£3,967,000
	<hr/>

Unemployment  
Budget, 1932-33.

The expenditure of the Board to the 31st August amounted to £1,526,000, and the commitment for September to approximately £409,000. The balance available for the last six months of the year is thus £2,032,000, which is slightly more than half of the estimated revenue.

On the face of things, this would appear to be satisfactory; but it is pointed out that the expenditure was based on £50,000 a week for April, £69,000 a week for May and June, and did not reach the present level of £91,000 a week until July. A small calculation will show that the amount still available will not be sufficient to provide for a continuance of expenditure at the present rate for the balance of the year. It seems likely, however, that we have now reached the peak of unemployment, and the commencement of seasonal work with the coming of spring and the summer, combined with indications of better times ahead, warrant the expectation that the number of men out of normal occupation will decrease.

It is not, therefore, proposed to increase the taxation imposed for unemployment purposes—in fact, to do so would only tend to check the incipient recovery of business and thereby prolong or even increase the trouble we are all endeavouring to cure.

Reproductive  
works.

The rapidity with which the problem developed has made it difficult for relief work to be directed along fully reproductive and permanent channels, but, notwithstanding the many obstacles, this has been the main objective, both in the establishment of the rural schemes and as far as possible in those carried out in co-operation with local bodies and Departments of State.

As already indicated, Scheme No. 5 absorbed most of the funds expended last financial year. More recently greater attention has been paid to developing schemes for productive employment that will be of direct assistance to farmers. Work on the farms is directly subsidized, and in collaboration with the Lands Department men have been engaged in rehabilitating abandoned farms. There are also farm camp schemes for single workers, and a scheme for placing youths over sixteen years of age on suitable stations. In addition, camp schemes have been inaugurated for carrying out developmental work, such as clearing and draining land, improvement of backblock roads, &c. Moreover, in spite of the many difficulties involved, much in the way of reproductive work has been done through the agency of Scheme No. 5, particularly since the extension of the scheme to enable local bodies to place men on farms where the owner is himself not able to engage additional labour for the work available. The percentage of men engaged in work of reproductive nature under Scheme No. 5 has risen from twenty for October, 1931, to forty for August last. A further 20 per cent. has been engaged in such works as improvement of domains, parks, reserves, school and hospital grounds.

In addition to the activities financed out of the unemployment taxation, arrangements have also been made to borrow up to £500,000 for capital expenditure under what is generally known as the "small-farm" plan whereby workers are being housed and installed on small areas of land in the country.

Native-land  
development.

The Unemployment Board has also supplied funds for the relief of unemployed Maoris. This money has been utilized in forwarding the land-development schemes under the direction of the Hon. the Native Minister. The settlement of Native lands will increase production, solve some noxious-weeds and rabbit-pest problems, and provide a remedy for unemployment among the Maoris concerned. As a result of the Native-land development activities some eight hundred separate holdings are being farmed by Maoris under expert supervision, and this number will be considerably increased each year.

Crown lands  
development.

A somewhat similar contribution to the solution of the problem is also being made by the Hon. the Minister of Lands and the Land Development Board.

The principal activity has been in the direction of developing areas of unoccupied Crown lands that can be made suitable for settlement, together with assistance to individual settlers selecting undeveloped Crown sections. During the period 1st January, 1929, to 30th June last over 790,000 acres of land have been selected on permanent tenure, involving 2,190 farms. These selections include 1,000 entirely new farms.

Side by side with the opening-up of Crown lands for selection, development work has been carried out on twelve blocks totalling 78,000 acres. Over 12,000 acres have already been laid down in grass, while 8,600 acres have been cleared

of scrub and bush. On the Ngakuru blocks of pumice land in the Rotorua district an area of 4,000 acres has been laid down in grass, and a very promising pasture has been established at a reasonable cost. A fully equipped demonstration dairy-farm has been established on one of the sections, and the returns have been satisfactory. As there are large areas of pumice land in that part of the country, the success of this experiment will be of great benefit to the Dominion.

### HAWKE'S BAY EARTHQUAKE.

During the past year rapid progress has been made in the work of rehabilitating the areas in Hawke's Bay which were devastated by earthquake in February, 1931. Relief Fund.

The Relief Fund was administered by a central committee, with the Public Trustee as executive officer. Public subscriptions with interest accumulated on the temporary investment of the funds amounted to about £400,000. The work of applying the fund to the purpose for which it was raised has now been practically completed, the money being expended mainly on the following items:—

Food, clothing, medical attention, and temporary accom-	£
modation .. .. .	95,000
Assistance for repairs to 8,500 dwellings .. .. .	241,000
Permanent provision for persons injured and dependents	
of persons killed or injured .. .. .	47,000
Grants for personal losses .. .. .	8,000
Assistance to elderly persons unemployed as a result of	
the earthquake .. .. .	2,000
	<hr/>
	£393,000

The Hawke's Bay Adjustment Court set up to facilitate a general adjustment of pre-earthquake liabilities has dealt with the large number of cases that have come forward to date. Any further cases brought forward will be dealt with as they arise. Hawke's Bay Adjustment Court.

The Rehabilitation Committee has also dealt with all claims for assistance out of the special funds provided for the purpose by the State. The work of the Committee which has now been completed has, generally speaking, given satisfaction, and the assistance recommended by it has materially helped sufferers from the earthquake to rehabilitate themselves. The members of the Committee are to be commended for the efficient manner in which they have carried out a difficult task. Rehabilitation Committee.

As to the cost to the State, honourable members will be interested to know that in the aggregate loans and grants to individuals amounted to £840,000, while £250,000 has been lent to the local bodies in the area. The administration expenses to date amount to £4,940. In addition, the State has been put to considerable expense in restoring railways, roads, bridges, buildings, telegraph-lines, &c.—all of which by the time the work is completed will cost approximately £675,000. The cost of the earthquake to the State is thus approximately £1,770,000, made up as follows:—

Immediate assistance and restoration of public services	£
Rehabilitation grants and loans for business and other	
purposes .. .. .	840,000
Loans to local bodies for restoration of services .. .. .	250,000
Public buildings .. .. .	200,000
Roads and bridges .. .. .	84,000
Railway-lines .. .. .	35,000
Surveys, maps, &c. .. .. .	72,000
Assistance from Unemployment Fund mostly for roads,	
sewerage, stop-banks, clearing away debris, &c. .. .. .	100,000
Other miscellaneous costs .. .. .	134,000
	<hr/>
	£1,770,000

Cost to the State.

The assistance afforded to earthquake sufferers, together with the amount transferred to the Consolidated Fund last year, has reduced the Reserve Fund to a realizable value of approximately £200,000.

PUBLIC WORKS.

Public works.

The expenditure under this important branch of the State's activity was materially reduced during last financial year. Uneconomic works have been closed down, for it is the Government's desire to avoid as far as possible increasing the interest burden on taxation, which such expenditure necessarily causes. Furthermore, owing to the disturbed conditions that prevailed, loan-moneys were difficult to raise. The total net expenditure for the year was £4,794,000, and the extent to which expenditure of this nature has been reduced will be appreciated when I remind honourable members that the corresponding total for the previous year was £8,487,000. Last year's expenditure was, in fact, the lowest since the resumption of activities after the war.

The main headings comprising the total of £4,794,000 were as follows:—

	£
Railway construction, additions, and improvements ..	1,021,000
Main highways and roads .. ..	1,580,000
Hydro-electric works .. ..	1,324,000
Public buildings (including schools) ..	480,000
Telegraphs and telephones .. ..	258,000
Irrigation, land and river improvements ..	124,000
Miscellaneous works .. ..	7,000
	<hr/>
	£4,794,000

Railway construction, &c.

It has been the experience in recent years for the expenditure on railways to constitute the major item in public-works expenditure, but on this occasion it will be seen that the expenditure is relegated to third place. The average capital expenditure on railways during the previous three years, it may be stated, amounted to £3,218,000, whereas last year the expenditure was only £1,021,000. This substantial reduction is due not only to the factors to which I have already drawn attention, but to the policy adopted by the Government in 1931, when the railways were placed definitely upon a commercial basis under the control of a non-political Board.

Of the total expenditure on railways last year of £1,021,000, the sum of £643,000 was in respect of new construction works, and the balance on improvements and additions to lines already open. The new construction expenditure was incurred mainly on the Stratford to Main Trunk connection, which is now the only new line on which operations are proceeding actively. The provision which it is proposed to make in this year's estimates will be sufficient to complete the work.

The expenditure of £377,000 on improvements and additions to existing lines was mainly in connection with the purchase of additional rolling-stock, and also on the Tawa Flat Deviation near Wellington.

In regard to main highways and roads, the sum of £383,000 was expended in construction work on main highways, and £1,197,000 on ordinary roads, bridges, and tracks. Wages form a high proportion of the expenditure on roadwork, and the expenditure for that purpose has been of considerable assistance in relieving unemployment.

Hydro-electric works.

Expenditure on hydro-electric works is the only class which shows an increase compared with the previous year. The capital expenditure was mainly in respect of the Waitaki scheme, which will eventually link up with the station on Lake Coleridge, and on Arapuni, where, as honourable members are aware, further remedial measures were necessary. The total outlay by the State on hydro-electric works is now £11,500,000, of which almost £10,000,000 represents assets in operation. The gross revenue from all schemes was £680,000, and after paying all working-expenses, interest, and making ample provision for depreciation, the schemes collectively showed a net profit for the year of over £37,000.



The expenditure on public buildings includes £268,216 on school buildings, £114,464 on postal buildings (which become a capital liability of the Post Office), and £50,200 on mental hospitals. Of the expenditure on school buildings, £124,944 was in respect of primary schools, and the balance on secondary schools and technical colleges. Public buildings.

The balance of the total expenditure, included under the heading of "Miscellaneous," consists of land-improvement works, such as irrigation, drainage, and flood protection, also harbour and lighthouse works, details of which will appear in the Public Works Statement, which will be tabled later in the session.

This completes a brief review of the expenditure on public works during the past year, but before leaving the subject I may explain that the Government proposes to adhere to the policy of tapering off expenditure on all forms of capital works as far as circumstances will permit. A large proportion of the major public works—hydro-electric works and railway-construction—are rapidly approaching completion, and consequently there is no justification for continuing heavy expenditure for these purposes beyond the immediate needs of the Dominion. At the same time, it is appreciated that a sudden cessation of such works would accentuate the present unemployment difficulties, and thus be of no real advantage. Moreover, it is desirable to complete the works already begun, where these will show a remunerative return on the capital invested, as quickly as possible, in order that they may become revenue-producing and so ease the burden on the general taxpayer.

A matter to which I wish to draw attention at this stage is the change introduced this year in submitting the public-works estimates. Arising out of a recommendation of the National Expenditure Commission, these estimates will in future be submitted under cover of the Budget at the same time as the ordinary revenue estimates. The whole of the Government's financial proposals will thus be available at the same time, and honourable members will have more time to consider the estimates of capital expenditure. The Public Works Statement will be brought down separately, as is the case with other departmental reports. Public-works estimates.

Apart from the other considerations already referred to, the public-works programme for the ensuing year is, of course, limited by the amount of loan-moneys available, and this will be dealt with under the heading of the London loan. Including £450,000 from railway depreciation reserves for replacement of rolling-stock, &c., the total amount available for public works this year is £2,700,000. This includes £500,000 for the "small-farm plan" previously referred to. Approximately £560,000 will be expended on railway improvements and additions (principally the Tawa Flat Deviation and new rolling-stock), £477,000 on roads and highways, and £400,000 on hydro-electric constructional works, of which the Waitaki scheme will be responsible for the greater portion of the expenditure.

In addition to the amount to be provided for public works, the sum of £830,000 will be required for capital expenditure in connection with the Government's land-development schemes, including £150,000 in respect of Native lands, and also £180,000 for State-forests purposes.

These allocations represent further substantial reductions even on last year's expenditure, but under the circumstances there is no alternative, and the Government is unwilling to be a party to adding to the already heavy debt charges which have to be found by the taxpayer. To illustrate this point, I may explain that 13 per cent. of the value of the Dominion's exports was sufficient to meet the external public debt charges for the year ended 31st March, 1929, whereas last year no less than 21 per cent. was required to meet these overseas obligations. Debt charges which we could comfortably afford in more prosperous times have now become a real burden on the community.

#### LONDON LOAN, 1932.

As already announced during the emergency session held in the early part of this year, a loan of £5,000,000 was underwritten in London on the 4th April last. The issue price was £98 10s. per £100. The loan bears interest at 5 per cent. per annum, and will mature on the 1st November, 1971, but on or after the 1st November, 1956, the Government will have the option to repay all or part of London Loan, 1932.

the loan on the giving of three months' notice to the stockholders. The annual cost to the State of this loan is approximately £5 5s. 5d. per cent., and the return to the investors, allowing for redemption at the later maturity date is £5 2s. 2d. per cent. Considering the conditions which applied at the time this loan was raised, the terms must be regarded as satisfactory.

Of the £5,000,000 which was thus raised, the sum of £4,000,000 was devoted to the repayment of Treasury bills which fell due in London in June last, leaving only £1,000,000 of overseas loan-moneys available for capital works during the year. This £1,000,000 was apportioned half to general public works purposes and half to hydro-electric power works. The balance of the loan-moneys required to complete the Government's programme of capital works for the year will be provided from funds to be raised locally.

### PUBLIC DEBT.

#### Public Debt.

At the 31st March last the public debt of the Dominion totalled £281,942,800. This amount includes the £3,030,000 of outstanding revenue bills previously referred to. Apart from these bills the net increase in the debt for the year was £2,879,442, which, I am pleased to state, is substantially less than has been the case for some years past.

#### Additions to debt.

The gross additions to the debt, apart from the Treasury bills, consisted of £4,797,300, applied as follows:—

	£
Public works (including hydro-electric supply and main highways) .. .. .	4,422,300
Native-land settlement .. .. .	175,000
State forests .. .. .	200,000
	<hr/>
	£4,797,300
	<hr/>

Of this amount, £4,000,000 was derived from the London Loan of June, 1931, and the balance was raised in New Zealand from time to time as required. Of the New Zealand issues, £98,450 represents the proceeds of the sale of Post Office investment certificates and departmental investments, bearing interest at from  $4\frac{1}{2}$  per cent. to  $5\frac{1}{4}$  per cent., while the balance of £698,850 was received direct from the public and bears interest at 5 per cent. or  $5\frac{1}{2}$  per cent.

#### Debt repayment.

In partial reduction of the gross additions to the debt must be set off repayments during the year amounting to £1,917,858, leaving a net increase, as already stated, of £2,879,442. These repayments were applied as follows:—

	£
Under Repayment of Public Debt Act, 1925 ..	1,264,330
Under funded-debt agreement with British Government .. .. .	221,035
Reparation receipts, &c. .. .. .	51,630
From separate accounts .. .. .	380,863
	<hr/>
	£1,917,858
	<hr/>

Of this total, £221,235 was repaid in London, £261,900 in Australia, and the balance of £1,434,723 in New Zealand.

The payment of £1,264,330 under the Repayment of the Public Debt Act, 1925, represents the year's operations under the statutory debt-repayment scheme established as from the 1st April, 1925.

In connection with the funded-debt payment, honourable members will recollect that, arising out of an extension of the "Hoover" moratorium, Great Britain offered to postpone the second instalment of the amount payable in terms of her agreement with us. The offer was accepted, and as a result only the first half-year's instalment appears in last year's accounts.

The actual transactions during the year may be summarized as follows :—

		£	
Debt as at 1st April, 1931	.. ..	276,033,358	Debt transactions.
Add new loans raised—			
		£	
Public works .. ..	4,422,300		
Native-land settlement .. ..	175,000		
State forests .. ..	200,000		
		4,797,300	
Revenue bills outstanding (floating debt) ..		3,030,000	
		283,860,658	
Less redemptions—			
Ordinary debt .. ..	755,203		
War .. ..	835,635		
Discharged soldiers .. ..	35,660		
State advances .. ..	291,360		
		1,917,858	
Debt as at 31st March, 1932 .. ..		£281,942,800	

*Classification of Debt.*

		£	
Ordinary .. ..	170,749,008		Classification of debt.
War .. ..	66,876,165		
Discharged soldiers .. ..	7,668,876		
State advances .. ..	36,648,751		
	£281,942,800		

*Domicile of Debt.*

		£	
London .. ..	159,641,855		Domicile of debt.
Australia .. ..	3,914,550		
New Zealand .. ..	118,386,395		
	£281,942,800		

Before leaving the subject of public debt, I may state that the possibility in future of raising additional funds overseas at a reasonable cost is at present uncertain, and we must be prepared to rely more on the local market for our essential capital requirements. As I have already pointed out, of the loan of £5,000,000 raised in April last, only £1,000,000 is available for capital works this financial year, and the balance of our requirements will have to be raised locally.

Only a comparatively small amount of debt is due for repayment overseas this year, but, as indicated earlier in this Statement, the Government has the option, at any time after the 16th July last on giving three months' notice, to repay the £5,000,000 bonds issued in London in 1931. These bonds are very costly to the State (approximately £6 1s. 3d. per cent. per annum), and it would be advisable to exercise the option as soon as conversion can be secured on favourable terms.

Loans falling due locally during this financial year amount to £5,301,170, of which £4,136,150 is held by the public and £472,120 represents Post Office Investment Certificates. Of the total of £5,301,170 the sum of £155,660 has already been redeemed and the debt reduced accordingly. To the extent that the available funds provided by the statutory debt-repayment scheme are not sufficient to cover the redemption of such portions of these loans as are not renewed, the funds derived from new investments will be required for this purpose. This may further decrease the amount that can be made available for capital expenditure on public works.

As already indicated, however, we cannot afford to go on increasing the burden of debt charges even if the necessary capital is offering. Until such time as the existing burden is lightened by a rise in the price-level or increased population and national wealth our policy must be to borrow only for such works as will be sufficiently productive to provide for interest on the capital invested. With half-completed works in hand and so many unemployed this policy presents difficulties, but it is essential that it be adhered to as closely as is practicable under the prevailing circumstances.

### CONCLUSION.

#### Conclusion.

That, gentlemen, concludes my review of the general financial situation and of the budgetary position of the Dominion.

Our people have had a gruelling time, but have faced up to their formidable difficulties in a manner that is in keeping with the best traditions of the race to which we are proud to belong. All things considered, our economic and social organization has withstood the tremendous dislocation and strain remarkably well. New Zealand is still a going concern. We are not out of trouble yet—far from it—but it seems that the worst is past, and the outlook is brightening.

As we now enter upon what I believe to be the up grade, renewed confidence will give powerful aid to persevering effort and accelerate our progress along the road that leads to prosperity and better times. Courage, initiative, and hard work are called for. The Government can be depended upon to do its utmost to smooth the way.

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Table No. 3

REVENUE FOR THE YEAR ENDED 31ST MARCH, 1932, COMPARED WITH THE YEAR ENDED  
31ST MARCH, 1931.

	Year ended 31st March, 1932.	Year ended 31st March, 1931.	Increase.	Decrease.
	£	£	£	£
Taxation—				
Customs .. .. .	5,904,348	7,605,976	..	1,701,628
Beer duty .. .. .	641,080	575,100	65,980	..
Film-hire tax .. .. .	41,207	41,756	..	549
Motor-vehicles—Duties, licenses, &c. ..	1,814,186	1,840,590	..	26,404
Stamp and death duties .. .. .	2,799,204	3,387,335	..	588,131
Land-tax .. .. .	542,128	1,145,617	..	603,489
Income-tax .. .. .	4,447,814	4,003,606	444,208	..
Total—Taxation .. .. .	16,189,967	18,599,980	510,188	2,920,201
Interest—				
On capital liability—				
Working railways .. .. .	841,720	685,000	156,720	..
Postal and telegraph .. .. .	550,000	504,000	46,000	..
On Public Debt Redemption Fund ..	699,790	858,893	..	159,103
On other public moneys .. .. .	776,628	866,981	..	90,353
Total—Interest .. .. .	2,868,138	2,914,874	202,720	249,456
Other receipts—				
Registration and other fees .. .. .	199,032	223,206	..	24,174
National-endowment revenue .. .. .	79,824	118,869	..	39,045
Territorial revenue .. .. .	153,894	187,409	..	33,515
Justice .. .. .	180,111	220,321	..	40,210
Marine .. .. .	93,930	103,811	..	9,881
Native .. .. .	5,519	6,697	..	1,178
Post and Telegraph Department profits ..	941,616	..	941,616	..
Printing and Stationery .. .. .	170,529	244,780	..	74,251
Stamp duties .. .. .	49,538	77,097	..	27,559
Tourist and Health Resorts .. .. .	59,985	70,456	..	10,471
Miscellaneous .. .. .	228,693	286,303	..	57,610
Recoveries on account of expenditure of previous years	4,132	15,128	..	10,996
From reserves .. .. .	1,494,825	..	1,494,825	..
Total—Other receipts .. .. .	3,661,628	1,554,077	2,436,441	328,890
			3,149,349	3,498,547 3,149,349
Totals .. .. .	22,719,733	23,068,931	..	349,198

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, 1932.

	Estimate for 1931-32.*	Actual for 1931-32.	Difference.	
			More.	Less.
Taxation—	£	£	£	£
Customs .. .. .	6,750,000	5,904,348	..	845,652
Beer duty .. .. .	650,000	641,080	..	8,920
Film-hire tax .. .. .	50,000	41,207	..	8,793
Motor-vehicles—Duties, licenses, &c. ..	1,760,000	1,814,186	54,186	..
Stamp and death duties .. .. .	2,990,000	2,799,204	..	190,796
Land-tax .. .. .	625,000	542,128	..	82,872
Income-tax .. .. .	4,935,000	4,447,814	..	487,186
Total—Taxation .. .. .	17,760,000	16,189,967	54,186	1,624,219
Interest—				
On capital liability—				
Working railways .. .. .	930,000	841,720	..	88,280
Postal and telegraph .. .. .	535,000	550,000	15,000	..
On Public Debt Redemption Fund ..	720,000	699,790	..	20,210
On other public moneys .. .. .	745,000	776,628	31,628	..
Total—Interest .. .. .	2,930,000	2,868,138	46,628	108,490
Other receipts—				
Registration and other fees .. .. .	205,000	199,032	..	5,968
National-endowment revenue .. .. .	70,000	79,824	9,824	..
Territorial revenue .. .. .	140,000	153,894	13,894	..
Justice .. .. .	209,000	180,111	..	28,889
Marine .. .. .	95,000	93,930	..	1,070
Native .. .. .	7,000	5,519	..	1,481
Post and Telegraph Department profits ..	1,090,000	941,616	..	148,384
Printing and Stationery .. .. .	190,000	170,529	..	19,471
Stamp duties .. .. .	68,000	49,538	..	18,462
Tourist and Health Resorts .. .. .	67,000	59,985	..	7,015
Miscellaneous .. .. .	335,000	228,693	..	106,307
Recoveries on account of expenditure of previous years .. .. .	10,000	4,132	..	5,868
From reserves .. .. .	1,490,000	1,494,825	4,825	..
Total—Other receipts .. .. .	3,976,000	3,661,628	28,543	342,915
			129,357	2,075,624
				129,357
Total revenue .. .. .	24,666,000	22,719,733	..	1,946,267

\* Supplementary Budget.

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1932.

	Estimate for 1932-33.	Actual for 1931-32.	Differences.	
			Increase.	Decrease.
	£	£	£	£
Taxation—				
Customs .. .. .	5,700,000	5,904,348	..	204,348
Beer duty .. .. .	640,000	641,080	..	1,080
Film-hire tax .. .. .	35,000	41,207	..	6,207
Motor-vehicles—Duties, licenses, &c. .. .. .	1,610,000	1,814,186	..	204,186
Stamp and death duties .. .. .	2,900,000	2,799,204	100,796	..
Land-tax .. .. .	515,000	542,128	..	27,128
Income-tax .. .. .	3,400,000	4,447,814	..	1,047,814
Total—Taxation .. .. .	14,800,000	16,189,967	100,796	1,490,763
Interest—				
On capital liability—				
Working Railways .. .. .	740,000	841,720	..	101,720
Postal and Telegraph .. .. .	540,000	550,000	..	10,000
On the Public Debt Redemption Fund .. .. .	645,000	699,790	..	54,790
On other public moneys .. .. .	625,000	776,628	..	151,628
Total—Interest .. .. .	2,550,000	2,868,138	..	318,138
Other receipts—				
Registration and other fees .. .. .	160,000	199,032	..	39,032
National-endowment revenue .. .. .	65,000	79,824	..	14,824
Territorial revenue .. .. .	147,000	153,894	..	6,894
Justice .. .. .	174,000	180,111	..	6,111
Marine .. .. .	124,000	93,930	30,070	..
Native .. .. .	5,000	5,519	..	519
Post and Telegraph Department profits .. .. .	470,000	941,616	..	471,616
Printing and Stationery .. .. .	155,000	170,529	..	15,529
Stamp Duties .. .. .	50,000	49,538	462	..
Tourist and Health Resorts .. .. .	58,000	59,985	..	1,985
External Affairs .. .. .	82,000	..	82,000	..
Miscellaneous .. .. .	270,000	228,693	41,307	..
Recoveries on account of expenditure of previous years .. .. .	20,000	4,132	15,868	..
From reserves .. .. .	2,500,000	1,494,825	1,005,175	..
Total—Other receipts .. .. .	4,280,000	3,661,628	1,174,882	556,510
			1,275,678	2,365,411
Totals .. .. .	21,630,000	22,719,733	..	1,089,733
				1,275,678

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1932, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1931.

Item.	Year Ended 31st March,		Increase.	Decrease.
	1932.	1931.		
	£	£	£	£
Adhesive stamps .. .. .	104,057	91,483	12,574	..
Duty on instruments .. .. .	228,974	326,121	..	97,147
Estate and succession duty .. .. .	1,395,083	1,744,697	..	349,614
Gift duty .. .. .	49,216	65,038	..	15,822
Impressed stamps, and duty on cheques .. .. .	174,470	198,512	..	24,042
Company licenses .. .. .	85,351	87,490	..	2,139
Sharebrokers' licenses .. .. .	1,521	1,470	51	..
Bank-note duty .. .. .	260,206	233,318	26,888	..
Totalizator revenue .. .. .	410,878	529,143	..	118,265
Amusements-tax .. .. .	74,763	105,936	..	31,173
Lottery duty .. .. .	9,661	..	9,661	..
Overseas-passenger duty .. .. .	1,668	..	1,668	..
Rates, fines, and miscellaneous .. .. .	3,356	4,127	..	771
			50,842	638,973
				50,842
Totals .. .. .	2,799,204	3,387,335	..	588,131



Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1931-32, COMPARED WITH THE YEAR 1930-31.

	1931-32.	1930-31.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer .. .. .	796,403	1,079,881	..	283,478
Tobacco, cigars, and cigarettes .. .. .	1,518,244	1,544,412	..	26,168
Apparel and textiles .. .. .	897,945	1,401,232	..	503,287
Motor-vehicles and parts* .. .. .	142,267	637,447	..	495,180
Other goods .. .. .	1,725,377	2,072,189	..	346,812
Primage and surtax .. .. .	824,112	870,815	..	46,703
Totals .. .. .	5,904,348	7,605,976	..	1,701,628

\* 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, 1932, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1931.

	Year ended 31st March, 1932.	Year ended 31st March, 1931.	Increase.	Decrease.
	£	£	£	£
Permanent appropriations—				
Under special Acts of Legislature—				
Civil List .. .. .	26,821	30,862	..	4,041
Debt services—				
Interest .. .. .	9,035,025	9,267,276	..	232,251
Amortization of debt—				
Sinking fund .. .. .	3,251	3,119	132	..
Repayment of funded debt .. .. .	220,741	425,540	..	204,799
Repayment of Public Debt Act, 1925 .. .. .	1,190,729	1,207,059	..	16,330
Transfers to Loans Redemption Account .. .. .	6,420	2,954	3,466	..
Securities redeemed .. .. .	610	..	610	..
Administration and management .. .. .	38,168	44,584	..	6,416
Payments on guaranteed loans .. .. .	17,045	2,573	14,472	..
Total—Debt services .. .. .	10,511,989	10,953,105	18,680	459,796
Grants and subsidies—				
Hospital and charitable institutions* .. .. .	642,809	670,847	..	28,038
Education .. .. .	158,873	124,345	34,528	..
Superannuation Funds and National Provident Fund .. .. .	198,749	165,095	33,654	..
Contribution towards Singapore Naval Base .. .. .	100,000	125,000	..	25,000
Unemployment Fund .. .. .	1,118,753	..	1,118,753	..
Subsidies to local bodies for unemployment relief works .. .. .	11,478	..	11,478	..
Miscellaneous .. .. .	54,730	78,062	..	23,332
Salaries and honoraria .. .. .	93,220	101,538	..	8,318
Pensions—				
Family allowances .. .. .	90,100	63,608	26,492	..
Old-age pensions .. .. .	1,277,107	1,118,286	158,821	..
Widows' pensions .. .. .	340,162	325,998	14,164	..
War pensions .. .. .	1,261,778	1,245,499	16,279	..
Other pensions .. .. .	106,268	98,639	7,629	..
Motor-taxation—				
Transfers to Main Highways Account .. .. .	1,685,977	1,742,195	..	56,218
Paid to boroughs .. .. .	100,541	83,012	17,529	..
Expenses of collecting, &c. .. .. .	21,148	17,555	3,593	..
Advances .. .. .	2,433	9,523	..	7,090
Other special Acts—				
Maintenance of overseas war graves and memorials .. .. .	..	30,750	..	30,750
Compensation for stock destroyed or condemned .. .. .	23,236	30,610	..	7,374
Miscellaneous .. .. .	28,290	21,334	6,956	..
Total—Other services .. .. .	7,315,652	6,051,896	1,449,876	186,120
Total—Permanent appropriations .. .. .	17,854,462	17,035,863	1,468,556	649,957

\* 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, 1932, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1931—*continued.*

	Year ended 31st March, 1932.	Year ended 31st March, 1931.	Increase.	Decrease.
	£	£	£	£
Annual appropriations—				
Vote—				
Legislative Departments .. ..	98,046	98,990	..	944
Prime Minister's Department .. ..	15,374	14,665	709	..
Treasury Department .. ..	37,385	40,329	..	2,944
National Provident and Friendly Societies Department .. ..	4,697	25,096	..	20,399
Land and Income Tax Department .. ..	68,202	66,262	1,940	..
Stamp Duties Department .. ..	97,394	104,839	..	7,445
Public Buildings .. ..	41,683	62,381	..	20,698
Government and other Domains .. ..	..	4,498	..	4,498
Maintenance and Repairs to Roads .. ..	9,917	32,848	..	22,931
Maintenance of Irrigation Works, &c. .. ..	12,818	16,242	..	3,424
Native Department .. ..	65,709	35,720	29,989	..
Department of External Affairs .. ..	1,956	41,213	..	39,257
Cook Islands .. ..	..	42,895	..	42,895
Department of Industries and Commerce, &c. .. ..	122,954	132,532	..	9,578
Department of Justice .. ..	139,806	135,702	4,104	..
Prisons Department .. ..	96,713	100,713	..	4,000
Crown Law Office .. ..	5,143	5,727	..	584
Police Department .. ..	413,821	456,672	..	42,851
Pensions Department .. ..	160,564	173,176	..	12,612
Mines Department .. ..	18,679	30,934	..	12,255
Department of Internal Affairs .. ..	196,841	278,517	..	81,676
Audit Department .. ..	24,505	27,773	..	3,268
Public Service Commissioner's Office .. ..	4,666	7,140	..	2,474
Printing and Stationery Department .. ..	138,044	228,287	..	90,243
Mental Hospitals Department .. ..	264,427	303,459	..	39,032
Department of Health .. ..	199,387	244,671	..	45,284
Naval Defence .. ..	344,674	418,837	..	74,163
Defence Department .. ..	182,974	277,799	..	94,825
Customs Department .. ..	86,282	111,532	..	25,250
Marine Department .. ..	101,975	172,509	..	70,534
Department of Labour .. ..	41,475	55,400	..	13,925
Department of Lands and Survey .. ..	162,888	165,146	..	2,258
Scenery-preservation .. ..	..	2,303	..	2,303
Valuation Department .. ..	38,900	55,027	..	16,127
Electoral Department .. ..	66,120	9,991	56,129	..
Department of Agriculture .. ..	440,630	388,277	52,353	..
Department of Education .. ..	2,851,922	3,230,139	..	378,217
Department of Scientific and Industrial Re- search .. ..	51,535	63,371	..	11,836
Transport Department .. ..	4,813	5,982	..	1,169
Services not provided for .. ..	18,698	4,585	14,113	..
Emergency Expenditure Account.. ..	374,473	..	374,473	..
Total—Annual appropriations .. ..	7,006,090	7,672,179	533,810	1,199,899
			2,002,366 1,849,856	1,849,856
Total expenditure .. ..	24,860,552	24,708,042	152,510	

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, 1932.

	Net Appropriations, 1931-32.	Actual Net Expenditure, 1931-32.	Difference.	
			More.	Less.
	£	£	£	£
PERMANENT APPROPRIATIONS :—				
Under Special Acts of the Legislature,—				
Civil List .. .. .	28,361	26,821	..	1,540
Debt services—				
Interest .. .. .	8,940,675	9,035,025	94,350	..
Amortization of Debt—				
Sinking Fund .. .. .	3,202	3,251	49	..
Repayment of Funded Debt .. .. .	236,796	220,741	..	16,055
Repayment of Public Debt Act, 1925 .. .. .	1,203,298	1,190,729	..	12,569
Transfers to Loans Redemption Account .. .. .	3,000	6,420	3,420	..
Securities redeemed .. .. .	..	610	610	..
Administration and Management .. .. .	35,600	38,168	2,568	..
Payments on Guaranteed Loans .. .. .	7,200	17,045	9,845	..
Total—Debt services .. .. .	10,429,771	10,511,989	110,842	28,624
Other services—				
Hospitals and Charitable Institutions .. .. .	645,000	642,809	..	2,191
Education .. .. .	155,534	158,873	3,339	..
Other Grants and Subsidies .. .. .	1,464,313	1,483,710	19,397	..
Salaries and Honoraria .. .. .	93,050	93,220	170	..
Pensions .. .. .	3,053,404	3,075,415	22,011	..
Motor-taxation .. .. .	1,760,000	1,807,666	47,666	..
Advances .. .. .	8,700	2,433	..	6,267
Other Special Acts .. .. .	77,755	51,526	..	26,229
Total—Other services .. .. .	7,257,756	7,315,652	92,583	34,687
TOTAL—PERMANENT APPROPRIATIONS .. .. .	17,715,888	17,854,462	203,425	64,851
ANNUAL APPROPRIATIONS :—				
Vote—				
Legislative Departments .. .. .	95,677	98,046	2,369	..
Prime Minister's Department .. .. .	15,553	15,374	..	179
Treasury Department .. .. .	33,986	37,385	3,399	..
National Provident and Friendly Societies Department .. .. .	4,670	4,697	27	..
Land and Income Tax Department .. .. .	68,067	68,202	135	..
Stamp Duties Department .. .. .	92,722	97,394	4,672	..
Public Buildings .. .. .	60,712	41,683	..	19,029
Maintenance and Repairs to Roads .. .. .	14,950	9,917	..	5,033
Maintenance of Irrigation Works, &c. .. .. .	14,250	12,818	..	1,432
Native Department .. .. .	67,725	65,709	..	2,016
Department of External Affairs .. .. .	8,097	1,956	..	6,141
Department of Industries and Commerce, &c. .. .. .	130,941	122,954	..	7,987
Department of Justice .. .. .	137,591	139,806	2,215	..
Prisons Department .. .. .	91,369	96,713	5,344	..
Crown Law Office .. .. .	5,266	5,143	..	123
Police Department .. .. .	424,188	413,821	..	10,367
Pensions Department .. .. .	162,849	160,564	..	2,285
Mines Department .. .. .	21,679	18,679	..	3,000
Department of Internal Affairs .. .. .	197,884	196,841	..	1,043
Audit Department .. .. .	25,116	24,505	..	611
Public Service Commissioner's Office .. .. .	5,859	4,666	..	1,193
Printing and Stationery Department .. .. .	174,779	138,044	..	36,735
Mental Hospitals Department .. .. .	271,840	264,427	..	7,413
Department of Health .. .. .	210,005	199,387	..	10,618
Naval Defence .. .. .	394,045	344,674	..	49,371
Defence Department .. .. .	215,000	182,974	..	32,026
Customs Department .. .. .	89,911	86,282	..	3,629
Marine Department .. .. .	104,228	101,975	..	2,253
Department of Labour .. .. .	48,867	41,475	..	7,392
Department of Lands and Survey .. .. .	181,669	162,888	..	18,781
Valuation Department .. .. .	40,732	38,900	..	1,832
Electoral Department .. .. .	69,218	66,120	..	3,098
Department of Agriculture .. .. .	469,280	440,630	..	28,650
Department of Education .. .. .	2,906,728	2,851,922	..	54,806
Department of Scientific and Industrial Research .. .. .	51,463	51,535	72	..
Transport Department .. .. .	4,757	4,813	56	..
Services not provided for .. .. .	..	18,698	18,698	..
Emergency Expenditure Account .. .. .	..	374,473	374,473	..
Total—Annual appropriations .. .. .	6,911,673	7,006,090	411,460	317,043
			614,885	381,894
			381,894	
Total expenditure .. .. .	24,627,561	24,860,552	232,991	

Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR 1932-33, COMPARED WITH ACTUAL NET EXPENDITURE FOR 1931-32.

	Estimate for 1932-33.	Actual for 1931-32.	Difference.	
			Increase.	Decrease.
Permanent Appropriations,—	£	£	£	£
Civil List .. .. .	22,354	26,821	..	4,467
Debt services—				
Interest .. .. .	8,615,821	9,035,025	..	419,204
Sinking Fund .. .. .	8,748	3,251	5,497	..
Repayment of Public Debt .. .. .	1,309,198	1,190,729	118,469	..
Reduction of Funded Debt .. .. .	..	220,741	..	220,741
Transfer to Loans Redemption Account .. .. .	8,500	6,420	2,080	..
Securities redeemed .. .. .	1,000	610	390	..
Administration and Management .. .. .	43,800	38,168	5,632	..
Payment of Guaranteed Loans .. .. .	25,270	17,045	8,225	..
Total—Debt services .. .. .	10,012,337	10,511,989	140,293	639,945
Under Special Acts of the Legislature .. .. .	1,910,342	3,275,416	..	1,365,074
Total—Permanent appropriations .. .. .	11,945,033	13,814,226	140,293	2,009,486
Annual Appropriations,—				
Legislative .. .. .	89,140	98,136	..	8,996
Prime Minister's Department .. .. .	20,750	15,374	5,376	..
Finance—				
Treasury .. .. .	32,622	37,459	..	4,837
Customs .. .. .	81,860	86,282	..	4,422
Land and Income Tax .. .. .	64,563	68,202	..	3,639
Stamp Duties .. .. .	84,315	97,394	..	13,079
Audit .. .. .	22,750	24,505	..	1,755
	286,110	313,842	..	27,732
General Administration—				
Public Service Commissioner's Office .. .. .	4,933	4,666	267	..
Internal Affairs .. .. .	520,415	273,496	246,919	..
External Affairs .. .. .	81,572	*9,091	72,481	..
Printing and Stationery .. .. .	149,944	138,044	11,900	..
Marine .. .. .	†102,350	113,975	..	11,625
Labour .. .. .	50,752	42,825	7,927	..
Native .. .. .	55,516	*58,573	..	3,057
Valuation .. .. .	36,000	38,900	..	2,900
Electoral .. .. .	5,788	66,120	..	60,332
	1,007,270	745,690	339,494	77,914
Law and Order—				
Justice .. .. .	156,580	164,311	..	7,731
Crown Law .. .. .	4,800	5,143	..	343
Police .. .. .	437,410	413,821	23,589	..
Prisons .. .. .	89,000	96,713	..	7,713
	687,790	679,988	23,589	15,787
Defence—				
Naval Defence .. .. .	400,800	344,674	56,126	..
Defence .. .. .	230,000	182,974	47,026	..
	630,800	527,648	103,152	..
Maintenance—				
Public Buildings .. .. .	52,000	41,683	10,317	..
Maintenance and Repairs to Roads .. .. .	9,000	9,917	..	917
Maintenance of Irrigation Works, &c. .. .. .	12,500	12,818	..	318
	73,500	64,418	10,317	1,235
Development of Primary and Secondary Industries—				
Lands and Survey .. .. .	158,907	164,861	..	5,954
Agriculture .. .. .	537,652	463,867	73,785	..
Industries and Commerce, Tourist, and Publicity .. .. .	118,716	122,954	..	4,238
Scientific and Industrial Research .. .. .	46,120	52,285	..	6,165
Mines .. .. .	23,536	18,679	4,857	..
Transport .. .. .	12,000	4,813	7,187	..
	896,931	827,459	85,829	16,357
Social Services—				
Health .. .. .	679,838	839,532	..	159,694
Mental Hospitals .. .. .	260,000	264,427	..	4,427
Education .. .. .	2,700,000	2,977,085	..	277,085
Pensions .. .. .	3,139,924	3,200,127	..	60,203
National Provident and Friendly Societies .. .. .	90,356	99,429	..	9,073
	6,870,118	7,380,600	..	510,482
Services not provided for .. .. .	..	18,698	..	18,698
Emergency Expenditure Account .. .. .	..	374,473	..	374,473
Total—Annual appropriations .. .. .	10,562,409	†11,046,326	567,757	1,051,674
			708,050	3,061,160
				708,050
Totals .. .. .	22,507,442	24,860,552	..	2,353,110

\* Owing to the control of Niue Island and the N.Z.G.M.V. "Maui Pomare" being transferred from Cook Islands Department to Department of External Affairs the following amounts expended last year under vote "Cook Islands" are shown under vote "External Affairs": Niue Island, £4,169; N.Z.G.M.V. "Maui Pomare," £2,966.

† Westport Harbour Account abolished as from 1st April, 1932. Provision for expenditure on account of Westport Harbour now made under vote "Marine." For purposes of comparison the amount expended last year under vote "Westport Harbour" was £20,296.

‡ For comparative purposes votes rearranged on the basis of this year's Estimates.



Table No. 12.  
PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED  
31ST MARCH, 1932, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1931.

Vote.	Year ended 31st March, 1932.	Year ended 31st March, 1931.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental .. ..	151,376	131,816	19,560	..
Railway-construction .. ..	590,543	1,478,689	..	888,146
Additions to Open Lines .. ..	..	508,507	..	508,507
Railways Improvement and Additions to Open Lines	361,845	..	361,845	..
Public Buildings—				
General .. ..	33,226	100,927	..	67,701
Courthouses .. ..	3,513	19,572	..	16,059
Education Buildings .. ..	259,149	..	259,149	..
Prison Buildings and Works .. ..	2,621	2,504	117	..
Police-stations .. ..	2,535	8,360	..	5,825
Postal and Telegraph .. ..	104,505	138,670	..	34,165
Agricultural .. ..	..	1,509	..	1,509
Mental Hospital Buildings .. ..	45,938	134,140	..	88,202
Health and Hospital Institutions .. ..	3,316	17,338	..	14,022
Timber-supply and Sawmills, &c. ..	2,012	Cr. 2,271	4,283	..
Acquisition and Operation of Quarries	107	4,219	..	4,112
Lighthouses .. ..	5,046	4,103	943	..
Harbour-works .. ..	6,987	6,742	245	..
Development of Tourist Resorts .. ..	87,609	60,288	27,321	..
Department of Immigration .. ..	5,266	33,544	..	28,278
Roads, &c. .. ..	1,078,270	1,379,810	..	301,540
Roads to give Access to Outlying Districts	3,940	91,126	..	87,186
Roads on Goldfields .. ..	..	4,587	..	4,587
Telegraph Extension .. ..	249,978	419,756	..	169,778
Contingent Defence .. ..	..	13,812	..	13,812
Lands, Miscellaneous .. ..	38,900	70,534	..	31,634
Irrigation, Water-supply, and Drainage	37,749	62,614	..	24,865
Plant, Material, and Stores .. ..	Cr. 105,690	Cr. 44,772	..	60,918
			673,463	2,350,846
				673,463
Totals .. ..	2,968,741	4,646,124	..	1,677,383

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, 1932.

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	..	..	..	3,185,132	14	8			
Finance Act, 1929, Section 2..	..	..	..	4,017,119	4	6			
Finance Act, 1930 (No. 2), Section 2	..	..	..	3,000,000	0	0			
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			
Paeoa-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			
Balances transferred from Separate Account, 1931-32—	£	s.	d.						
Waihou and Ohinemuri Rivers Improvement Account	5,518	10	10						
Education Loans Account	12,867	3	9						
Railways Improvement Authorization Act 1914 Account	420,783	17	4						
				439,169	11	11			
RECEIPTS IN AID :—							107,050,592	1	5
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	..	..	..	66,037	8	3			
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			
							15,672,756	1	1
							£122,723,348	2	6





Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1932, AS COMPARED WITH THE 31ST MARCH, 1931.

Account	1932.			1931.		
	Balance on 31st March, 1932.	Liabilities on 31st March, 1932.	Unexhausted Authority for raising Loan on 1st April, 1932.	Balance on 31st March, 1931.	Liabilities on 31st March, 1931.	Unexhausted Authority for raising Loan on 1st April, 1931.
	£	£	£	£	£	£
Consolidated Fund—						
Ordinary Revenue .. ..	1,167,782	261,532	..	278,601	261,203	..
Nauru and Ocean Islands .. ..	2,988	..	..	3,056	..	..
Nauru and Ocean Islands Sinking Fund	65	..	..	49	..	..
Public Works Fund—						
General Purposes .. ..	1,783,034	176,419	5,141,050	1,340,036	441,295	5,141,050
Waihou and Ohinemuri Rivers Improvement	..	..	..	5,519	1,933	..
Electric Supply .. ..	9,225	139,638	1,533,990	150,009	134,835	2,533,990
Electric Supply Sinking Fund .. ..	62,059	..	..	42,655	..	..
Bank of New Zealand Shares .. ..	1,859,375	..	..	1,859,375	..	..
Discharged Soldiers Settlement .. ..	194,910	..	..	259,532	23	..
Discharged Soldiers Settlement Loans	..	..	..	580,962	..	..
Act 1920 Depreciation Fund						
Education Loans .. ..	..	..	..	12,867	6,331	..
General Purposes Relief .. ..	23,872	..	..	23,756	..	..
Hauraki Plains Settlement .. ..	44	1,839	..	13,941	3,692	91,000
Hunter Soldiers' Assistance Trust .. ..	7,123	..	..	6,837	..	..
Hutt Valley Lands Settlement .. ..	92	..	..	139	..	..
Kauri-gum Industry .. ..	..	..	..	1,588	..	..
Land for Settlements .. ..	191,032	11,923	6,278,000	742,106	1,635	6,278,000
Loans Redemption .. ..	368,903	..	..	344,182	..	..
Main Highway—						
Revenue Fund .. ..	398,859	99,725	..	339,886	77,124	..
Construction Fund .. ..	99,675	42,341	690,400	102,637	57,018	1,070,400
Mining Advances .. ..	529	..	..	362	4	50,000
Native Land Settlement .. ..	3,941	25,865	500,000	28,908	15,771	500,000
Public Debt Repayment .. ..	15,165	..	..	32	..	..
Railways Improvement Authorization	..	..	..	420,784	61,995	..
Act, 1914						
Rangitaiki Land Drainage .. ..	10,797	392	..	5,306	667	7,000
Reserve Fund .. ..	1,101,169	842,065	..	2,068,563	..	..
Samoan Loan Suspense .. ..	..	..	4,800	..	..	4,800
State Coal-mines .. ..	46,084	15,144	55,000	40,810	20,935	55,000
State Coal-mines Sinking Fund .. ..	7,990	..	..	7,739	..	..
State Forests .. ..	11,488	5,390	851,225	31,103	5,374	1,051,225
Swamp Land Drainage .. ..	9,009	674	..	6,338	2,617	150,000
Unemployment Fund .. ..	184,967	..	..	69,115	..	..
Westport Harbour .. ..	478	258	..	1,759	1,533	..
Working Railways .. ..	816,963	240,746	..	496,463	272,550	..
State Advances Loan .. ..	176	..	10,452,620	40,002	..	10,280,510
<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 .. ..	8,377,794	1,863,951	25,628,085	9,325,017	1,366,535	27,333,975



*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 .. .. .	£	£	£
†Less liabilities outstanding, 31st March, 1932 ..	871,160		
	1,839,247		
	<hr/> Dr. 968,087		
*Investment of cash balances .. .. .		5,570,021	
Post Office Savings-bank Reserve Fund .. .. .		1,000,000	
Bank of New Zealand shares (nominal value) .. .. .		2,109,375	
‡Public Debt Redemption Fund .. .. .		21,725,645	
		<hr/>	
			29,436,954
Sinking funds accrued—			
State Advances debt .. .. .		2,080,783	
State Coal-mines .. .. .		7,990	
Westport Harbour loans .. .. .		261,828	
Samoan loan .. .. .		22,392	
Nauru and Ocean Islands Sinking Fund Account .. .. .		65	
Electric Supply Sinking Fund Account .. .. .		62,059	
		<hr/>	
			2,435,117
Loans and advances outstanding—			
Mining purposes .. .. .		37,370	
Local bodies (annuity value of interest receivable) .. .. .		716,964	
Samoan loan, less sinking fund .. .. .		148,808	
Repatriation advances outstanding, 31st March, 1932 .. .. .		211,999	
	£		
Discharged soldiers' mortgages and property held .. .. .	14,513,304		
Less amount included in Public Debt Redemption Fund .. .. .	10,500,000		
	<hr/>		
		4,013,304	
State Advances—Mortgages and property held, less sinking funds and investments included elsewhere .. .. .		40,195,417	
General purposes relief—Advances outstanding .. .. .		32,609	
Rural Intermediate Credit Board—Advances outstanding .. .. .		400,000	
		<hr/>	
			45,756,471
Revenue Earning and Trading Accounts—			
Railways (capital cost, including unopened lines and value of assets taken over from provinces, less capital written off to 31/3/32) .. .. .		59,050,726	
Telephones and Telegraphs (value of assets) .. .. .		10,383,503	
Electric-power supply and development (capital expenditure) .. .. .		11,554,265	
Westport Harbour-works (value of assets) .. .. .		472,275	
Lighthouses and harbour-works (capital expenditure) .. .. .		1,303,850	
Tourist and health resorts (capital expenditure) .. .. .		678,831	
State coal-mines (value of assets) .. .. .		185,153	
Kauri-gum (trading capital) .. .. .		9,647	
Nauru and Ocean Islands (purchase price of rights) .. .. .		565,040	
		<hr/>	
			84,203,290
Lands and forests—			
Crown lands (estimated value, including settlement lands, Native lands, and education reserves) .. .. .		31,230,811	
Land-drainage schemes (capital invested) .. .. .		1,932,263	
Irrigation and water-supply (capital expenditure) .. .. .		1,006,492	
Waihou and Ohinemuri Rivers improvement (capital expenditure) .. .. .		747,489	
Lands improvement (capital expenditure) .. .. .		699,609	
New Zealand Reparation Estates (value of Dominion's interest) .. .. .		684,661	
Howard Estate .. .. .		84,895	
State forests (estimated value of forests, reserves, plantations, and nurseries) .. .. .		37,382,995	
		<hr/>	
			73,769,215
Indirectly productive expenditure—			
Public buildings (including school buildings) .. .. .		16,222,819	
Roads (including roads on Crown lands and main highways) .. .. .		27,842,066	
Quarries (acquisition and working) .. .. .		9,743	
Development of mining (capital expenditure) .. .. .		881,065	
Immigration (capital expenditure) .. .. .		3,314,905	
		<hr/>	
			48,270,598
		<hr/>	
			£283,871,645

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

† After deducting £24,704, credits due from other Governments, from the total liabilities.

‡ Includes £10,500,000 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 1939,  
EXCLUDING IMPERIAL DEBT REPAYMENTS.

Year ending 31st March,	London.	Australia.	New Zealand.		Totals.
			Government Departments.	Public.	
	£	£	£	£	£
1933 .. ..	13,300	327,230	1,165,020	4,136,150	5,641,700
1934 .. ..	515,800	52,200	11,464,803	3,353,830	15,386,633
1935 .. ..	5,037,000	722,700	2,002,840	774,800	8,537,340
1936 .. ..	11,800	224,200	890,040	4,326,210	5,452,250
1937 .. ..	68,500	674,840	2,238,100	7,712,290	10,693,730
1938 .. ..	..	107,400	1,125,500	8,580,015	9,812,915
1939 .. ..	..	..	948,540	21,050,620	21,999,160
Totals ..	5,646,400	2,108,570	19,834,843	49,933,915	77,523,728
			69,768,758		

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
1st June, 1931	..	..	..	604,930	221,035	24,100,199
1st December, 1931†	..	..	..	..	..	24,100,199

\* 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.

† Following on the "Hoover" moratorium, the Imperial Government agreed to postpone the instalments of principal and interest due in December, 1931, and June, 1932, only one half-yearly payment was therefore made in 1931-32.

Table No. 19.  
EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING UNIVERSITY, PRIMARY, SECONDARY, AND HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, AND CHILD WELFARE, 1913-14 TO 1931-32.

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
1931-32 ..	82,163	79,375	2,851,922	88,207	46,935	259,148	..	3,407,750	2 4 11

\* Net revenue after deducting expenses and cost of collection.

† Excluding £25,000 for teachers' superannuation, included under that heading.

‡ Includes £61 charged to "Unauthorized."

In addition, post-primary schools and University colleges derive direct income (amounting for 1931-32 to £59,966) 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
1931-32 ..	7,768

Table No. 20.  
PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1928 TO 1932.

	Year ended 31st March,				
	1928.	1929.	1930.	1931.	1932.
	£	£	£	£	£
War .. .. .	1,146,955	1,178,646	1,204,422	1,245,499	1,261,778
Old-age* .. ..	1,007,722	1,059,039	1,105,069	1,158,788	1,277,107
Widows' .. .. .	302,766	312,963	322,886	325,998	340,162
Miners' .. .. .	45,083	48,102	51,676	58,441	69,785
Maori War .. ..	16,377	13,673	11,510	9,101	7,582
Epidemic .. .. .	8,757	7,981	7,309	6,322	5,580
Civil Service Act, 1908 ..	13,206	12,192	10,547	9,251	7,861
Defence Act, 1909 .. ..	2,695	2,715	2,573	2,620	2,483
Judicature Act, 1908 ..	4,204	3,429	3,333	2,285	1,833
Police .. .. .	457	671	789	1,741	1,054
Blind .. .. .	12,249	13,339	14,716	15,796	16,710
Family Allowance .. ..	37,515	54,815	60,876	63,608	90,100
Sundry .. .. .	6,273	5,698	6,589	6,588	6,501
Totals .. .. .	2,604,259	2,713,263	2,802,295	2,906,038	3,088,536

\* 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, 1923 TO 1932.

Year ended 31st March,				Imports.	Exports.	Excess of Exports.	Excess of Imports.
				£	£	£	£
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	..
1932 .. .. .	..	..	..	23,165,522	34,496,211	11,330,689	..
						55,922,848 6,960,698	6,960,698
Totals .. .. .	..	..	..	432,576,425	481,538,575	48,962,150	