by consent of those who are affected thereby. To facilitate progress, I have arranged a conference with the various organizations principally concerned, and following this, it is hoped that general agreement will be reached as to the action to be taken to rehabilitate the funds.

BUDGETARY POSITION.

Budgetary position for 1933–34.

The matters already referred to, and, in fact, all the financial operations of the State, are reflected directly or indirectly in the annual Budget. As the concluding section of my survey I now wish to review the budgetary position for the current financial year.

A forecast of the position was the subject-matter of a statement presented to the House in January last, following which immediate steps were taken to meet the situation in so far as it lay within our power to do so without unduly hampering general recovery or breaking down the State services.

Economy measures.

Firstly, efforts have been made to effect still further economies in expenditure, but, after the successive drastic overhauls that have taken place during the last few years culminating in the review of the National Expenditure Commission, it has to be recognized that we have practically reached the limit in that direction. The relief to the Consolidated Fund from savings and adjustments in expenditure was set out in my January statement, and these items, together with under-expenditure of appropriations for last financial year, previously referred to, meant a total saving of the order of £10,000,000. Needless to say, rigorous control of expenditure will be maintained, and efforts to obtain any further economies will be continued. In many instances, however, economies that are possible for one or two years cannot be continued indefinitely, and slight increases in various directions have already been necessary on this account. For instance, expenditure on repairs and replacements may be light for a year or two, but obviously cannot be curtailed indefinitely.

Liquidation of reserves.

Secondly, arrangements have been made with the Bank of New Zealand to liquidate this year a further £2,000,000 of reserves invested in Discharged Soldier Settlement mortgages by advancing against hypothecation of the securities.

Finally, a sales tax and the gold export duty were imposed, while increases were made in the Customs duties on motor-spirit, tobacco, and sugar.

Having regard to these increases in taxation, the upward trend in prices and other indications here and abroad that conditions are slowly improving, the revenue prospects are somewhat brighter than they appeared in January last. The revenue for the first half of the year is, of course, now definitely ascertained.

Revenue.

Under the revised estimates it is anticipated that receipts from taxation will amount to £16,214,000, an increase of £609,000 over receipts for last year. Under the various headings of taxation additional revenue compared with last year will, it is estimated, be obtained as follow: From Customs, £69,000; sales tax, £1,712,000; gold export duty, £124,000; and miscellaneous items, £49,000: a total of £1,954,000. Against this must be set off decreases under other headings aggregating £1,345,000.

Income-tax.

The heaviest fall is anticipated under the heading of income-tax. Receipts for last year exceeded expectations, but were £891,000 less than for 1931–32. For this year a further drop of £857,000 is expected, making a total decrease of £1,748,000, or over one-third of the revenue in two years. This heavy shrinkage illustrates the budgetary difficulties with which we have to contend. The estimate for land-tax is now down to £450,000, a decrease of £49,000 as compared with last year's receipts. Two years ago £1,146,000 was received under this heading, the two-thirds reduction being due to the abolition of the graduated land-tax, lower land values, and inability to collect the tax in a number of cases.

Stamp duties.

Stamp and death duties show a comparative decrease of £399,000, but £240,000 of this is due to the abolition of the stamp duty on interest on Government securities consequent upon the conversion operations. Otherwise the decrease is on account of death duties and is attributable to fall in the value of properties.

The highways revenue from petrol-tax, tire-tax, and fees and fines has been less affected by prevailing conditions than other items, but a decrease of £30,000 has been allowed for.