

## INDEX.

	PAGE
Annual Appropriations, 1933-34 .. .. .	19
Assistance to industry (Unemployment Fund) .. .	14
Assistance to primary industries .. .	2
Bank overdraft rates .. .	4
Banks Indemnity (Exchange) Act .. .	8
Borrowing, new .. .	9
Budgetary position .. .	16, 20
Customs Tariff Commission .. .	5
Defence expenditure .. .	19
Deposit rates .. .	4
Derating of rural lands .. .	5
Economy measures .. .	16
Exchange adjustment .. .	6
Exchange rate .. .	18
Exchange requirements .. .	18
Expenditure, 1932-33 .. .	7
Expenditure, 1933-34 .. .	17, 19
Export prices .. .	1
Fertilizer subsidies .. .	2
Fixed charges .. .	2
Funded debt .. .	17
Highways revenue .. .	18
Hydro-electric works .. .	11
Income-tax .. .	16
Interest rates .. .	3
Interest saving .. .	17
Internal adjustments .. .	1
Land development .. .	12
Land-tax .. .	2
Liquidation of reserves .. .	8, 16
Loan conversion, local authorities .. .	3
Loan conversion, public debt .. .	3, 9
Loan programme .. .	11
London loan conversion .. .	10
Main highways .. .	11
Miscellaneous works .. .	12
Mortgage rates .. .	5
Native land development .. .	13

	PAGE
Outlook abroad .. .. .	1
Primary industries, assistance to .. .. .	2
Public Accounts, 1932-33 .. .. .	6
Public debt .. .. .	8
Public Works .. .. .	10
Railway construction, &c. .. .. .	11
Reserve Bank .. .. .	5
Reserves, liquidation of .. .. .	8, 16
Revenue, 1932-33 .. .. .	7
Revenue, 1933-34 .. .. .	16, 20
Revenue, unemployment, 1933-34 .. .. .	15
Salaries and wages .. .. .	2
Secondary industries .. .. .	2
Small farm plan .. .. .	13
Stamp duties .. .. .	16
Sterling assets, surplus .. .. .	18
Superannuation funds .. .. .	15
Treasury bills .. .. .	8
Unemployment .. .. .	14
Unemployment revenue, 1933-34 .. .. .	15
World Conference .. .. .	1

1933.

NEW ZEALAND.

## FINANCIAL STATEMENT.

*(In Committee of Supply, 9th November, 1933.)*

BY THE RIGHT HON. J. G. COATES, MINISTER OF FINANCE.

MR. CHAIRMAN,—

In rising to review the position of our national finances I am glad to be able to note that export prices generally are on the up grade. The further disastrous sag in prices which occurred during the last June quarter was followed by a rapid recovery, and, though a slight check has since been experienced, there is reasonable ground for the belief that this is only a temporary halt. Furthermore, the general movement covers practically all of the products in which the Dominion is vitally interested, and is apparently of such a nature that the prospects for economic recovery are brighter now than at any time since the heavy fall in these prices brought depression to New Zealand. Export prices.

As the return from our exports increases, the gap between prices and costs in the primary industries, which constitutes our basic problem, will close, and farming will again become profitable. When some measure of equilibrium is thus restored at the foundation of our economic structure, recovery generally will follow rapidly, although it will naturally take time to clear away the wreckage of the slump and get trade and industry working smoothly again. The outlook, however, is heartening, and gives us renewed courage to press forward with the work of reconstruction.

Abroad, as a result of economic pressure, there is widespread unrest, and in some countries far-reaching changes have been made. In fact, conditions in most countries are in a state of flux, but it is becomingly increasingly evident that the economic tide has definitely turned, and that business activity is gaining momentum in the leading countries notwithstanding the failure of the nations to deal comprehensively with some of the major problems of the world. Fortunately for New Zealand, Great Britain at present appears to be making more solid progress towards recovery than any other great nation. Outlook abroad.

It is a matter for regret that it was found necessary to adjourn the World Monetary and Economic Conference before it had really started on the work for which it was called together ; but, as indicated in the report of the New Zealand delegation, already submitted to you, the views of the various nations as to the best and quickest way out of economic chaos were so divergent that no other course was possible. In the meantime, each country is endeavouring to work out its own salvation. World Conference.

In New Zealand we depend to such an extent on our export trade in primary products that our economic welfare is bound up with the prices obtained for wool, meat, dairy produce, &c., in our principal market, Great Britain. Internal adjustments.

This being so, the Government has directed its efforts towards making internal adjustments to assist in bridging the gap between prices and costs, and to maintaining pastures, while doing everything possible to assist the unemployed, and generally keeping our productive powers and economic structure intact.

**Assistance to  
primary industries.**

The Government is at times accused of devoting all its energies and the resources of the public purse to assisting the farmers at the expense of the cities and towns, but it must not be overlooked that anything approaching a collapse of our primary industries means ruin for the whole Dominion. Thus, in helping the farmers to carry on, the Government is directly assisting the whole community. It is not a case of town versus country, and the fostering of any such feeling is to be deplored. The importation and manufacture of goods, transport, banking, and insurance facilities, and all the other services rendered by the towns are necessary to the country districts. Each section of the community has its part to play in a complete organism. The Government, in the interests of the whole Dominion, is simply rendering assistance where it is most needed, and that is at the foundation of our economic structure.

**Secondary industries.**

It is not denied that the secondary industries, and, in fact, all sections of the community, have been seriously affected, but their troubles are directly or indirectly a reflex of the disastrous position in which the farmers found themselves as a result of a 50 per cent. drop in the sterling prices of their products within a period of about three years. On the other hand, working-costs remained relatively rigid at about the same level as before. In other words, the problem was, How were the industries to carry on with export prices  $12\frac{1}{2}$  per cent. below the 1914 level, while costs remained about 50 per cent. above that level?

Obviously, drastic action was called for. Furthermore, the measure of adjustment required was so large that the only hope of success without serious disorganization and hardship lay in tackling the problem from both ends, by deliberately planning to reduce costs on the one hand and to increase receipts on the other.

**Salaries and wages.**

Steps were taken to bring about a general reduction in salaries and wages, as these enter so largely into the cost of everything. The reductions made, however, were more than offset by a fall in the cost of living, so that there was actually no fall in the purchasing power of full time wages rates.

**Land-tax.**

Honourable members will recollect also the substantial reductions in land-tax, which not only relieved farmers but also benefited owners of city properties, and doubtless were a factor in lowering rents generally.

**Fertilizer subsidies.**

Subsidies on the carriage of lime and fertilizers and also on the manufacture of the latter, together with cheap railage freights on farm-produce generally, provide further aid to the farmer at a cost to the Budget of over £400,000 per annum. That the assistance given to farmers to maintain the productivity of their lands achieved its object is indicated by the quantities of fertilizer and lime carried by the railways :—

Year ended 31st March,					Fertilizer. Tons.	Lime. Tons.
1928	..	..	..	..	586,000	116,000
1929	..	..	..	..	713,000	142,000
1930	..	..	..	..	681,000	172,000
1931	..	..	..	..	563,000	157,000
1932	..	..	..	..	573,000	140,000
1933	..	..	..	..	614,000	174,000

**Fixed charges.**

Another matter that received attention was the vexed question of fixed charges wherein the disturbing effect of the heavy fall in prices was most glaringly apparent. When prices dropped by half it simply meant that the relative burden of fixed charges was more than doubled. Uncertain as to the extent and duration of the fall in prices, the first step taken was to provide machinery in the mortgagors and tenants relief legislation whereby obligations could be postponed and debtors given time in which to recover. Later, under the compelling force of circumstances, this legislation was widened and extended ; and, in addition, it was found necessary in the National Expenditure Adjustment Act to make provision for an all-round 20-per-cent. reduction in mortgage interest down to a minimum of 5 per cent.

Honourable members are, of course, fully aware of most of these facts, but I have deemed it advisable to restate the basic difficulties which faced the Dominion and the steps that have been taken to bring about a sufficient measure of readjustment to enable the country to carry on. In a time of rapid changes people are apt to seize upon and perhaps strongly criticize particular items that directly affect them, and in doing so lose their perspective of the problem as a whole.

Experts do not altogether agree as to the causes of our troubles, but all are in agreement that cheap money is an essential element in recovery. Accordingly, while endeavouring to give relief for the present, the Government set out upon a campaign to bring about lower market rates of interest on a sound basis. It was considered that if this could be achieved it would be of much greater and more lasting benefit to all sections of the community than a simple cut in existing charges.

In New Zealand, the rates of interest on Government securities largely set the standard for the Dominion as a whole, and directly or indirectly affect all other interest rates. This being so, it soon became apparent that the 10 per cent. stamp duty imposed as a temporary measure would not meet the situation, and attention was turned to the problem of converting the whole internal public debt to lower interest rates, a financial operation far exceeding in magnitude anything previously attempted in this Dominion.

The conversion was an outstanding success, and illustrated to the world the willingness of the people of the Dominion to make financial sacrifices in the interests of their country as a whole. The whole of the £115,000,000 concerned was converted, with the exception of £475,000, equal to less than  $\frac{1}{2}$  per cent. Approximately £356,000 of the dissented stock has since matured and been redeemed, so that the objective of taking off the market all stock bearing a higher rate of interest than 4 per cent. has for all practical purposes been achieved. The new stocks bear interest at  $3\frac{1}{2}$  per cent. in the case of issues the interest on which continues to be free of income tax, and 4 per cent. in all other cases. The free of income tax concession continues until the maturity date of the original securities, after which the interest on all stocks will be at the rate of 4 per cent., subject to taxation. The basis of the conversion, however, was a reduction of 20 per cent. on the interest rates that previously obtained; but, in order to obtain uniformity in the new issues, any interest due over and above  $3\frac{1}{2}$  per cent. or 4 per cent., as the case might be, was compensated for on an actuarial basis by the issue of additional stock by way of premium or by payment in cash where small amounts were involved.

The effect on market rates of interest is fully up to expectations, for the new 4 per cent. stocks are being sold on the market at higher prices than ruled previously for 5 per cent. securities. Therein lies the proof of the real success of the conversion operations.

In any plans for the establishment of lower interest rates the securities issued by local authorities could not be overlooked; but owing to the number and variety of such bodies immediate conversion on a comprehensive basis was not possible. Accordingly, as an intermediate step to conversion by each local body concerned, a statutory reduction of 20 per cent. in the interest payable on all such securities, but with a minimum rate of  $4\frac{1}{4}$  per cent., was imposed. Local bodies generally, recognizing the benefits to be obtained from establishing the lower interest rates on a permanent basis and at the same time simplifying and consolidating their debts, are now engaged in drawing up schemes and making preparations for conversion operations. Numerous schemes have already been passed by the Local Government Loans Board and authorized by Order in Council. In a number of other cases the preparatory work is nearing completion, and during the next few months a large number should be placed before the bondholders.

Special rating areas are causing difficulties in the case of some local authorities, but it is proposed to bring down legislation to enable local authorities to amalgamate or suitably group such areas, or, where it can be done without inequity, entirely eliminate them and strike a consolidated rate for debt charges.

In order that the lower interest rates may be stabilized on a sound basis, I would urge every local authority that has not already done so to draw up an equitable scheme of conversion without delay and submit it for approval to the Local Government Loans Board. I would further appeal to holders of

local body securities to play their part in ensuring for the Dominion an era of cheap money that will protect investments by maintaining values at a higher level and generally be a powerful aid to economic recovery.

#### Bank overdraft rates.

Concurrently with the efforts made to lower rates of interest on long-term investments, steps were taken to deal with short-term rates. From the point of view of helping the people of the Dominion, it was recognized that a reduction of bank overdraft rates would prove of immediate and far-reaching benefit to all sections of the community. The overdraft rates of the banks and the advances rates of other institutions are, of course, definitely linked with deposit rates, for, obviously, the rate at which money can be lent is governed to a large extent by the rate at which it can be borrowed. The Government made every effort to bring about all-round reductions, and a comparison between the overdraft rates obtaining in May, 1930, when 7 per cent. was being charged, and the rate ruling for best accounts as from the 1st May last—namely, 5 per cent.—speaks for itself.

Concurrently with reduction of the overdraft rates, as a result of representations made to the New Zealand Live-stock, Auctioneers, and Agents' Association, the rate of interest now being charged on stock and station accounts was also reduced down to a minimum of 6 per cent.

With bank advances standing at about £50,000,000, a reduction of 2 per cent. in this direction alone means a direct saving of £1,000,000 a year, and it is obvious that this relief has been afforded where it is most urgently needed. Even £1,000,000 is but a fraction of the saving that has resulted from the lowering of overdraft rates, for the interest charges on innumerable transactions are directly linked with these rates. Just as an increase in overdraft rates is reflected in a rise all round, so a reduction has a "snowball" effect.

#### Deposit rates.

This brings us to the question of deposit rates, embracing banks, savings-banks, building societies, and trading companies. It will be remembered that, following the passing of the National Expenditure Adjustment Act, steps were taken to fix by Order in Council the maximum rates of interest that could be paid by savings-banks or might be offered for future deposits by building societies, investment companies, and trading companies. Deposit rates generally are based upon rates offered by the banks, and the extent of the reduction effected in the bank rates is indicated by the following:—

Period.	April, 1930. Per Cent.	July, 1933. Per Cent.
Three to six months .. .. .	3 $\frac{3}{4}$	2
Twenty-four months .. .. .	5	3

Rates for intermediate periods were reduced in proportion.

These reductions in the bank rates rendered it possible to reduce the maximum rates that might be paid by building societies, investment companies, and trading companies. As an indication of the position, I may quote the maximum rates now ruling for call and two-year deposits:—

	Call. Per Cent.	Two Years. Per Cent.
Trading banks .. .. .	.. ..	3
Post Office Savings-bank—		
Up to £1,000 .. .. .	3	..
Over £1,000 and up to £2,000 .. .. .	2 $\frac{3}{4}$	..
Trustee savings-banks .. .. .	3	..
Building and investment societies—		
New deposits .. .. .	2 $\frac{1}{2}$	4
Renewals of old deposits .. .. .	3	4 $\frac{1}{2}$
Trading companies and stock and station agents .. .. .	3 $\frac{1}{2}$	5

It is significant that the prescribed returns from building and investment societies and trading companies since the recent legislation came into operation disclose that interest rates as high as 10 per cent. were being paid by certain of these institutions, while rates as high as 6 $\frac{1}{2}$  per cent. were quite common.

It will be observed that, in so far as savings-banks are concerned, the rate for both the Post Office Savings-bank and the trustee savings-banks is now as low as

Page 5 : Insert, after the words “ will be made shortly ”, the words “ There is, of course, no intention of pressing for amalgamation except where the advantage to the locality is clear and the change is agreed upon. The particular matter that calls for attention is the granting of relief in respect of fixed charges on rural land.”





3 per cent. Moreover, in so far as the Post Office Savings-bank is concerned, this rate applies only to amounts up to £1,000, but above that amount  $2\frac{3}{4}$  per cent. is allowed up to the maximum of £2,000.

The ultimate success of the Government's interest reduction policy depends upon achieving stability at the lower level of rates. This is now assured in so far as interest on Government and local body securities is concerned. In regard to deposit rates, although these are at present held down by the restrictions imposed, the indications are that the market is settling down to operating at the lower rates. Previously, something in the nature of a scramble for deposits by all classes of institutions had a good deal to do with driving rates up to uneconomic levels. Further, interest rates are fairly rigid in New Zealand, and when driven up they tend to stay there.

I may add that the Reserve Bank when established will play a leading part in bringing about and stabilizing interest rates at lower levels. From this aspect alone the Bank will be of very definite value, both from the viewpoint of public finance and of the country generally.

Reserve Bank.

So far as mortgages are concerned, the 20 per cent. reduction in interest under the National Expenditure Adjustment Act is only a temporary expedient, being operative to 1935 only. Furthermore, the statutory reduction is applicable only in the case of mortgages in force on 1st April, 1932, although in a great many cases mortgagees have agreed to allow mortgages to run on overdue in order that mortgagors may continue to receive the benefit under the Act. This position is, however, not satisfactory in that, unless the mortgagor knows where he stands in regard to his finances for a reasonable period ahead, he has not the same incentive to go ahead and develop the property, which is the security for the loan. Thus, in their own interests as well as for the benefit of mortgagors, I would strongly urge mortgagees to arrange renewals for a definite period at the reduced interest rates. Furthermore, if rates for other forms of investments are stabilized at lower levels, there should be a corresponding permanent reduction in mortgage rates.

Mortgage rates.

The State lending departments are already giving a strong lead in this direction by granting renewals for a further term at 5 per cent. interest in all cases where the security and the personal element are satisfactory. Any new loans granted are also being made at this rate.

As in the case of all other fixed charges, the fall in prices has greatly increased the relative burden of rates, and demands for derating of rural lands, wholly or partially, are made from time to time in different quarters. As was to be expected, the subject was prominent in the discussions at the Counties' Conference recently held in Wellington. Total derating, however, is not a practicable proposition, and I do not think it would be equitable if it were possible. In fact, any measure of derating amounts to no more than a transfer of the burden from one section of the community to another. It is considered that the first effort should be in the direction of seeing what can be done to reduce the burden by lowering the cost of local government through an overhaul of the whole system in the light of present day circumstances. The reduction in interest already referred to was of material assistance in this direction, but what I have in mind at the moment is a scheme of amalgamation of local bodies to obtain increased efficiency and economy. The whole subject must be approached with reason and with practical common-sense, but I think it will be generally agreed that we have now arrived at a stage when we can with benefit to the whole country, as well as to those directly concerned in local government, carry out a complete survey of the general position of our local bodies. In this I am glad to say that the Government has the general support of the counties. The Government now has under consideration the personnel and order of reference for a Royal Commission to be set up to inquire and report on the whole question. An announcement in regard to the matter will be made shortly.

Derating of rural lands.

The Customs Tariff is another matter which has a direct bearing on the costs of production and generally on the costs of living of the whole community, but I do not desire to make any comments in regard to it while the whole position is being reviewed by a Royal Commission.

Customs Tariff Commission.

All the measures that I have so far referred to are important factors in giving sorely needed relief and laying the foundation for economic recovery, but so wide is the gap to be bridged that alone they were not sufficient to meet the situation. The desperate financial position of thousands of farmers made this very evident.

Despite a remarkable increase in quantities exported—which incidentally shows how the farmer has striven to solve his own difficulties by hard work—the sterling value of exports fell from £56,526,000 for the financial year 1928–29 to £32,677,000 for last financial year, a decline of over 40 per cent. With a drop in income of this magnitude, which, of course, applies also to the returns from produce sold internally, the imperative necessity of giving substantial assistance to the primary industries is obvious.

The experience of all countries similarly placed is that costs are very rigid and it is impracticable, if not impossible, to make substantial reductions within a short period without imposing such inequity and hardship upon other sections of the community as would increase the dislocation in trade and industry and generally intensify the already serious economic difficulties.

Exchange  
adjustment.

In these circumstances the only practicable course was to approach the problem also from the other side by taking action in some direction that would increase the yield to the farmer from his produce. After a careful consideration of all suggested methods, the Government reached the conclusion that raising the exchange rate was the best course to pursue.

I may say that the Government fully realizes that the exchange adjustment increased the already serious difficulties of local bodies, traders, and other sections of the community generally, but I wish to emphasize again that the step was deliberately taken in the best interests of the Dominion as a whole, for it is clear that anything approaching a collapse of the primary industries, at the base of our economic structure, would undoubtedly lead to disaster for all other industries, involving the whole community. That is the salient fact that should not be overlooked by those who criticize the action of the Government in the matter.

It was to be expected that such a far-reaching and unusual act as raising the exchange rate would give rise to sharp differences of opinion, but the recurrent agitation for its repeal and constant and baseless rumours that the rate is about to fall have led to a measure of uncertainty and holding back in business that is unwarranted, and those responsible for stirring up the agitation or spreading idle rumours are acting against the best interests of the Dominion.

We have recently witnessed a welcome upward movement in export prices; but, owing to the further heavy fall in the interim, those prices in sterling are now little above the level at which they stood when the exchange rate was raised.

As a result of all the efforts made, the gap between costs and prices has been narrowed considerably, but the Government Statistician's indices still show export prices about 16 per cent. below the 1914 level, whilst farm costs, which are more difficult to measure, are still about 20 per cent. above that level. This is the position after taking the exchange adjustment into account; so it will be evident that the measure of assistance given by the raising of the rate must continue in the meantime.

In taking action in the various directions that I have indicated the Government has been concerned more with economic rehabilitation of the country generally than with balancing the Budget. The revenues of the State depend upon trade and industry and the general welfare of the people, and in times like the present it is advisable to look first to the foundation of the Budget. The restoration of sound economic conditions is a first step towards sound public finance.

#### PUBLIC ACCOUNTS.

Before proceeding to analyse the budgetary prospects for the current year, I would like to refer to the results for last financial year.

Public Accounts.

Honourable members will recollect that when the year opened the country was confronted with a prospective budgetary shortage estimated at £8,300,000. The remedial measures adopted, mainly the use of reserves and further economies in expenditure, together with an improved outlook for the revenue by the time the Budget was brought down, were calculated to reduce the deficit to within £1,000,000. For the first time for several years the revenue exceeded expectations by a substantial amount, £938,000, while, as a result of rigorous control of expenditure, a net saving of £112,000 was effected, notwithstanding that an unexpected item of £470,000, for purchase of surplus exchange, was included in the accounts. The net result was a small surplus of £40,000. Having regard to the position when the year opened, it will, I think, be agreed that this result is very satisfactory indeed.

## REVENUE.

The total revenue received during the year amounted to £22,568,521, comprising taxation receipts, £15,605,206; interest, £2,641,710; and other departmental receipts, £1,821,605; whilst £2,500,000 was drawn from reserves; the Bank of New Zealand and the National Bank of New Zealand, Ltd., assisting by liquidating reserves invested in discharged soldiers settlement mortgages by advancing against hypothecation of the securities. Revenue.

As will be seen from the comparative tables attached to this statement, in which the items making up the above are set out in detail, the total revenue from taxation exceeded the Budget estimate by £800,000, the principal items in excess being Customs duties, £431,000; income-tax, £156,000; stamp and death duties, £99,000; and motor-vehicles duties, &c., £70,000. In fact, with two minor exceptions, every item of taxation exceeded the estimate, and the aggregate amount received was greater than for 1931–32, apart from the yield from the additional taxation imposed during the concluding months primarily for the benefit of this year's Budget. This appears to indicate fairly conclusively that in general we have at last come to the end of the constant heavy shrinkages in revenue that have been such a disturbing factor in budgeting since the depression descended upon us.

Under interest receipts the only important variation arises out of the improved position of the net railway revenue which exceeded the estimate by £110,000. This is concrete evidence of an improving tendency in the finances of this important branch of the Dominion's transport services. Little variation is evident in respect to other departmental receipts with the exception of registration and other fees which yielded some £37,000 in excess of what might reasonably have been expected under current economic conditions.

## EXPENDITURE.

The net expenditure for the year totalled £22,528,379, against an estimate of £22,640,952, a net saving of £112,573. As already indicated, however, the expenditure included £470,000 for purchase of surplus exchange, which was not allowed for when the estimates were prepared. Thus the savings in other items totalled £582,573. Having regard to the fact that the estimates were carefully pruned and gave effect to most of the recommendations of the National Expenditure Commission, the saving of this additional amount was no mean achievement. It is the result of the whole-hearted co-operation of all Ministers and their Departments to reduce expenditure to an absolute minimum consistent with the maintenance of efficiency in their respective organizations. A glance at Table No. 9, attached to this Statement, will show that the amount I have mentioned was made up of numerous small savings spread over nearly every vote. Expenditure.

## SUMMARY OF YEAR'S OPERATIONS.

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

<i>Expenditure.</i>					
Permanent appropriations—				£	£
Debt services .. .. .	..	..	..	..	9,890,015
Other services .. .. .	..	..	..	..	2,303,193
Annual appropriations—					
Social services .. .. .	..	..	..	..	6,797,213
Other votes .. .. .	..	..	..	..	3,537,958
					22,528,379
<i>Revenue.</i>					
Taxation .. .. .	..	..	..	..	15,605,206
Interest .. .. .	..	..	..	..	2,641,710
Other receipts .. .. .	..	..	..	..	1,821,605
From reserves .. .. .	..	..	..	..	2,500,000
Total revenue .. .. .	..	..	..	..	22,568,521
Surplus .. .. .	..	..	..	..	£40,142

## TREASURY BILLS.

## Treasury bills.

The published accounts show that Treasury bills issued under the Public Revenues Act to meet cash requirements during the year amounted to £22,974,406, including issues in renewal. The total accommodation received, however, was £6,060,000, of which £3,700,000 was obtained from the banks and £2,360,000 from Government accounts and the public. The balance consisted of issues in renewal of these bills and also of the £3,030,000 of bills outstanding on the 31st March, 1932. The bills issued had a currency not exceeding three months, and were discounted at rates ranging from 3 per cent. to 4 per cent. in the case of bills taken up by Government accounts and the public, and £5 8s. 9d. and 5½ per cent. per annum in the case of bills issued to the banks.

In the aggregate, £24,419,406 of revenue bills were paid off, the amount being £1,445,000 in excess of the issues during the year. The result was that by the 31st March last revenue bills outstanding had been reduced to £1,585,000, all of which were held by Government accounts.

Banks Indemnity  
(Exchange) Act.

In addition to these revenue bills, transactions under the Banks Indemnity (Exchange) Act resulted in the issue of £2,858,034 19s. 7d. of bills to the banks, of which £477,697 19s. 7d. was repaid, leaving £2,380,337 outstanding on the 31st March. These bills, which were discounted at the rate of £5 8s. 9d. per cent. per annum, represented the purchase price of £1,910,000 of surplus London funds taken over under the guarantee arrangements.

As a result of all these operations, the floating debt as at 31st March last amounted to £3,965,337, as compared with £3,030,000 as at 31st March, 1932, an increase of £935,337 for the year.

Liquidation of  
reserves.

I may add that, although it does not form part of the public debt in the ordinary sense of the term, there is also the liability under the arrangements made for liquidation of reserves by the hypothecation of discharged soldier settlement securities to two of the banks. This is a self-contained arrangement whereby the liability incurred to secure immediate liquidation for the Consolidated Fund will be gradually repaid from the capital repayments received under the table mortgages in which the reserves are invested. The amount of the liability in question is £2,250,000, the balance (£250,000) of the amount utilized by the Consolidated Fund being drawn directly from repayment of mortgages.

## PUBLIC DEBT.

## Public debt.

Apart from the operations affecting the floating debt which I have just explained, there was a net reduction in the amount of the public debt during the year of £255,179. Additional long term debt to the amount of £2,506,256 was raised in New Zealand and £5,000,000 in London for the following purposes :—

Capital expenditure—	£	£
Public Works (including hydro-electric supply) ..	1,146,661	
Land for settlements .. ..	250,000	
Native land settlement .. ..	191,000	
State forests .. ..	170,000	
	—————	1,757,661
Redemptions of debt .. ..	..	5,748,595
		£7,506,256

Particulars of the £5,000,000 raised in London will be found in last year's Budget.

Of the £2,506,256 raised in New Zealand, £1,312,350 was obtained from the public, while the balance of £1,293,906 was derived from departmental investments and sales of Post Office investment certificates.

Redemptions of long term debt during the financial year amounted to £7,761,435, the funds for the purpose being derived from the following sources :—

For debt repayment—	£	£
Repayment of Public Debt Act, 1925 .. ..	922,310	
Reparations and war credits .. ..	132,725	
Separate Accounts .. ..	957,805	
	<hr/>	2,012,840
From issues in redemption .. ..	..	5,748,595
		<hr/>
		<u>£7,761,435</u>

Of the redemptions effected, £4,000,000 was London debt, £23,170 was held in Australia, and the balance in New Zealand.

Thanks to the generosity of Great Britain in extending the moratorium on our funded war debt and certain other debts due to the British Government, no payments were made in respect of this portion of the debt during last financial year.

The major debt operation during the year was, of course, the conversion to which I have already referred, although it was not operative until the commencement of this financial year. Due to this fact, the debt table as at 31st March, 1933 (B.-1 [Pt. III]), presented with this statement does not reflect the result of the conversion operations. In order to show the present position an up-to-date statement giving the new maturity dates, and domicile of the debt, in summary form, has been included in Table No. 17 attached.

The debt operations for last financial year may be summarized as follows :—

	£
Debt as at 31st March, 1932 .. ..	281,942,800
Plus net increase in floating debt as previously mentioned .. ..	935,337
	<hr/>
	282,878,137
Less net reduction in long term debt ..	255,179
	<hr/>
Public debt as at 31st March, 1933 ..	<u>£282,622,958</u>

*Classification of Debt.*

	£
Ordinary .. ..	173,146,340
War .. ..	66,743,041
Discharged soldiers settlement .. ..	6,870,476
State advances .. ..	35,863,101
	<hr/>
	<u>£282,622,958</u>

To provide the funds for carrying on a limited programme of public works and land development during the current year, the Government is offering stock and debentures bearing interest at  $3\frac{3}{4}$  per cent., to mature on the 15th November, 1941. A copy of the prospectus in respect of the issue may be obtained from the Treasury, any trading bank, Stock Exchange, or money-order office in New Zealand. In addition, the sale of Post Office investment certificates has recently been resumed. The new form of issue will, I think, be even more popular than the certificates previously on sale, as some new features have been introduced. In fact, the new issue is on the lines of the British national savings certificates in that, although a definite currency of six years is provided for, the certificates will have a graduated redemption value after a period of six months from the date of issue. In addition, if not presented for payment, the certificates will remain interest bearing for a period of four years after the fixed maturity date. The redemption value for the fixed period of six years has been calculated on the basis of approximately  $3\frac{1}{2}$  per cent., interest compounded.

## LONDON CONVERSIONS.

## London conversions.

Before leaving the subject of the public debt, I would like to refer to the question of conversion of the portion domiciled in London. As the Dominion has now reduced internal debt charges, and has thus accepted the sacrifice entailed in putting its own house in order, attention is naturally directed to the possibility of reducing the burden of external debt charges.

As honourable members will have noticed from the report on the Monetary and Economic Conference already tabled, this matter was raised by the Right Hon. the Prime Minister at that Conference. In addition, it was discussed with the British authorities by the New Zealand delegation to the Conference. The general opinion in London, however, is that it is impracticable—in the meantime, at any rate—to make any arrangements for general relief, and that attention must be confined to conversion of those portions of the debt in respect of which there is an option to repay now exercisable. Unfortunately, in this respect we are not so well placed as some of the other dominions. We have, however, quite recently been successful in arranging for the conversion of £5,000,000 5 per cent. bonds which were callable. These short term bonds, bearing interest at 5 per cent., are for the most part held by the money market to which the long term issue now arranged is not suitable. Accordingly, the new loan is more a redemption than a conversion issue, the securities being taken up by a different class of investor. The terms of the new £5,000,000 loan are: Interest rate,  $3\frac{1}{2}$  per cent.; issue price, £97; redeemable in 1954; but the Government has reserved the right to redeem in 1949 on giving three months' notice. The issue was most successful, the loan being subscribed sevenfold in thirty-five minutes after the lists were opened.

Satisfaction is felt as to the terms obtained, which are more favourable than for any previous issue during the last thirty years. The return to investors with redemption at par in 1954 is £3 14s. 3d. per cent., and the cost to the Government, allowing for the redemption of the discount and expense over the period, is approximately £3 17s. 5d. per cent. The net saving in interest will amount to approximately £67,000 per annum, allowing for redemption costs of the respective loans.

The only other loan which the Dominion at present has the right to repay is £4,000,000 4 per cent. 1933–43 securities. The possible saving of interest through conversion of these securities is relatively small, but, nevertheless, arrangements will be made at the earliest favourable opportunity to deal with them.

In 1935 options to repay accrue in respect of £10,000,000 of debt and in 1936 of £5,800,000.

## CAPITAL EXPENDITURE.

## Public Works.

The Government is being urged to expand public works as a means of giving a fillip to industry and relieving unemployment. What must be borne in mind, however, is that the counterpart of capital expenditure out of loan moneys is the public debt and interest and debt repayment charges. Furthermore, unless the works undertaken are reproductive, these charges fall upon the taxpayer.

A large and relatively sudden expansion of public works would no doubt act as a stimulant, but, having regard to the other side of the picture in present circumstances, with the relative weight of all existing debt charges greatly increased by the fall in prices, it is obvious that any such expansion could not be maintained for long, and when the effect of the stimulant had worn off the community would be in a worse position than it is now—that is, apart from any improvement resulting from a rise in prices. If we could be reasonably certain that export prices, which are the key to our economic fortunes or misfortunes, were going to recover rapidly, then there would perhaps be some justification for a large expansion of public works to tide the Dominion over in the meantime. All indications, however, point rather to a slow recovery in prices.

It is true that the putting in hand of extensive public works has been strongly advocated by prominent economists in Great Britain and elsewhere and was to be discussed at the World Conference, but such proposals were intended only for creditor nations, the basic idea being that the expansion thus brought about would help to lift prices in markets absorbing primary products and thereby automatically aid debtor countries such as New Zealand.

It is not contended that borrowing for development of our natural resources should entirely cease, but, with things as they are, it would be a serious mistake to attempt to go too fast, and it is essential that loan expenditure be restricted to necessities and works that will directly or indirectly earn sufficient to cover the debt charges involved. No country can borrow its way into prosperity. At the same time, it is recognized that with the much reduced construction costs this is an opportune time to proceed with capital works.

Carefully weighing all these considerations, the Government is proceeding with a moderate programme of loan expenditure. Loan moneys for this purpose are being raised in New Zealand. The public works estimates, which will be tabled to-night, set out the capital expenditure for last financial year and the proposals for the current year. Loan programme.

In the past, expenditure on railways has been a prominent feature of the capital programme, but, with the completion of the line to connect Taranaki directly with the Main Trunk line and the cessation of work on other lines—for the time being at any rate—we have practically reached the end of railway construction. The vote of £25,700 set down for the current year is for cleaning-up purposes only. Railway construction, &c.

So far as railway improvements are concerned, the only major work now in hand is the Tawa Flat Deviation and the Wellington terminal facilities. On the deviation £1,312,000 has already been expended, and the estimated cost of completing it is £120,000, of which £70,000 is being provided this year. Little use can be made of the large amount of capital so invested until the Wellington yards are relaid and the two obsolete stations replaced by an up-to-date building. This amalgamation of two out-of-date stations will give convenient accommodation to the public and the staff. The large reclamation works are now finished, and in co-operation with the Unemployment Board it has been decided to push on with the relaying of the yards and the building of the station. Tenders for the latter have already closed. It is estimated that £705,000 is required to complete the terminal facilities, of which £109,000 is being provided this year. On the grounds of economy in working, cleanliness in the tunnels, and general convenience, it has also been decided after careful investigation to adopt electric traction for the deviation to Tawa Flat and on to Paekakariki. The capital cost involved in providing this is £277,000, of which £50,000 will be provided this financial year. In addition to these large railway works provision is made in the estimates for various minor improvement works and additional rolling stock. The net vote for Railways Improvements and Additions for the current year is £310,000.

The erection of the railway-station building will be of considerable assistance to the building and allied trades, which will also benefit from the decision to go ahead with the erection of the Dunedin Post-office. This building will cost about £300,000 to complete, of which £20,000 is provided this financial year. The total estimated expenditure for this year on public buildings, apart from the Wellington Railway-station, is £196,000, including £75,000 on school buildings and £80,000 on mental hospitals, where the necessity for additional accommodation is urgent. For last year the total net expenditure amounted to £91,000.

In regard to roads and highways, provision has been made for an expenditure of £260,000 out of Main Highways Construction Fund for bridges and other essential works, while £445,000 is provided on the Public Works Fund vote. Of this latter amount approximately £150,000 is for subsidies to local bodies, and the residue for general expenditure, including supervision and materials for relief works carried out in co-operation with the Unemployment Board. Further expenditure on roading is provided for out of the Main Highways Revenue Fund, the proposed vote of £1,000,000 including approximately £870,000 (an increase of £100,000 over last year's expenditure) for maintenance work. Altogether provision is being made for an increase of £270,000 in roading expenditure. Main highways.

Another major item in the capital programme is hydro-electric supply, for which £675,000 is provided on the estimates, being an increase of £310,000 over the amount expended last financial year. Two-thirds of the estimated expenditure for this year is in respect of the Waitaki River scheme, which is now nearing completion, and will soon be in a position to take some of the extra load imposed on the older Lake Coleridge scheme. The completion of the Waitaki scheme will see the end of Hydro-electric works.

the major works at present contemplated, although extensions and other additional expenditure on all of the schemes will be necessary from time to time. For instance, £74,000 is being provided this year for various additions at Lake Coleridge, £45,500 for Mangahao-Waikaremoana scheme, including £24,000 for lake control, and £102,500 for Horahora-Arapuni. The latter item is for power station extensions and a transmission line to Stratford. I may add that the remedial measures following the hold-up at Arapuni have been successfully completed at well below the estimated cost.

The revenue received by the Public Works Department from hydro-electric schemes last year amounted to £864,630, and after providing for all expenses, including interest and ample depreciation, there was a small deficit of £1,077. In view of the slight falling-off in demand and the necessity for maintaining a special stand-by plant to reduce the overload on the Coleridge plant, this result was satisfactory, and indicates that the financial position of the schemes as a whole is a sound one.

**Miscellaneous  
works.**

Then there is £230,000 for telephone exchanges and various additions and improvements in connection with the telegraph and toll systems.

Irrigation works in Central Otago mostly on the Omakau Dam and Race will absorb £80,000 during this year, while for drainage and other land improvement works it is estimated that £142,500 will be required. With assistance from the Unemployment Board it is anticipated that a considerable amount of useful work will be accomplished in the reclamation of valuable harbour flats in North Auckland, swamp drainage, river diversion, stop-banking, and various other works.

As may be seen from the estimates, various smaller amounts are set down for other votes. To summarize the position, I may say that the capital programme amounts in the aggregate to £3,500,000, broadly made up as follows:—

	£
Public works, including provision for contingencies ..	2,590,000
Small farm plan .. .. .	500,000
Additional capital for land development .. ..	200,000
Native land development .. .. .	135,000
Forestry .. .. .	75,000
	<hr/>
	£3,500,000
	<hr/>

### LAND DEVELOPMENT.

**Land development.**

The additional capital provided for this purpose is being invested under the supervision of the Lands Development Board and satisfactory progress is being made under a programme aimed at the development of 26,000 acres of various blocks. Of this area some 16,000 acres are now in new grass, while a further 9,000 acres are in various stages of development. At times upwards of one thousand men have been engaged in fencing, roading, and cultivation, and at the present time over two hundred men are employed on the various blocks. Approximately £286,000 has been expended on development operations and on roading works, surveys, &c.

One of the most interesting areas is the Ngakuru Block of over 14,000 acres, near Rotorua, where light pumice country, typical of large areas hitherto regarded as incapable of economic development, is being successfully converted into dairying land. Excellent pasture has been established, and the demonstration farm run on the block by the Lands Development Board has returned a profit after interest has been charged on the capital involved. The average butterfat return per cow on this farm was 239 lb. The block will provide about fifty dairy farms, and it is proposed to offer the bulk of the land for selection early next year.

I might also mention that on the Galatea Estate of 22,000 acres a good deal of improvement work has been effected, and it is proposed to offer twenty sections in February, 1934, not less than thirty sections early in 1935, and a similar number in succeeding years until the whole estate has been settled. A demonstration farm is being established, and the remainder of the estate is at present being run as a mixed farm with satisfactory results. The prospects for successful settlement of this estate are considered to be very bright.



In addition to developing large blocks of land prior to cutting up for settlement, advances are being made by the Lands Development Board to individual settlers who have taken up undeveloped Crown land. To date approximately £188,000 has been advanced to 435 selectors, and the scheme, which is being closely supervised by the Board, is giving good results in the development of unimproved country and a consequent increase in production. Settlers generally are meeting the charges on their loans in a satisfactory manner.

Development and improvement of Native lands is also being pushed forward, the work being carried out under two distinct systems according to the nature and size of the holdings and the willingness of the Native communities to co-operate in their efforts. In the North Auckland peninsula, for instance, where the Native lands are widely scattered in more or less small areas, the assisted unit system is adopted. Under this system, where the property is suitable for development, the occupier is provided with the materials required, and the development work is carried out under supervision, in most cases without wages or other payment, according to the plan of work laid out for him by the Department's field officers. **Native land development.**

The other system adopted, where there is a large area of unoccupied or partially occupied land, consists of development in a comprehensive manner by the Department's own workmen under the direction and supervision of departmental officers. The workmen are drawn from the owners of the lands being dealt with, but in some cases colonies of trained workmen have been introduced from other districts with the consent of the owners of the land in order that the local men may receive instruction in such work as fencing and cultivation. As it requires at least two years to bring virgin land to the point of production, the men thus receive an agricultural training for that period. When the land is ready for stocking with dairy herds, subdivision into suitable areas is proceeded with, and selected workmen placed on the sections as milkers on wages for another two years. The operations have not yet reached the third stage, which will consist of a further period as share milkers. All workmen will, it is anticipated, in this way receive a farm training over a period of five or six years, after which they are expected to be qualified to work their sections successfully.

At the 31st March, 1933, there were 1,050 separate holdings in active production either under the assisted unit system or being carried on by selected wage milkers, and this number will be considerably increased each year as the development of the land now in hand is completed and selections are made ready for stocking. The number of cows being milked during the present season exceeds twenty thousand.

The third phase of land development is being carried out under the small farm plan. As honourable members are aware, the object of this plan is the settlement of unemployed workers on the land, thereby providing them with a permanent occupation in our basic industries, where their efforts will indirectly assist in providing work for other persons at present unemployed. It has taken some time to overcome initial difficulties and get things moving. As from the opening of the current financial year, however, the administration of the scheme has been taken in hand by a Small Farms Board working in close collaboration with the existing organization in both field and office of the Lands and Survey Department. **Small farm plan.**

All suitable Crown land has been set aside for the purpose, but, unfortunately, there is not a great deal of idle Crown land that is suitable. Accordingly, for the success of the scheme, it is essential that private lands held in too large areas should be more readily made available, but to date the response by owners has been disappointing, and the Government may have to give consideration to recourse to the powers of compulsory acquisition provided for in the Small Farms (Relief of Unemployment) Act, 1932-33. In some cases where large areas are held the Board is reconditioning the deteriorated land, in consideration of which the owners cede portions to the Crown for settlement. The scheme is to be extended as much as possible.

There is, however, one very satisfactory feature of the scheme, and that is the immediate absorption of unemployed on land development work. The Small

Farms Board has in hand the improvement of areas aggregating 30,000 acres, which when subdivided should provide for over 280 families. In addition, it has in prospect for development some 13,000 acres, which should provide for the ultimate settlement of approximately 200 families. At the present time over four hundred men are engaged on development work, and, with the extension at present taking place, the coming summer should see upwards of eleven hundred men on definitely reproductive work. The number of sections ultimately available will, unfortunately, not be sufficient to cater for all the workers, but the future holders of the areas will be selected from those who have proved their ability during the development operations.

Briefly summarized, the net results of the small farm scheme from its inception are as follow :—

	As at 15th April, 1933.	From April to 1st November, 1933.
Number of small holdings approved .. ..	488	179
Number of sharemilking applications approved ..	265	50
Number of individual holdings in prospect, including those on blocks being developed .. ..	..	480
	<hr/> 753	<hr/> 709
Grand total .. .. .	..	1,462

#### UNEMPLOYMENT FINANCE.

##### Unemployment.

The increasing magnitude of the problem necessitated a complete overhaul of the finances of the Unemployment Fund. The levy was reduced, and the contribution from the Consolidated Fund was abolished. On the other hand an emergency charge on salaries and wages and on other income was increased to give the Board the necessary revenue to carry out its functions. As a result the finances of the Unemployment Fund were, during 1932-33, entirely divorced from those of the Consolidated Fund and placed upon a self-contained basis.

##### Accounts.

During the financial year a sum of £4,213,000 was available for the provision of unemployment relief. The principal sources of this revenue were £429,000 from the general unemployment levy, £2,471,000 from the emergency unemployment charge on wages and salary, and £1,120,000 from the emergency unemployment charge on income other than salary or wages.

Against the receipt of £4,213,000, disbursements totalling £3,789,000 were made; £3,689,000 of this expenditure being on providing unemployment relief under various schemes operated by the Unemployment Board. Administrative costs amounted to 2·47 per cent. on actual expenditure figures.

With comparatively negligible exceptions, the disbursements on relief were by way of direct or indirect payments to relief workers in return for work performed, or by way of provision of food and accommodation.

##### Reproductive works.

Particular attention is being paid to the desirability of utilizing as high a proportion as possible of unemployed relief labour on works of a reproductive quality, with the object of creating assets from unemployment relief expenditure. As examples of the practical results of this policy, I may mention the following useful works carried out with relief labour: 1,900 miles of backblock roads formed, metalled, and widened; 1,200 miles of farmland drains excavated; 158,000 acres of land cleared of scrub, bush, or logs; 6,000 acres of sand-dune land reclaimed; and 35,000 acres of trees planted.

##### Assistance to industry.

Simultaneously, as far as funds would permit, efforts have been made from time to time to stimulate flagging industries with a view of reopening avenues of private employment. The most extensive operation in this field was the institution of a temporary scheme offering a subsidy on wages in the building industry, which has special capabilities for the absorption of labour. During the period for which the scheme remained in force, works to the value of £1,450,000 were commenced. For an expenditure of £82,000 in subsidy on wages a sum of £1,180,000 is estimated

to have been released from private sources in the payment of wages to men engaged directly or indirectly on the new works. The good results attending this experiment led to the reintroduction of the scheme on a more liberal basis; and it is expected that the private employment being created by this means will be a material factor in reducing the present weekly rate of commitments for unemployment relief.

The present weekly rate of commitments is over £100,000, which is considerably in excess of the average weekly income of the Unemployment Board. With the recommencement of seasonal occupations in the spring and summer, together with the favourable influence anticipated from the effects of the subsidized building scheme, this rate of commitment can be lowered to enable the total expenditure over the year to be kept within the total income.

It is estimated that the revenue which will become available to the Unemployment Fund during the financial year 1933-34 will be £4,300,000, made up as follows:—

	£
General unemployment levy .. .. .	430,000
Emergency charge on wages and salary .. .. .	2,870,000
Emergency charge on income other than salary or wages .. .. .	1,000,000
	<hr/>
	£4,300,000
	<hr/>

Honourable members will notice that the receipts during the present financial year from the emergency charge on wages and salary (generally known as the "wages-tax") are estimated to show an increase of £400,000 over the past year. This advance is based on a steadily rising revenue which is now apparent from that source, and, in view of the fact that it points to a proportionate rise in the wages being received by the community as a whole, it has significance as a tangible indication of improving economic conditions.

The *per capita* contribution of New Zealand taxpayers towards the relief of their unemployed fellow-citizens is higher than in most other countries, and the Government is pleased to be able to give an assurance that the present year's requirements for unemployment relief can be reasonably met by the financial resources to be derived from the present taxation.

It is satisfactory to note that our unemployment finances are on a sound basis and that, contrary to the position existing in most other countries which have been afflicted with unemployment, the Dominion is meeting its obligations in this respect almost entirely out of revenue. When unemployment relief ceases to be a major cause of expenditure, assets and not interest debts will remain.

#### STATE SUPERANNUATION FUNDS.

As indicated in the Financial Statement for last financial year, the position of the superannuation funds is most unsatisfactory. Early action to stop the drift and place the funds on the way to financial stability is urgently necessary. A Bill was introduced last session to give effect to the recommendations of the National Expenditure Commission whereby in effect the burden of rehabilitating the finances of the three funds would be approximately halved as between the State and its employees. The Bill was referred to a Committee, but so voluminous was the evidence offered that nothing further could be done before the session closed.

As was to be expected, the proposals put forward have been criticized from various angles, and in this respect there is to some extent a conflict of interest between those already retired on superannuation and the present contributors to the funds, the latter naturally being more interested in the ultimate position of the funds than are the superannuitants.

Still, the facts to be faced are that action must be taken to meet the situation, and that the whole cost of placing the funds in a sound position cannot possibly be provided out of taxation. Alterations as to rights and conditions are therefore unavoidable, but I feel a tremendous responsibility in making alterations other than

Superannuation funds.

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.

In regard to interest receipts, the position is better than formerly anticipated, there being now an estimated net decrease of £90,000 only. The decline in railway revenue now appears to have been checked, and the estimated decrease in interest payments to the Consolidated Fund is now only £59,000. For the balance of the net decrease lower interest rates for temporary investments of moneys in London are responsible. Interest receipts.

In the third revenue group, "Other Receipts," there is an estimated comparative shrinkage of £780,000, of which £500,000 is due to the fact that assistance from reserves this year will amount to £2,000,000, as against £2,500,000 for last financial year. The balance of £280,000 represents a further shrinkage in departmental receipts, the principal item concerned being Post and Telegraph profits, where the estimated decrease is £206,000. Other receipts.

All told, the estimated revenue for the year falls £263,000 short of the actual receipts for last year.

### ESTIMATED EXPENDITURE.

On the other side of the picture we have first to make provision for £555,000 additional debt charges. The automatic increase under the statutory debt-repayment scheme accounts for £75,000, and payment of guaranteed loans of Land Settlement Associations £54,000. These loans have been met on maturity, but it is anticipated that a considerable proportion of the amount will be recovered in due course. The largest contributing item, however, is an increase of £415,000 in interest charges. Estimated expenditure.

The gross annual saving in interest as a result of the conversion operations is approximately £1,010,000, but the full benefit will not be received during the current financial year. The whole of the accrued interest on 31st March on the internal debt has, pursuant to the conversion arrangements, been the subject of special payment this financial year. Owing to the changes in interest dates, a full year's interest on a portion of the debt affected will be paid in addition. In other words, the accrued interest as at 31st March next on the debt subject to conversion will be £490,000 less than was paid on this account up to the 31st March last. To this extent the full benefit will not be received during this financial year, but the amount so lost will, of course, be saved in subsequent financial years. Redemptions effected mean a saving in interest charges of £135,000, but against this provision to the extent of £100,000 has to be made for interest charges on new loans to finance the capital programme already referred to. In addition, much more use will have to be made this year of short term borrowing on Treasury bills. The additional interest on the floating debt for the year is estimated at £690,000. Furthermore, recoveries of interest from the State Advances and other accounts will be less as the benefit from conversion, in so far as it affects the capital of those accounts, passes automatically to them, the amount recovered being based on the interest payable. As against this, a portion of the charges on the new loans will be recovered. The net comparative decrease in recoveries is £280,000. Taking all these factors into consideration, the net result, as already indicated, is an increase of £415,000 in interest charges for the year. Interest saving.

I may add that, following the Hoover moratorium, payments under our funded-debt agreement with the British Government were suspended and, as indicated in last year's Budget, the period of suspension was extended into this financial year. The question is to some extent bound up with that of the British war debt to America, which is at present the subject of negotiation and discussion, and it is not proposed to make any provision in the meantime for payments under the funded debt agreement. Funded debt.

Under the balance of the permanent appropriations the expenditure this year will be much the same as for last year, except for the large amount required to provide for the payment of exchange on the London credits purchased from the banks for normal requirements.

**Highways revenue.**

Concerning highways revenue, it will be recollected that legislative provision has been made to retain up to £500,000 for general use in the Consolidated Fund, but, in doing so, steps have been taken to ensure that the Highways Board is provided with sufficient funds for maintenance and other essential work.

**Exchange requirements.**

The raising of the exchange rate, while clearly necessary as a step in economic adjustment, has the effect of increasing Government expenditure, as measured in New Zealand currency, on external debt charges. This was anticipated when the rate was raised, and full provision is made in the year's estimates to cover the item. The amount required to meet interest and other payments in London is estimated at £7,250,000, while about £1,250,000 will be utilized in Australia. The latter item will not call for additional expenditure, as the exchange costs will be recovered in remitting from London to Australia, where the currency is similarly depreciated 25 per cent. below sterling. The exchange cost on London requirements is estimated for the current financial year at £1,790,000.

**Surplus sterling assets.**

During the half year ended on 30th September, London funds purchased from the banks amounted to £13,345,000, but from this must be deducted the £8,500,000 required for use in London and Australia, leaving £4,845,000 as surplus sterling assets. This last amount is greater than it should have been owing to the cumulative effect of a number of factors, among which I may mention the remittance of funds to New Zealand in advance of export requirements and the holding back and temporary avoidance of purchasing exchange on the part of importers and others who normally would have remitted funds from New Zealand during the period in question. In due course these outside factors will even themselves out, and there is some evidence that the reflex action is already started. For instance, I know of several cases where substantial sums formerly held back are now being remitted.

The situation has been aggravated by unfounded rumours started from time to time to the effect that a fall in the exchange rate is about to occur. This state of uncertainty is bad for business, as merchants hesitate at the risk of being caught by a sudden fall in the rate. There is, however, no reason for such uncertainty, as the measure of assistance given through the adjustment of the exchange rate must be maintained in present circumstances, and even if economic conditions change so radically as to warrant a reduction in the rate this will, as far as practicable, be so arranged as to avoid hardship.

**Exchange rate.**

To remove the uncertainty in regard to the matter, the Government has decided that the exchange rate will be kept at the present level until at least the end of the present export season. This does not mean that, at the end of the season, the rate will be reduced or that it will not be increased. It does mean, and it means definitely that, in the absence of abnormal world developments which cannot now be foreseen, the rate will not be reduced prior to that date. This assurance has been given to remove any doubts on the matter. It is an assurance that concerns not only producers but all who have financial obligations to meet in the United Kingdom.

**Use of surplus sterling assets.**

The surplus London assets taken over under the guarantee arrangement will in no way embarrass the Government. The intention is to utilize the funds through the machinery of the Reserve Bank to pay off the Treasury bills issued to the Banks in New Zealand in payment for those assets; in other words, the London funds have been acquired in exchange for Treasury bills, and as soon as the Reserve Bank commences operations it will, in effect, be possible to reverse the process and use the London funds to pay off bills.

In handing over the sterling assets to the Reserve Bank, adequate precautions will be taken to ensure that the financial position of the Bank will not be prejudiced in any way. It would be manifestly improper to place upon the new Bank the risk of loss through variations in the exchange rate on funds transferred to it at its commencement. Thus the net cost of the exchange indemnity arrangement cannot be known until either all the London funds in question are sold by the Reserve Bank or stabilization of the currency takes place. It would be premature at this stage to contemplate any loss arising; indeed, in certain circumstances the ultimate result might be a net gain. But the point to be emphasized is that the risk—be it large or small—will not be borne by the Reserve Bank. That is the Government's responsibility.

In the meantime, the outlay in purchasing surplus sterling assets must be regarded as a suspense item outside the normal budget for the year.

I may add that the London assets in question will be very useful indeed to the Reserve Bank as it will give that institution, from its commencement, a commanding position in our banking system which otherwise it probably would not have acquired for some time. Benefit to Reserve Bank.

Under annual appropriations a net increase of £162,000 is shown. As a reflex of present economic conditions applications for pensions, particularly old-age pensions and family allowances, are more numerous, and for this reason it has been necessary to increase the "Pensions" vote by £150,000. To compensate the Railways Department for the reduced freights on farm products, referred to in my opening remarks, a new item of £165,000 has been included in vote "Agriculture," but the net increase to the vote as a whole is only £98,000, reductions having been made in other items. Annual appropriations.

There is also an increase of £43,000 in the "Naval" vote, due to the fact that both cruisers will be in commission for the full year. For the "Military" vote an increase of £21,000 is shown on the main estimates, but I may say here that it will be necessary to provide an additional £52,000 on the supplementary estimates. For purposes of economy the expenditure on land and air defence has been severely curtailed during the last three years, the amount expended last year being only £208,000, as against £455,000 in 1929-30.

As a result adequate provision could not be made for many essential repairs and replacements. It is now felt, however, that the time has come when some additional expenditure on defensive measures can no longer be postponed if this country is to be enabled to play a worthy part in its own defence and to co-operate to any extent in the general scheme of Imperial defence.

The National Expenditure Commission, in reporting upon the "Defence" Vote, pointed out that New Zealand's outlay on land and air defence was the lowest *per capita* in the British Empire, and recommended to the Government that the Dominion should review the question of its defences as soon as financial considerations would permit, with a view to this country taking an adequate and proportionate share in the burden of Empire defence. The Government has accordingly resolved upon measures which will eventually have the effect of substantially strengthening the defences of the Dominion. Defence vote.

The preliminary steps to be taken will result in comparatively little expenditure before the 31st March next, but during subsequent years the country must be prepared to face some increase of expenditure on defence measures. Every care will be taken, however, to keep the cost within reasonable limits.

Under other votes it will be seen that there are various small increases and decreases, but the large increases that I have referred to are partly offset by some substantial reductions including £203,000 under vote "Internal Affairs." The latter reduction is due to the elimination from the vote of provision to reimburse the State Advances Account for the loss on mortgage interest arising out of the statutory reduction under the National Expenditure Adjustment Act. This provision, which was necessary to keep that account in a sound position, is now covered by the relief accruing as a result of the conversion of part of the loan capital of the Office to lower interest rates.

The Budget estimates of expenditure may be summarized as follows:—

	£
Debt services .. .. .	10,445,000
Exchange on normal requirements .. .. .	1,790,000
Transfer of motor-taxation .. .. .	1,179,000
Other permanent appropriations .. .. .	340,000
Annual votes—	
Social services .. .. .	6,900,000
Other votes .. .. .	3,597,000
	<hr/>
	£24,251,000
	<hr/>

Expenditure  
summary.

In addition, probably about £150,000 will have to be allowed for supplementary estimates and contingencies.

## Revenue summary.

The estimated revenue is as follows :—

	£	£
Taxation—		
Customs .. ..	6,200,000	
Beer duty .. ..	650,000	
Sales tax .. ..	1,750,000	
Gold-export duty .. ..	140,000	
Highways .. ..	1,650,000	
Stamp and death duties .. ..	2,600,000	
Land-tax .. ..	450,000	
Income-tax .. ..	2,700,000	
Miscellaneous .. ..	74,000	
	<hr/>	16,214,000
Interest receipts .. ..	..	2,551,000
Other receipts .. ..	..	1,541,000
From reserves .. ..	..	2,000,000
		<hr/>
		£22,306,000

## Budgetary position.

The estimated budgetary position at the 31st March next is thus :—

	£
Expenditure .. ..	24,400,000
Revenue .. ..	22,306,000
	<hr/>
Shortage ... ..	£2,094,000

The actual deficit that accrues at the end of the year will have to be carried forward in the form of floating debt, but I would point out that the estimates of expenditure include £1,366,000 for repayment of debt under the statutory debt repayment scheme. Thus the net increase in debt as a result of the year's operations on the basis of the estimates will be about £750,000 only.

As already explained, this estimated shortage for the year does not, and indeed cannot, take into consideration the ultimate result that will accrue from disposal of the surplus sterling assets acquired under the exchange indemnity arrangements.

Budgeting for a deficit cannot be regarded as satisfactory, and in normal times such a course would be inexcusable. At present, however, we are driven to it by the adversity of circumstances over which we have no control. If it is not to add to our troubles we must keep the budgetary position within safe limits, and as a result of tremendous efforts and heavy sacrifices manfully borne by the people this has been accomplished. Further than this I do not think it wise to go in present circumstances. Our intention is to reach budgetary equilibrium at the earliest possible moment; but to have attempted to achieve a balance this year, either by increasing taxation or by further slashing expenditure, would have involved a far greater strain on the internal structure of the country than would have been advisable in present circumstances.

It is accordingly not proposed to make any further increases in taxation, but, on the other hand, it will be clear from the position I have outlined that reductions in taxation are out of the question at present. We may justifiably hope, however, that the time is not far distant when we shall be able to take action in that direction.

When in due course we come to look back upon these times it will be recognized that three measures which have been taken, however contentious they may have been when initiated, stand out as landmarks along the road to recovery. These are—

- (1) The adjustment of the exchange rate;
- (2) The conversion of the whole internal debt, with related measures for stabilizing interest rates at lower levels; and
- (3) The establishment of the New Zealand Reserve Bank.

In the meantime the essential fact is that the depression is passing, and, though much remains to be done to complete the work of restoration, we can go forward with lighter hearts buoyed up with the prospect of better times ahead.



## TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

	Page
TABLE No. 1.—ABSTRACT OF RECEIPTS AND EXPENDITURE OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1933. SEE PARLIAMENTARY PAPER B.-I [PART I].	
TABLE No. 2.—THE PUBLIC DEBT ON 31ST MARCH, 1933. SEE PARLIAMENTARY PAPER B.-I [PART III].	
TABLE No. 3.—REVENUE FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932 .. .. .	ii
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, 1933 .. .. .	iii
TABLE No. 5.—ESTIMATED REVENUE FOR 1933-34, COMPARED WITH THE ACTUAL REVENUE FOR 1932-33 ..	iv
TABLE No. 6.—STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932 .. .. .	iv
TABLE No. 7.—STATEMENT OF THE CUSTOMS DUTIES COLLECTED FOR 1932-33, COMPARED WITH 1931-32 ..	v
TABLE No. 8.—STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932 .. .. .	v
TABLE No. 9.—COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH 1933 .. .. .	vii
TABLE No. 10.—ESTIMATED NET EXPENDITURE FOR 1933-34, COMPARED WITH THE ACTUAL NET EXPENDITURE FOR 1932-33 .. .. .	ix
TABLE No. 11.—STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED .. ..	x
TABLE No. 12.—PUBLIC WORKS FUND—STATEMENT SHOWING NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932 ..	xi
TABLE No. 13.—STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO 31ST MARCH, 1933 .. ..	xii
TABLE No. 14.—STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1933, AS COMPARED WITH THE 31ST MARCH, 1932 .. ..	xiv
TABLE No. 15.—STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1923, TO 31ST MARCH, 1933 .. .. .	xiv
TABLE No. 16.—STATE BALANCE-SHEET AS AT 31ST MARCH, 1932 .. .. .	xv
TABLE No. 17.—STATEMENT SHOWING MATURITY DATES AND DOMICILE OF DEBT OUTSTANDING AS AT 1ST APRIL, 1933 .. .. .	xvi
TABLE No. 18.—STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF DEBT FUNDED WITH IMPERIAL GOVERNMENT .. .. .	xvii
TABLE No. 19.—EDUCATION EXPENDITURE—TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS SINCE 1913-14 .. .. .	xvii
TABLE No. 20.—STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1929 TO 1933 .. .. .	xviii
TABLE No. 21.—STATEMENT SHOWING IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1924 TO 1933 .. .. .	xix
COPY OF PROSPECTUS OF NEW ZEALAND CONVERSION LOAN, 1933 .. .. .	xix

Table No. 3.

REVENUE FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED  
31ST MARCH, 1932.

	Year ended 31st March, 1933.	Year ended 31st March, 1932.	Increase.	Decrease.
	£	£	£	£
<b>Taxation—</b>				
Customs .. .. .	6,131,414	5,904,348	227,066	..
Beer duty .. .. .	654,227	641,080	13,147	..
Sales tax .. .. .	38,253	..	38,253	..
Film-hire tax .. .. .	30,102	41,207	..	11,105
Gold-export duty .. .. .	15,636	..	15,636	..
Highways .. .. .	1,680,605	1,814,186	..	133,581
Stamp and death duties .. .. .	2,999,278	2,799,204	200,074	..
Land-tax .. .. .	498,916	542,128	..	43,212
Income-tax .. .. .	3,556,775	4,447,814	..	891,039
<b>Total—Taxation .. .. .</b>	<b>15,605,206</b>	<b>16,189,967</b>	<b>494,176</b>	<b>1,078,937</b>
<b>Interest—</b>				
On capital liability—				
Working railways .. .. .	850,544	841,720	8,824	..
Postal and telegraph .. .. .	546,000	550,000	..	4,000
On Public Debt Redemption Fund .. .. .	620,089	699,790	..	79,701
On other public moneys .. .. .	625,077	776,628	..	151,551
<b>Total—Interest .. .. .</b>	<b>2,641,710</b>	<b>2,868,138</b>	<b>8,824</b>	<b>235,252</b>
<b>Other receipts—</b>				
Registration and other fees .. .. .	197,380	199,032	..	1,652
National-endowment revenue .. .. .	81,732	79,824	1,908	..
Territorial revenue .. .. .	153,812	153,894	..	82
External affairs .. .. .	80,076	..	80,076	..
Justice .. .. .	170,234	180,111	..	9,877
Marine .. .. .	131,473	93,930	37,543	..
Native .. .. .	4,975	5,519	..	544
Post and Telegraph Department profits .. .. .	456,000	941,616	..	485,616
Printing and Stationery .. .. .	154,768	170,529	..	15,761
Stamp duties .. .. .	40,900	49,538	..	8,638
Tourist and Health Resorts .. .. .	60,179	59,985	194	..
Miscellaneous .. .. .	264,679	228,693	35,986	..
Recoveries on account of expenditure of previous years .. .. .	25,397	4,132	21,265	..
From reserves .. .. .	2,500,000	1,494,825	1,005,175	..
<b>Total—Other receipts .. .. .</b>	<b>4,321,605</b>	<b>3,661,628</b>	<b>1,182,147</b>	<b>522,170</b>
			<b>1,685,147</b>	<b>1,836,359</b>
				<b>1,685,147</b>
<b>Totals .. .. .</b>	<b>22,568,521</b>	<b>22,719,733</b>	<b>..</b>	<b>151,212</b>

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, 1933.

	Estimate for 1932-33.	Actual for 1932-33.	Difference.	
			More.	Less.
Taxation—	£	£	£	£
Customs .. .. .	5,700,000	6,131,414	431,414	..
Beer duty .. .. .	640,000	654,227	14,227	..
Sales tax .. .. .	..	38,253	38,253	..
Film-hire tax .. .. .	35,000	30,102	..	4,898
Gold-export duty .. .. .	..	15,636	15,636	..
Highways .. .. .	1,610,000	1,680,605	70,605	..
Stamp and death duties .. .. .	2,900,000	2,999,278	99,278	..
Land-tax .. .. .	515,000	498,916	..	16,084
Income-tax .. .. .	3,400,000	3,556,775	156,775	..
Total—Taxation .. .. .	14,800,000	15,605,206	826,188	20,982
Interest—				
On capital liability—				
Working railways .. .. .	740,000	850,544	110,544	..
Postal and telegraph .. .. .	540,000	546,000	6,000	..
On Public Debt Redemption Fund .. .. .	645,000	620,089	..	24,911
On other public moneys .. .. .	625,000	625,077	77	..
Total—Interest .. .. .	2,550,000	2,641,710	116,621	24,911
Other receipts—				
Registration and other fees .. .. .	160,000	197,380	37,380	..
National-endowment revenue .. .. .	65,000	81,732	16,732	..
Territorial revenue .. .. .	147,000	153,812	6,812	..
External Affairs .. .. .	82,000	80,076	..	1,924
Justice .. .. .	174,000	170,234	..	3,766
Marine .. .. .	124,000	131,473	7,473	..
Native .. .. .	5,000	4,975	..	25
Post and Telegraph Department profits .. .. .	470,000	456,000	..	14,000
Printing and Stationery .. .. .	155,000	154,768	..	232
Stamp duties .. .. .	50,000	40,900	..	9,100
Tourist and Health Resorts .. .. .	58,000	60,179	2,179	..
Miscellaneous .. .. .	270,000	264,679	..	5,321
Recoveries on account of expenditure of previous years .. .. .	20,000	25,397	5,397	..
From reserves .. .. .	2,500,000	2,500,000	..	..
Total—Other receipts .. .. .	4,280,000	4,321,605	75,973	34,368
			1,018,782	80,261
Total revenue .. .. .	21,630,000	22,568,521	938,521	

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1933.

	Estimate for 1933-34.	Actual for 1932-33.	Differences.	
			Increase.	Decrease.
<b>Taxation—</b>	£	£	£	£
Customs .. .. .	6,200,000	6,131,414	68,586	..
Beer duty .. .. .	650,000	654,227	..	4,227
Sales-tax .. .. .	1,750,000	38,253	1,711,747	..
Film-hire tax .. .. .	25,000	30,102	..	5,102
Gold-export duty .. .. .	140,000	15,636	124,364	..
Highways .. .. .	1,650,000	1,680,605	..	30,605
Stamp and death duties .. .. .	2,600,000	2,999,278	..	399,278
Land-tax .. .. .	450,000	498,916	..	48,916
Income-tax .. .. .	2,700,000	3,556,775	..	856,775
Miscellaneous .. .. .	49,000	..	49,000	..
<b>Total—Taxation</b> .. .. .	<b>16,214,000</b>	<b>15,605,206</b>	<b>1,953,697</b>	<b>1,344,903</b>
<b>Interest—</b>				
On capital liability—				
Working Railways .. .. .	791,000	850,544	..	59,544
Postal and Telegraph .. .. .	550,000	546,000	4,000	..
On the Public Debt Redemption Fund .. .. .	645,000	620,089	24,911	..
On other public moneys .. .. .	565,000	625,077	..	60,077
<b>Total—Interest</b> .. .. .	<b>2,551,000</b>	<b>2,641,710</b>	<b>28,911</b>	<b>119,621</b>
<b>Other receipts—</b>				
Registration and other fees .. .. .	208,500	197,380	11,120	..
National-endowment revenue .. .. .	115,000	81,732	33,268	..
Territorial revenue .. .. .	180,000	153,812	26,188	..
External Affairs .. .. .	80,000	80,076	..	76
Justice .. .. .	160,000	170,234	..	10,234
Marine .. .. .	131,310	131,473	..	163
Native .. .. .	5,000	4,975	25	..
Post and Telegraph Department profits .. .. .	250,000	456,000	..	206,000
Printing and Stationery .. .. .	155,000	154,768	232	..
Stamp duties .. .. .	40,000	40,900	..	900
Tourist and Health Resorts .. .. .	62,000	60,179	1,821	..
Miscellaneous .. .. .	150,000	264,679	..	114,679
Recoveries on account of expenditure of previous years .. .. .	4,000	25,397	..	21,397
From reserves .. .. .	2,000,000	2,500,000	..	500,000
<b>Total—Other receipts</b> .. .. .	<b>3,540,810</b>	<b>4,321,605</b>	<b>72,654</b>	<b>853,449</b>
			2,055,262	2,317,973
				2,055,262
<b>Totals</b> .. .. .	<b>22,305,810</b>	<b>22,568,521</b>	<b>..</b>	<b>262,711</b>

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932.

Item.	Year Ended 31st March,		Increase.	Decrease.
	1933.	1932.		
	£	£	£	£
Adhesive stamps .. .. .	70,104	104,057	..	33,953
Duty on instruments .. .. .	192,179	228,974	..	36,795
Estate and succession duty .. .. .	1,469,826	1,395,083	74,743	..
Gift duty .. .. .	41,869	49,216	..	7,347
Impressed stamps, and duty on cheques .. .. .	168,709	174,470	..	5,761
Stamp duty on interest .. .. .	309,132	..	309,132	..
Company licenses .. .. .	83,910	85,351	..	1,441
Sharebrokers' licenses .. .. .	1,583	1,521	62	..
Bank-note duty .. .. .	268,122	260,206	7,916	..
Totalizator revenue .. .. .	302,371	410,878	..	108,507
Amusements-tax .. .. .	53,564	74,763	..	21,199
Lottery duty .. .. .	17,306	9,661	7,645	..
Overseas-passenger duty .. .. .	18,246	1,668	16,578	..
Rates, fines, and miscellaneous .. .. .	2,357	3,356	..	999
			416,076	216,002
			216,002	
<b>Totals</b> .. .. .	<b>2,999,278</b>	<b>2,799,204</b>	<b>200,074</b>	

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1932-33, COMPARED WITH THE YEAR 1931-32.

	1932-33.	1931-32.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer .. .. .	709,739	796,403	..	86,664
Tobacco, cigars, and cigarettes .. .. .	1,618,537	1,518,244	100,293	..
Apparel and textiles .. .. .	853,553	897,945	..	44,392
Motor-vehicles and parts* .. .. .	117,739	142,267	..	24,528
Other goods .. .. .	2,106,823	1,725,377	381,446	..
Primage and surtax .. .. .	725,023	824,112	..	99,089
Totals .. .. .	6,131,414	5,904,348	481,739 254,673	254,673
			227,066	

\* 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, 1933, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1932.

	Year ended 31st March, 1933.	Year ended 31st March, 1932.	Increase.	Decrease.
	£	£	£	£
Permanent Appropriations:—				
Under special Acts of Legislature,—				
Civil List .. .. .	22,184	26,821	..	4,637
Debt Services—				
Interest .. .. .	8,498,681	9,035,025	..	536,344
Amortization of debt—				
Sinking fund .. .. .	9,855	3,251	6,604	..
Repayment of funded debt .. .. .	..	220,741	..	220,741
Repayment of Public Debt Act, 1925 .. .. .	1,291,182	1,190,729	100,453	..
Transfers to Loans Redemption Account .. .. .	7,408	6,420	988	..
Securities redeemed .. .. .	..	610	..	610
Administration and management .. .. .	48,029	38,168	9,861	..
Payments on guaranteed loans .. .. .	34,860	17,045	17,815	..
Total—Debt Services .. .. .	9,890,015	10,511,989	135,721	757,695
Grants and Subsidies—				
Hospital and charitable institutions .. .. .	..	642,809	..	642,809
Education .. .. .	51,938	158,873	..	106,935
Superannuation Funds and National Provident Fund .. .. .	..	198,749	..	198,749
Contribution towards Singapore Naval Base .. .. .	100,000	100,000	..	..
Unemployment Fund .. .. .	..	1,118,753	..	1,118,753
Subsidies to local bodies for unemployment relief works .. .. .	..	11,478	..	11,478
Miscellaneous .. .. .	31,668	54,730	..	23,062
Salaries and honoraria .. .. .	59,133	93,220	..	34,087
Pensions—				
Family allowances .. .. .	..	90,100	..	90,100
Old-age pensions .. .. .	22,259	1,277,107	..	1,254,848
Widows' pensions .. .. .	..	340,162	..	340,162
War pensions .. .. .	..	1,261,778	..	1,261,778
Other pensions .. .. .	1,833	106,268	..	104,435
Motor-taxation—				
Transfers to Main Highways Account .. .. .	1,059,941	1,685,977	..	626,036
Paid to boroughs .. .. .	98,591	100,541	..	1,950
Expenses of collecting, &c... .. .	21,175	21,148	27	..
Advances .. .. .	11,991	2,433	9,558	..
Other special Acts—				
Cost of exchange on the purchase from banks of surplus exchange in London .. .. .	470,338	..	470,338	..
Compensation for stock destroyed or condemned .. .. .	..	23,236	..	23,236
Exchange on remittances of public moneys to or from countries overseas* .. .. .	342,113	..	342,113	..
Miscellaneous .. .. .	10,029	28,290	..	18,261
Total—Other Services† .. .. .	2,281,009	7,315,652	822,036	5,856,679
Total—Permanent Appropriations .. .. .	12,193,208	17,854,462	957,757	6,619,011

\* The corresponding expenditure for the year 1931-32 appears under "Emergency Expenditure," page iv.

† Expenditure on many items previously shown under this head now appears under "Annual Appropriations."

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1932—continued.

	Year ended 31st March, 1933.	Year ended 31st March, 1932.	Increase.	Decrease.
	£	£	£	£
Annual Appropriations:—				
Vote,—				
Legislative.. .. .	86,787	98,046	..	11,259
Prime Minister's Department.. ..	22,181	15,374	6,807	..
Finance—				
Treasury .. .. .	27,259	37,385	..	10,126
Customs .. .. .	78,235	86,282	..	8,047
Land and Income Tax .. .. .	62,395	68,202	..	5,807
Stamp Duties .. .. .	77,966	97,394	..	19,428
Audit .. .. .	19,767	24,505	..	4,738
Total—Finance .. .. .	265,622	313,768	..	48,146
General Administration—				
Public Service Commissioner's Office .. ..	4,290	4,666	..	376
Internal Affairs .. .. .	523,418	196,841	326,577	..
External Affairs .. .. .	83,094	1,956	81,138	..
Printing and Stationery .. .. .	122,566	138,044	..	15,478
Marine .. .. .	91,754	101,975	..	10,221
Labour .. .. .	42,822	41,475	1,347	..
Native .. .. .	56,744	65,708	..	8,964
Valuation .. .. .	29,997	38,900	..	8,903
Electoral .. .. .	5,924	66,120	..	60,196
Total—General Administration .. ..	960,609	655,685	409,062	104,138
Law and Order—				
Justice .. .. .	161,258	139,806	21,452	..
Crown Law Office .. .. .	4,451	5,143	..	692
Police .. .. .	426,988	413,821	13,167	..
Prisons .. .. .	90,528	96,713	..	6,185
Total—Law and Order .. .. .	683,225	655,483	34,619	6,877
Defence—				
Naval Defence .. .. .	362,094	344,674	17,420	..
Defence .. .. .	207,827	182,974	24,853	..
Total—Defence .. .. .	569,921	527,648	42,273	..
Maintenance—				
Public Buildings .. .. .	35,223	41,683	..	6,460
Maintenance and Repairs to Roads .. ..	5,046	9,917	..	4,871
Maintenance of Irrigation Works, &c. ..	12,102	12,818	..	716
Total—Maintenance .. .. .	52,371	64,418	..	12,047
Development of Primary and Secondary Industries—				
Lands and Survey .. .. .	144,911	162,888	..	17,977
Agriculture .. .. .	555,614	440,630	114,984	..
Industries and Commerce, Tourist, and Publicity .. ..	61,227	122,954	..	61,727
Scientific and Industrial Research .. ..	51,768	51,535	233	..
Mines .. .. .	20,802	18,679	2,123	..
Transport .. .. .	17,195	4,813	12,382	..
Total—Development of Primary and Secondary Industries .. ..	851,517	801,499	129,722	79,704
Social Services—				
Health .. .. .	708,449	199,387	509,062	..
Mental Hospitals .. .. .	240,047	264,428	..	24,381
Education .. .. .	2,620,226	2,851,922	..	231,696
Pensions .. .. .	3,139,225	160,564	2,978,661	..
National Provident and Friendly Societies ..	89,266	4,697	84,569	..
Total—Social Services .. .. .	6,797,213	3,480,998	3,572,292	256,077
Unauthorized Expenditure,—				
Services not provided for .. .. .	45,725	18,698	27,027	..
Public Revenues Act, 1926, Section 59,—				
Emergency Expenditure Account—				
Cost of exchange on remittances to London ..	*	374,473	..	374,473
Total—Annual Appropriations .. ..	10,335,171†	7,006,090	4,221,802	892,721
Total Expenditure .. .. .	22,528,379	24,860,552	5,179,559	7,511,732
				5,179,559
				2,332,173

\* The corresponding expenditure for 1932-33 appears under "Permanent Appropriations, Exchange on Remittances."

† Expenditure on many of the votes now appearing under this head was previously shown under "Permanent Appropriations." The apparent increase in expenditure is more than counterbalanced by the decrease under the latter head.

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, 1933.

	Net Appropriations, 1932-33.	Actual Net Expenditure, 1932-33.	Difference.	
			More.	Less.
	£	£	£	£
PERMANENT APPROPRIATIONS :—				
Under Special Acts of the Legislature,—				
Civil List .. .. .	22,354	22,184	..	170
Debt services—				
Interest .. .. .	8,615,821	8,498,681	..	117,140
Amortization of Debt—				
Sinking Fund .. .. .	8,748	9,855	1,107	..
Repayment of Funded Debt .. .. .	..	..	..	..
Repayment of Public Debt Act, 1925 .. .. .	1,309,198	1,291,182	..	18,016
Transfers to Loans Redemption Account .. .. .	8,500	7,408	..	1,092
Securities redeemed .. .. .	1,000	..	..	1,000
Administration and Management .. .. .	43,800	48,029	4,229	..
Payments on Guaranteed Loans .. .. .	33,170	34,860	1,690	..
Total—Debt services .. .. .	10,020,237	9,890,015	7,026	137,248
Other services—				
Education .. .. .	51,960	51,938	..	22
Other Grants and Subsidies .. .. .	301,260	131,668	..	169,592
Salaries and Honoraria .. .. .	59,171	59,133	..	38
Pensions .. .. .	24,101	24,092	..	9
Motor-taxation .. .. .	1,110,000	1,179,707	69,707	..
Exchange .. .. .	350,000	812,451	462,451	..
Other Special Acts .. .. .	13,850	22,020	8,170	..
Total—Other services .. .. .	1,910,342	2,281,009	540,328	169,661
TOTAL—PERMANENT APPROPRIATIONS .. .. .	11,952,933	12,193,208	547,354	307,079
ANNUAL APPROPRIATIONS :—				
Vote,—				
Legislative .. .. .	89,740	86,787	..	2,953
Prime Minister's Department .. .. .	21,250	22,181	931	..
Finance—				
Treasury .. .. .	31,122	27,259	..	3,863
Customs .. .. .	82,175	78,235	..	3,940
Land and Income Tax .. .. .	65,375	62,395	..	2,980
Stamp Duties .. .. .	84,620	77,966	..	6,654
Audit .. .. .	23,050	19,767	..	3,283
Total—Finance .. .. .	286,342	265,622	..	20,720
General Administration—				
Public Service Commissioner's Office .. .. .	4,933	4,290	..	643
Internal Affairs .. .. .	524,812	523,418	..	1,394
External Affairs .. .. .	82,221	83,094	873	..
Printing and Stationery .. .. .	149,944	122,566	..	27,378
Marine .. .. .	103,535	91,754	..	11,781
Labour .. .. .	51,086	42,822	..	8,264
Native .. .. .	55,557	56,744	1,187	..
Valuation .. .. .	36,000	29,997	..	6,003
Electoral .. .. .	6,138	5,924	..	214
Total—General Administration .. .. .	1,014,226	960,609	2,060	55,677
Law and Order—				
Justice .. .. .	164,780	161,258	..	3,522
Crown Law Office .. .. .	4,800	4,451	..	349
Police .. .. .	439,560	426,988	..	12,572
Prisons .. .. .	89,000	90,528	1,528	..
Total—Law and Order .. .. .	698,140	683,225	1,528	16,443
Defence—				
Naval Defence .. .. .	400,800	362,094	..	38,706
Defence .. .. .	230,310	207,827	..	22,483
Total—Defence .. .. .	631,110	569,921	..	61,189
Maintenance—				
Public Buildings .. .. .	52,692	35,223	..	17,469
Maintenance and Repairs to Roads .. .. .	9,000	5,046	..	3,954
Maintenance of Irrigation Works, &c. .. .. .	12,500	12,102	..	398
Total—Maintenance .. .. .	74,192	52,371	..	21,821

Table No. 9—continued.

NET EXPENDITURE—continued.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1933—*contd.*

	Net Appropriations, 1932-33.	Actual Net Expenditure, 1932-33.	Difference.	
			More.	Less.
	£	£	£	£
ANNUAL APPROPRIATIONS—continued.				
Vote—continued.				
Development of Primary and Secondary Industries—				
Lands and Survey .. .. .	159,816	144,911	..	14,905
Agriculture .. .. .	595,562	555,614	..	39,948
Industries and Commerce, Tourist, and Publicity ..	118,916	61,227	..	57,689
Scientific and Industrial Research .. .. .	46,584	51,768	5,184	..
Mines .. .. .	25,349	20,802	..	4,547
Transport .. .. .	17,274	17,195	..	79
Total—Development of Primary and Secondary Industries	963,501	851,517	5,184	117,168
Social Services—				
Health .. .. .	715,659	708,449	..	7,210
Mental Hospitals .. .. .	260,018	240,047	..	19,971
Education .. .. .	2,701,908	2,620,226	..	81,682
Pensions .. .. .	3,141,577	3,139,225	..	2,352
National Provident and Friendly Societies .. ..	90,356	89,266	..	1,090
Total—Social Services .. .. .	6,909,518	6,797,213	..	112,305
Unauthorized Expenditure,—				
Services not provided for .. .. .	..	45,725	45,725	..
Public Revenues Act, 1926, Section 59,—				
Emergency Expenditure Account—				
Cost of exchange on remittances to London .. ..	..	..	..	..
TOTAL—ANNUAL APPROPRIATIONS .. .. .	10,688,019	10,335,171	55,428	408,276
			602,782	715,355
				602,782
TOTAL EXPENDITURE .. .. .	22,640,952	22,528,379	..	112,573



Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR 1933-34, COMPARED WITH ACTUAL NET EXPENDITURE FOR 1932-33.

	Estimate for 1933-34.	Actual for 1932-33.	Difference.	
			Increase.	Decrease.
	£	£	£	£
Permanent Appropriations,—				
Civil List .. .. .	22,745	22,184	561	..
Debt services—				
Interest .. .. .	8,913,834	8,498,681	415,153	..
Sinking Fund .. .. .	10,859	9,855	1,004	..
Repayment of Public Debt .. .. .	1,366,448	1,291,182	75,266	..
Administration and Management .. .. .	55,000	48,029	6,971	..
Payments of Guaranteed Loans, Redemptions, and Transfers .. .. .	99,340	42,268	57,072	..
Total—Debt services .. .. .	10,445,481	9,890,015	555,466	..
Under Special Acts of the Legislature—				
Education .. .. .	53,221	51,938	1,283	..
Other Grants .. .. .	130,800	130,662	138	..
Salaries and Honoraria .. .. .	55,450	58,684	..	3,234
Pensions .. .. .	24,081	24,092	..	11
Motor Taxation .. .. .	1,179,000	1,179,707	..	707
Exchange .. .. .	1,790,000	812,451	977,549	..
Other Special Acts .. .. .	53,470	23,475	29,995	..
	3,286,022	2,281,009	1,008,965	3,952
Total—Permanent appropriations .. .. .	13,754,248	12,193,208	1,564,992	3,952
Annual Appropriations,—				
Legislative .. .. .	83,000	86,787	..	3,787
Prime Minister's Department .. .. .	21,939	22,181	..	242
Finance—				
Treasury .. .. .	33,885	27,259	6,626	..
Customs .. .. .	84,645	78,235	6,410	..
Land and Income Tax .. .. .	61,850	62,395	..	545
Stamp Duties .. .. .	80,420	77,966	2,454	..
Audit .. .. .	22,454	19,767	2,687	..
	283,254	265,622	18,177	545
General Administration—				
Public Service Commissioner's Office .. .. .	4,725	4,290	435	..
Internal Affairs .. .. .	320,224	523,418	..	203,194
External Affairs .. .. .	81,200	83,094	..	1,894
Printing and Stationery .. .. .	134,028	122,566	11,462	..
Marine .. .. .	102,200	91,754	10,446	..
Labour .. .. .	39,162	42,822	..	3,660
Native .. .. .	51,848	56,744	..	4,896
Valuation .. .. .	35,190	29,997	5,193	..
Electoral .. .. .	5,200	5,924	..	724
	773,777	960,609	27,536	214,368
Law and Order—				
Justice and Prisons .. .. .	250,635	251,786	..	1,151
Crown Law .. .. .	4,984	4,451	533	..
Police .. .. .	435,769	426,988	8,781	..
	691,388	683,225	9,314	1,151
Defence—				
Naval Defence .. .. .	405,245	362,094	43,151	..
Defence .. .. .	229,000	207,827	21,173	..
	634,245	569,921	64,324	..
Maintenance—				
Public Buildings .. .. .	49,000	35,223	13,777	..
Maintenance and Repairs to Roads .. .. .	10,000	5,046	4,954	..
Maintenance of Irrigation Works, &c. .. .. .	14,000	12,102	1,898	..
Maintenance of Unopened Lines .. .. .	6,000	..	6,000	..
	79,000	52,371	26,629	..
Development of Primary and Secondary Industries—				
Lands and Survey .. .. .	162,235	144,911	17,324	..
Agriculture .. .. .	653,875	555,614	98,261	..
Industries and Commerce, Tourist, and Publicity .. .. .	118,000	61,227	56,773	..
Scientific and Industrial Research .. .. .	47,000	51,768	..	4,768
Mines .. .. .	24,000	20,802	3,198	..
Transport .. .. .	25,594	17,195	8,399	..
	1,030,704	851,517	183,955	4,768
Social Services—				
Health .. .. .	723,016	708,449	14,567	..
Mental Hospitals .. .. .	252,000	240,047	11,953	..
Education .. .. .	2,550,000	2,620,226	..	70,226
Pensions .. .. .	3,289,952	3,139,225	150,727	..
National Provident and Friendly Societies .. .. .	84,457	89,266	..	4,809
	6,899,425	6,797,213	177,247	75,035
Services not provided for .. .. .	..	45,725	..	45,725
Total—Annual appropriations .. .. .	10,496,732	10,335,171	507,182	345,621
			2,072,174	349,573
Totals .. .. .	24,250,980	22,528,379	1,722,601	

Table No. 11.

STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED.

	£	£	By Transfers to—	£	£
To Accumulated surpluses at 31st March, 1932	30,395,817		Discharged Soldiers Settlement Account—		
Surplus for financial year, 1932-33	40,142		1920-21 .. .. .	13,330,000	
		30,435,959	1921-22 .. .. .	170,000	
Less—					13,500,000
Ordinary revenue—			Less—		
To balance revenue and expenditure—			Written off on account	£	
1921-22 .. .. .	279,831		of revaluations ..	2,650,000	
1928-29 .. .. .	577,252		Transferred to Ordinary		
1930-31 .. .. .	1,639,111		Revenue Account—		
1931-32 .. .. .	278,601*		1931-32 .. .. .	350,000	
		2,774,795	1932-33 .. .. .	250,000	
Written off or retransferred to Ordinary				3,250,000	
Revenue Account, as per contra—					10,250,000
Discharged Soldiers Settlement Loans Act 1920 De-	£		Discharged Soldiers Settlement Loans Act		
preciation Fund Account	200,000		1920 Depreciation Fund Account—		
Discharged Soldiers Settlement			1920-21 .. .. .	50,000	
Account .. .. .	3,250,000		1921-22 .. .. .	50,000	
Reserve Fund Account ..	636,076		1922-23 .. .. .	50,000	
		4,086,076	1923-24 .. .. .	50,000	
		6,860,871	Less—		200,000
			Transferred to Ordinary Revenue		
			Account, 1931-32 .. ..	200,000	
					..
			Public Works Fund—		
			1920-21 .. .. .	500,000	
			1923-24 .. .. .	1,000,000	
			1924-25 .. .. .	1,000,000	
			1925-26 .. .. .	500,000	
			1927-28 .. .. .	250,000	
					3,250,000
			Reserve Fund Account—		
			For purchase of securities, 1920-21 ..	1,200,000	
			For redemption of loan, 1922-23 ..	800,000	
			Less—		2,000,000
			Transferred to Ordinary		
			Revenue Account,	£	
			1931-32 .. .. .	550,000	
			Net loss on realization		
			of securities .. .. .	86,076	
				636,076	
					1,363,924
			Loans redemption—		
			1921-22 .. .. .	560,011	
			1922-23 .. .. .	2,337,360	
			1923-24 .. .. .	1,367,341	
			1924-25 .. .. .	1,052,130	
			1925-26 .. .. .	566,161‡	
			1926-27 .. .. .	588,868‡	
			1927-28 .. .. .	95,980	
			1928-29 .. .. .	50	
					6,567,901
			Bank of New Zealand Shares Account—		
			1926-27 .. .. .	808,594	
			1927-28 .. .. .	117,187	
			1928-29 .. .. .	58,594	
					984,375
			Education Loans Account, 1923-24 ..		100,000
			Subsidies for relief of unemployment ..		531,415
			Assistance towards earthquake services ..		33,322
			Advance to State Forests Account ..		45,000
			Advance to Rural Intermediate Credit		
			Board .. .. .		400,000
			Advance to Westport Harbour Account ..		5,000
			Charges and expenses of renewing loans ..		4,105
			Balance (cash) at 31st March, 1933 ..		40,046
		£23,575,088			£23,575,088

\* Total deficit £2,140,819, balance of £1,862,218 met out of proceeds of part of £3,030,000 Revenue Treasury Bills outstanding at 31st March, 1932. † Includes £151,824 of reparation-moneys received from Germany. ‡ Includes £73,710 reparation-moneys received from Germany.

In addition, £2,250,000 was obtained by hypothecation to Bank of New Zealand and National Bank of New Zealand of discharged-soldiers-settlement securities in terms of section 7 of the Finance Act, 1931 (No. 4). Repayment to be made out of the capital proceeds of instalment mortgages.

Table No. 12.

## PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1933, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1932.

Vote.	Year ended 31st March, 1933.	Year ended 31st March, 1932.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental .. ..	104,904	151,376	..	46,472
Railway-construction .. ..	69,603	590,543	..	520,940
Railways Improvement and Additions to Open Lines .. ..	91,250	361,845	..	270,595
Public Buildings—				
General .. ..	2,107	33,226	..	31,119
Courthouses .. ..	970	3,513	..	2,543
Education Buildings .. ..	52,623	259,149	..	206,526
Prison Buildings and Works .. ..	2,026	2,621	..	595
Police-stations .. ..	1,022	2,535	..	1,513
Postal and Telegraph .. ..	2,763	104,505	..	101,742
Mental Hospital Buildings .. ..	28,756	45,938	..	17,182
Health and Hospital Institutions .. ..	300	3,316	..	3,016
Timber-supply and Sawmills, &c. .. ..	21	2,012	..	1,991
Acquisition and Operation of Quarries .. ..	Cr. 3,780	107	..	3,887
Lighthouses .. ..	688	5,046	..	4,358
Harbour-works .. ..	Cr. 5,277	6,987	..	12,264
Development of Tourist Resorts .. ..	14,454	87,609	..	73,155
Department of Immigration .. ..	..	5,266	..	5,266
Roads, &c. .. ..	396,559	1,078,270	..	681,711
Roads to give Access to Outlying Districts .. ..	..	3,940	..	3,940
Telegraph Extension .. ..	99,999	249,978	..	149,979
Lands, Miscellaneous .. ..	38,906	38,900	6	..
Irrigation, Water-supply, and Drainage .. ..	53,290	37,749	15,541	..
Swamp Land Drainage .. ..	14,807	..	14,807	..
Plant, Material, and Stores .. ..	Cr. 41,704	Cr. 105,690	63,986	..
Settlement of Unemployed Workers .. ..	118,722	..	118,722	..
			213,062	2,138,794 213,062
Totals .. ..	1,043,009	2,968,741	..	1,925,732

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, 1933.

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, 1864 .. .. .		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			
Finance Act, 1931 (No. 4), Section 2 .. .. .		500,000	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			
Paeroa-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				
Hauraki Plains Settlement Account .. .. .	44	10	4				
Rangitaiki Land Drainage Account .. .. .	10,797	5	0				
Swamp Land Drainage Account .. .. .	9,008	19	1				
				459,020	6	4	
RECEIPTS IN AID :—							
Amount transferred from Consolidated Fund .. .. .				14,555,000	0	0	107,570,442 15 10
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	
Carried forward .. .. .				14,922,474	9	4	107,570,442 15 10

Table No. 13—continued.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1933—continued.

WAYS AND MEANS—continued.					£	s.	d.	£	s.	d.
Brought forward .. .. .					14,922,474	9	4	107,570,442	15	10
RECEIPTS IN AID—continued.										
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					67,070	16	9			
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			
Finance Act, 1932, Section 7 (4)—										
Sale of land under Hauraki Plains Act, 1926 .. .. .					1,496	19	10			
								15,675,286	9	5
								£123,245,729	5	3
NET EXPENDITURE.										
Expenditure on—										
Immigration .. .. .					3,314,322	15	0			
Public Works, Departmental .. .. .					2,910,560	8	5			
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders					57,201,329	3	3			
Roads .. .. .					21,811,851	16	11			
Land-purchases .. .. .					2,061,147	1	10			
Settlement of Unemployed Workers .. .. .					118,721	14	1			
Development of Mining .. .. .					881,015	0	11			
Telegraph Extension .. .. .					11,280,445	10	10			
Public Buildings .. .. .					11,625,429	5	11			
Lighthouses, Harbour-works, and Harbour-defences					1,299,260	13	5			
Contingent Defence .. .. .					1,401,923	15	3			
Rates on Native Lands .. .. .					68,671	16	10			
Thermal Springs .. .. .					14,599	13	2			
Development of Tourist Resorts .. .. .					677,808	13	9			
Lands Improvement .. .. .					738,267	3	11			
Swamp Land Drainage .. .. .					14,807	4	5			
Plant, Material, and Stores .. .. .					126,157	17	11			
Charges and Expenses of raising Loans .. .. .					3,827,693	8	4			
Coal-mines .. .. .					10,835	8	0			
Interest and Sinking Fund .. .. .					218,500	0	0			
Irrigation and Water-supply .. .. .					1,059,686	3	11			
Timber Supply, Sawmills, &c. .. .. .					Cr. 3,874	12	11			
Acquisition and Operation of Quarries .. .. .					5,963	1	10			
Motor Transport Service .. .. .					33,635	5	3			
Transfer to Main Highways Account, Construction Fund .. .. .					1,226,000	0	0			
								121,924,758	10	3
Balance on 31st March, 1932,—										
Cash in the Public Account .. .. .					32,883	6	6			
Investments .. .. .					1,288,087	8	6			
								1,320,970	15	0
								£123,245,729	5	3

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1933, AS COMPARED WITH THE 31ST MARCH, 1932.

Account.	1933.			1932.		
	Balance on 31st March, 1933.	Liabilities on 31st March, 1933.	Unexhausted Authority for raising Loan on 1st April, 1933.	Balance on 31st March, 1932.	Liabilities on 31st March, 1932.	Unexhausted Authority for raising Loan on 1st April, 1932.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue .. ..	613,164	219,090	..	1,167,782	261,532	..
Public Works Fund—						
General Purposes .. ..	1,320,971	127,956	4,621,199	1,783,034	176,419	5,141,050
Electric Supply .. ..	133,430	94,128	1,033,990	9,225	139,638	1,533,990
Electric Supply Sinking Fund ..	83,792	..	..	62,059	..	..
Bank of New Zealand Shares ..	1,859,375	..	..	1,859,375	..	..
Discharged Soldiers Settlement ..	260,369	438	..	194,910	..	..
Land for Settlements .. ..	57,805	13,103	6,278,000	191,032	11,923	6,278,000
Loans Redemption .. ..	303,658	..	..	368,903	..	..
Loans Redemption Account Part II ..	6,398	..	..	..	..	..
Conversion Account						
Main Highway—						
Revenue Fund .. ..	204,891	63,962	..	398,859	99,725	..
Construction Fund .. ..	57,787	20,327	690,400	99,675	42,341	690,400
Native Land Settlement .. ..	3,445	49,156	..	3,941	25,865	500,000
Public Debt Repayment .. ..	429,117	..	..	15,165	..	..
Reserve Fund .. ..	478,549	189,315	..	1,101,169	842,065	..
Samoa Loan Suspense .. ..	..	..	4,800	..	..	4,800
State Coal-mines .. ..	65,976	15,469	55,000	46,084	15,144	55,000
State Coal-mines Sinking Fund ..	8,299	..	..	7,990	..	..
State Forests .. ..	14,299	5,141	681,225	11,488	5,390	851,225
Unemployment Fund .. ..	424,426	154,801	..	184,967	123,534	..
Working Railways .. ..	1,265,300	207,158	..	816,963	240,746	..
State Advances Loan .. ..	171	..	10,215,145	176	..	10,452,620
<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 .. ..	7,591,222	1,160,044	23,700,759	8,322,797	1,984,322	25,628,085

Table No. 15.

STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1923, TO 31ST MARCH, 1933.

FINANCIAL YEAR.	CONSOLIDATED FUND.—REVENUE ACCOUNT.			OTHER ACCOUNTS.	PUBLIC WORKS FUND.			TOTAL.
	Services not provided for.	Excess of Votes.	Total.					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1923-1924 ..	189,384 15 11	1,983 3 1	191,367 19 0	33,123 3 1	41,944 10 2	266,435 12 3		
1924-1925 ..	22,526 15 9	63,690 15 3	86,217 11 0	27,390 19 0	101,970 16 2	215,579 6 2		
1925-1926 ..	30,265 7 9	26,257 3 7	56,522 11 4	30,811 19 2	23,665 13 8	111,000 4 2		
1926-1927 ..	27,913 18 1	45,418 12 4	73,332 10 5	1,581 10 7	2,801 18 9	77,715 19 9		
1927-1928 ..	15,942 15 4	51,560 10 5	67,503 5 9	10,740 8 2	49,604 6 11	127,848 0 10		
1928-1929 ..	7,959 7 3	43,312 14 4	51,272 1 7	11,891 14 4	20,639 17 2	83,803 13 1		
1929-1930 ..	22,205 12 8	41,407 0 0	63,612 12 8	111,438 6 11	24,827 8 0	199,878 7 7		
1930-1931 ..	4,585 0 0	129,903 7 1	134,488 7 1	3,450 8 7	1,586 13 11	139,525 9 7		
1931-1932 ..	18,698 6 0	19,182 17 10	37,881 3 10	21,577 6 4	1,376 10 3	60,835 0 5		
1932-1933 ..	45,724 18 4	16,005 18 3	61,730 16 7	57,667 1 10	40,160 8 3	159,558 6 8		

Table No. 16.

STATE BALANCE-SHEET AS AT 31ST MARCH, 1932.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s.	d.		£	s.	d.
Capital—				Land and buildings, including Crown, settlement, and endowment land, departmental land and buildings	42,131,203	1	4
Public debt* .. ..	281,942,800	2	5	State forests, nurseries, and plantations .. ..	37,424,630	9	7
Rural Advances bonds .. ..	4,001,650	0	0	Railways, including permanent-way and works, rolling-stock, and unopened lines .. ..	58,559,896	12	10
Public Debt Redemption Fund .. ..	21,725,644	10	6	Telegraphs, telephones, and wireless systems .. ..	10,863,958	13	11
Creditors—				Electrical schemes .. ..	11,635,282	7	4
Sundry .. ..	1,674,180	14	10	Drainage and irrigation schemes .. ..	3,766,248	8	2
Interest on debentures and stock due and unpaid .. ..	12,129	5	3	Collieries, sawmills, quarries, &c. .. ..	423,691	15	9
Interest accrued but not due .. ..	779,552	17	11	Armament and military stores, aviation equipment	2,944,256	5	4
Wages and other payments accrued .. ..	7,638	2	4	Oyster-beds, fish-hatcheries, equipment, &c. .. ..	138,383	1	11
Payments in advance, &c. .. ..	453,976	17	5	Wharves, bridges, harbour-works, lighthouses, &c. . .	833,689	6	7
Reserves—				Plant, material, and furniture .. ..	3,711,051	2	7
General .. ..	3,961,024	14	5	Libraries, books, museum exhibits, stationery, stamps, &c. .. ..	359,043	17	5
Sinking fund and reserves for loan-redemption .. ..	3,112,003	18	9	Live and dead stock, farm crops, &c. .. ..	178,421	19	8
Depreciation .. ..	6,720,846	18	4	Government steamers, launches, motor-cars, &c. ..	602,112	13	1
Fire, accident, and marine insurance, bad debts, &c. .. ..	462,854	16	2	Advances on loan or mortgage .. ..	59,750,689	15	0
Amount held on deposit .. ..	506,463	14	7	Debtors—			
Suspense .. ..	107,096	2	5	Sundry .. ..	3,320,417	8	5
Post Office investment and war-loan certificates .. ..	2,190,958	2	9	Unpaid purchase-price of land and buildings .. ..	1,345,607	19	8
Miscellaneous liabilities .. ..	4,328	9	8	Postponed rents, &c. .. ..	288,078	4	1
Excess of assets over liabilities .. ..	55,754,869	11	10	Interest and rent, due and unpaid, and due and accrued .. ..	1,787,171	17	3
				Principal and interest .. ..	813,646	12	7
				Special investments—			
				Nauru phosphate rights .. ..	565,040	0	0
				Bank of New Zealand shares .. ..	2,109,375	0	0
				Public Trust Office (Public Debt Redemption Fund, &c.) .. ..	8,138,576	18	11
				Special assets of various accounts—			
				Native land schemes, &c. .. ..	630,240	3	11
				Unallocated loan charges .. ..	631,340	7	5
				Earthquake expenditure .. ..	77,139	11	1
				Payments in advance .. ..	227,290	18	6
				Properties acquired by Crown and properties in course of realization .. ..	710,731	9	1
				Investments—			
				Reserve Fund .. ..	321,107	13	9
				Sinking funds .. ..	344,973	9	0
				Miscellaneous, including investment of Treasury accounts .. ..	9,157,684	3	5
				National Development Account—			
				Expenditure on—			
				Main highways, roads, &c. .. ..	26,601,965	2	11
				Development of mining .. ..	867,777	15	11
				Education .. ..	8,016,302	6	11
				Immigration .. ..	3,320,541	10	6
				Harbour-works .. ..	1,038,004	13	10
				Land-development .. ..	703,353	6	7
				Cost of raising loans .. ..	28,681	15	10
					40,576,626	12	6
				Other loan expenditure—			
				War expenditure .. ..	66,664,166	5	4
				Naval defence .. ..	1,389,351	14	5
				Local bodies .. ..	3,041,217	12	0
				Maori-land settlement .. ..	247,050	0	0
				Miscellaneous .. ..	6,159,391	3	1
					77,501,176	14	10
				Cash—			
				Public Account .. ..	1,042,091	16	8
				Receiver-General .. ..	4,587	15	4
				State Advances Office Account .. ..	235,623	12	1
				Post Office or Post Office Savings-bank .. ..	185,722	14	9
				Deposit accounts .. ..	25,198	2	9
				In hand and in transit .. ..	43,586	3	8
				Miscellaneous assets .. ..	12,423	19	5
					£383,418,018	19	7
					£383,418,018	19	7

NOTE.—To account for the whole of the public debt, loan expenditure on war and other purposes not represented by tangible assets have been included in the assets under the heading of "Other Loan Expenditure." Interest is received in respect to portion of the local bodies' loan expenditure.

\* The analysis of the public debt on 31st March, 1932, was as follows:—

	£
Ordinary debt .. ..	167,719,008
War debt .. ..	66,876,165
State Advances debt .. ..	36,648,751
Discharged soldiers debt .. ..	7,668,876
Revenue bills outstanding, 31st March, 1932 .. ..	3,030,000
	£281,942,800

Table No. 17.  
PUBLIC DEBT.

STATEMENT SHOWING MATURITY DATES AND DOMICILE OF DEBT OUTSTANDING AS AT 1ST APRIL, 1933.

Year of Maturity (Year ended 31st March),			Due in				Total.	
			London.	Australia.	New Zealand.			
					Public.	Departments.		
			£	£	£	£	£	
Overdue .. .. .	..	..	..	5,680	60,500	..	..	66,180
1925-45 .. .. .	..	..	2,090,909	..	..	..	..	2,090,909*
1932-34† .. .. .	..	..	5,000,000	..	..	..	..	5,000,000
1933-43† .. .. .	..	..	3,989,100	..	10,900	..	..	4,000,000
1933-34 .. .. .	..	..	512,900	77,150	421,720‡	..	..	1,011,770
1934-35 .. .. .	..	..	37,000	639,100	238,700§	..	..	914,800
1935-36 .. .. .	..	..	119,500	175,900	21,420	..	..	316,820
1935-45† .. .. .	..	..	10,135,800	..	..	..	..	10,135,800
1936-37 .. .. .	..	..	2,400	621,280	29,430	..	..	653,110
1936-51† .. .. .	..	..	5,869,988	..	..	..	..	5,869,988
1937-38 .. .. .	..	..	..	88,100	28,500	..	..	116,600
1937-40   .. .. .	..	..	..	..	12,476,720	..	..	12,476,720
1938-39 .. .. .	..	..	4,000	3,000	12,330	..	..	19,330
1939-40 .. .. .	..	..	17,172,191	..	270,121	..	..	17,442,312
1940-43   .. .. .	..	..	..	..	13,796,625	..	..	13,796,625
1940-41 .. .. .	..	..	..	44,000	2,500	..	..	46,500
1943-44 .. .. .	..	..	7,339,656	..	..	..	..	7,339,656
1943-46   .. .. .	..	..	..	..	10,320,950	..	..	10,320,950
1943-63† .. .. .	..	..	10,505,989	..	378,639	..	..	10,884,628
1944-45 .. .. .	..	..	7,780,407	..	..	..	..	7,780,407
1945-46 .. .. .	..	..	22,543,590	..	2,500	..	..	22,546,090
1946-49   .. .. .	..	..	..	..	9,605,560	..	..	9,605,560
1947-48 .. .. .	..	..	11,221,609	..	..	..	..	11,221,609
1948-58† .. .. .	..	..	19,225,465	..	..	..	..	19,225,465
1949-50 .. .. .	..	..	7,500,000	..	..	..	..	7,500,000
1949-52   .. .. .	..	..	..	..	13,782,705	..	..	13,782,705
1950-51 .. .. .	..	..	1,250,000	1,214,500	..	..	..	2,464,500
1952-55   .. .. .	..	..	..	..	9,321,315	2,002,650	..	11,323,965
1955-56 .. .. .	..	..	..	..	2,256	..	..	2,256
1956-71† .. .. .	..	..	5,000,000	..	..	..	..	5,000,000
1956-57 .. .. .	..	..	..	..	..	3,818,020	..	3,818,020
1957-58 .. .. .	..	..	24,100,199¶	..	..	15,414,329	..	39,514,528
1958-59 .. .. .	..	..	..	..	..	15,242,216	..	15,242,216
1959-60 .. .. .	..	..	..	..	..	7,652,885	..	7,652,885
			161,400,703	2,868,710	70,783,391	44,130,100	..	279,182,904
Floating debt—								
Revenue Treasury bills ..			..	..	..	1,585,000	..	1,585,000
Banks Indemnity (Exchange) bills			..	..	2,380,337	..	..	2,380,337
Totals .. .. .			161,400,703	2,868,710	73,163,728	45,715,100	..	283,148,241

\* Advances by Imperial Government for State Advances purposes. † Government has option to redeem on or after the earlier date on giving notice in the *London Gazette*. ‡ Includes £65,000 redemption Treasury bill. § Includes £212,500 deed security for payment of purchase-money, Horahora electric-power works. || Government has option to redeem on or after the earlier date on giving three months notice in *New Zealand Gazette*. ¶ Imperial Government advances funded in terms of section 8, Finance Act, 1922.

NOTE.—The debt at 31st March, 1933, was £282,622,958; the difference of £525,283 is accounted for by the premium on securities converted under the New Zealand Debt Conversion Act, 1932-33, less cash adjustments.



**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	25,725,352
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. A further postponement for one year from 1st July, 1932, was agreed to by the Imperial Government. No payment was therefore made in 1932-33.

**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 1932-33.

Year	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	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
1932-33 ..	..	51,938	2,574,929	85,716*	47,043§	52,623	..	2,812,249	1 16 9

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

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

‡ Includes £61 charged to "Unauthorized."

§ Includes £1,745 charged to vote, Internal Affairs.

In addition, post-primary schools and University colleges derive direct income (amounting for 1932-33 to £48,274) from reserves vested in them.

Table No. 19—*continued*.

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
1932-33	..	..	..	..	6,424

Table No. 20.

## PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1929 TO 1933.

Year ended 31st March,					
	1929.	1930.	1931.	1932.	1933.
	£	£	£	£	£
War .. .. .	1,178,646	1,204,422	1,245,499	1,261,778	1,217,586
Old-age* .. .. .	1,059,039	1,105,069	1,158,788	1,277,107	1,271,157
Widows' .. .. .	312,963	322,886	325,998	340,162	311,317
Miners' .. .. .	48,102	51,676	58,441	69,785	62,563
Maori War .. .. .	13,673	11,510	9,101	7,582	5,831
Epidemic .. .. .	7,981	7,309	6,322	5,580	4,197
Civil Service Act, 1908 .. .. .	12,192	10,547	9,251	7,861	6,453
Defence Act, 1909 .. .. .	2,715	2,573	2,620	2,483	2,176
Judicature Act, 1908 .. .. .	3,429	3,333	2,285	1,833	1,833
Police .. .. .	671	789	1,741	1,054	1,166
Blind .. .. .	13,339	14,716	15,796	16,710	18,065
Family Allowance .. .. .	54,815	60,876	63,608	90,100	122,810
Sundry .. .. .	5,698	6,589	6,588	6,501	6,627
Totals .. .. .	2,713,263	2,802,295	2,906,038	3,088,536	3,031,781

\* Includes payments of old-age pensions paid out of national-endowment revenue.

Table No. 21.

## EXTERNAL TRADE.

STATEMENT SHOWING THE RECORDED VALUES OF IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1924 TO 1933.

Year ended 31st March,					Imports.	Exports.	Excess of Exports.	Excess of Imports.
					£	£	£	£
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	..
1933	..	..	..	..	22,770,460	38,810,161	16,039,701	..
							63,389,432	6,960,698
							6,960,698	
Totals					418,371,302	474,800,036	56,428,734	

## COPY OF PROSPECTUS OF NEW ZEALAND CONVERSION LOAN, 1933, ISSUED IN TERMS OF THE NEW ZEALAND DEBT CONVERSION ACT, 1932-33.

(This Prospectus shall be read subject to the New Zealand Loans Act, 1932.)

1. This offer of conversion is confined to holders of New Zealand Government securities issued on or before the 31st March, 1933, the interest or principal moneys in respect of which are payable within the Dominion, but does not extend to any existing securities bearing interest at 4 per cent. or less.

2. Conversion of existing securities bearing interest at rates in excess of 4 per cent. will take effect from the 31st March, 1933, up to which date interest at the rate specified in existing securities will be payable. On and after the 1st April, 1933, the interest rates payable on conversion will apply.

3. Conversion will involve a basic reduction of 20 per cent. in the annual interest payable on existing securities, and the fixation of nominal rates of interest on new securities as explained in this Prospectus. In certain cases where the nominal rates are less than present rates reduced by 20 per cent., adjustment of principal in the form of a premium on conversion will be made, but in no case will there be any reduction in the capital of investors and furthermore in no case, except free-of-income-tax securities, will the rate be reduced below 4 per cent.

## APPLICATIONS FOR CONVERSION.

4. Application for conversion, in a form to be supplied by the Treasury, identifying the securities to which the application relates, may be lodged together with the relative securities at the Offices of the New Zealand Government Treasury at Auckland, Wellington, Christchurch, and Dunedin, or at any branch of any bank in the Dominion, or at any postal money-order office.

A form of interim receipt for applications so lodged for conversion will be issued by the receiving officer, and such receipt shall be conclusive evidence of the fact that the conversion application has been duly made in terms of this Prospectus, and shall constitute an acknowledgment of surrender of the securities or other documents specified therein for the purposes of conversion.

Where the securities are lodged with a bank or person as security, the application may nevertheless be lodged and arrangement made through the bank or person for surrender of the relative securities. Directions will be accepted from any applicant for conversion for delivery of the new securities to the bank or person concerned.

## EXISTING SECURITIES SUBJECT TO INCOME-TAX.

*Rates of Interest.*

5. The rate of interest payable on the conversion of existing securities which are subject to income-tax will be 4 per cent., which has been adopted as a basic rate; but where this rate is less than the rate payable on existing securities with a reduction of 20 per cent., the difference will be adjusted by increasing the principal of the new securities so that the return to the holder with redemption of the premium will not up to the original maturity date be reduced below the present rate, less a reduction of 20 per cent. only.

6. For the purpose of calculating premiums on conversion, tables have been prepared and appear in the Schedule to this Prospectus. These are based on the actuarial tables appearing in the Schedule to the New Zealand Debt Conversion Act, 1932–33. The amount of the premium in any case is dependent on two factors—viz., the difference between the existing rate of interest, less 20 per cent., and the conversion rate of 4 per cent.—and the unexpired period to the maturity date of existing securities, calculated to the nearest half-year from the date of conversion.

*Form of New Securities.*

7. The new securities will be issued as follows:—

- (a) New 4-per-cent. securities issued in exchange for existing stock—in the form of New Zealand Government stock.
- (b) New 4-per-cent. securities issued in exchange for existing bonds or debentures—in the form of New Zealand Government stock or New Zealand Government debentures as may be desired.

NOTE.—The attention of holders of existing bonds or debentures is invited to the advantage of stock over bearer securities in that, firstly, the necessity for safe custody of a security payable to bearer is obviated, and, secondly, directions may be given for payment of interest on stock to a bank or savings-bank.

- 8. (a) New Zealand Government stock will be inscribed for any sum which is a multiple of £5.
- (b) New Zealand Government debentures will be issued for £5, £10, £50, £100, £500, and £1,000, or for such higher multiple of £1,000 as may be desired, and will as far as practicable be issued in denominations corresponding to the existing securities surrendered for conversion. The issue of debentures in denominations of £5 and £10 will, however, be confined to—(a) The conversion of existing debentures of these denominations, and (b) the adjustment of fractions.

*Term of New Securities.*

9. (a) New securities bearing interest at 4 per cent. will be repaid at par either on 15th January, 1940, or 15th February, 1946, or 15th April, 1949, or 15th June, 1955.

(b) All new securities will be subject to the condition that the Minister of Finance shall, on giving three months' notice in the *New Zealand Gazette*, have the option of redemption at any time within three years prior to the maturity dates—e.g., securities maturing on the 15th February, 1946, may be redeemed on or after the 15th February, 1943.

*Allocation of New Securities.*

10. New securities issued to any holder in exchange for any amount of existing securities shall as nearly as practicable be allotted equally among the several maturity dates specified in paragraph 9 (a), but the Minister of Finance, in the case of any holder of existing securities of less than £400, or in the case of securities held by trustees or Sinking Fund Commissioners, or in special circumstances, may direct the allocation of securities to one or more of the maturity dates according to the particular circumstances.

**FREE-OF-INCOME-TAX SECURITIES.**

*Rates of Interest and Conditions on Conversion.*

11. (a) New securities issued in conversion of free-of-income-tax securities will bear interest at  $3\frac{1}{2}$  per cent. free of income-tax up to the first half-yearly interest due date next following the maturity date of existing securities, or up to the maturity date of the existing securities if this coincides with the half-yearly interest due date of the new securities, and thereafter at the rate of 4 per cent., and the income derived from the new securities at the latter-mentioned interest rate will be liable for taxation pursuant to the Land and Income Tax Act, 1923, to the same extent as is interest on all other Government securities.

(b) The difference between the rate of interest of  $4\frac{1}{2}$  per cent. on existing securities reduced by 20 per cent., and the rate of  $3\frac{1}{2}$  per cent. payable on the new securities in terms of paragraph (a) will be adjusted by increasing the principal of the new securities so that the return to the holder, with redemption of the premium, will not up to the original maturity date be reduced below the present rate of  $4\frac{1}{2}$  per cent. less a reduction of 20 per cent. only.

(c) For the purpose of calculating premiums on conversion, tables have been prepared and appear in the Schedule to this Prospectus. These are based on the actuarial tables appearing in the Schedule to the New Zealand Debt Conversion Act, 1932–33. The amount of the premium in any case is dependent on two factors—viz., the difference between the existing rate of interest ( $4\frac{1}{2}$  per cent.), less 20 per cent., and the conversion rate of  $3\frac{1}{2}$  per cent., and the unexpired period to the maturity date of existing securities, calculated to the nearest half-year from the date of conversion.

*Form of New Securities.*

12. (a) New  $3\frac{1}{2}$ -per-cent. securities issued in exchange for existing free-of-income-tax securities will be in the form of New Zealand Government stock only which will be inscribed for any sum which is a multiple of £5.

(b) Holders of existing free-of-income-tax securities may elect, on application for conversion, to accept at par new securities bearing interest at 4 per cent., subject to income-tax. These securities will be for the terms specified in paragraph 9 (a) of this Prospectus.

*Term of New Securities.*

13. (a) New securities bearing interest at  $3\frac{1}{2}$  per cent. free of income-tax to the first half-yearly interest due date next following the maturity date of existing securities, or up to the maturity date of the existing securities if this coincides with the half-yearly interest due date of the new securities, and thereafter bearing interest at 4 per cent. subject to income-tax, will be repaid at par either on 15th March, 1943, or 15th May, 1952.

(b) All new securities will be subject to the condition that the Minister of Finance shall, on giving three months' notice in the *New Zealand Gazette*, have the option of redemption at any time within three years prior to the maturity dates—e.g., securities maturing on the 15th March, 1943, may be redeemed on or after the 15th March, 1940.

*Allocation of New Securities.*

14. New securities issued to any holder in exchange for any amount of existing securities shall as nearly as practicable be allotted equally to the two maturity dates specified in paragraph 13 (a) hereof, but the Minister of Finance, in the case of any holder of existing securities of less than £400, or in the case of securities held by trustees or Sinking Fund Commissioners, or in special circumstances, may direct the allocation of securities to either one of the maturity dates according to the particular circumstances.

## PROVISIONS APPLYING IN GENERAL.

*Fractions on Conversion.*

15. Where the conversion of existing securities into new securities would result in the issue of an amount of new securities that is not a multiple of £5, any fraction of £5 will be adjusted as follows: (a) By the contribution in cash by the holder of existing securities of the amount required to make up the next multiple of £5; or (b) by the holder of existing securities consenting to the retention of such amount of interest to accrue on new securities as is necessary to make up the next multiple of £5; or (c) by the holder of existing securities electing to receive payment in cash of the amount in excess of a multiple of £5.

(NOTE.—Any payments to be made in accordance with this provision will be made on or after the 1st July, 1933.)

## PAYMENT OF INTEREST.

16. (a) Interest accrued up to and including the 31st March, 1933, on existing securities, which are converted into new securities, whether upon application or by reason of non-signification of dissent, calculated at the rate specified in existing securities, will become payable on or after the 15th May, 1933, to the person who is the holder of such securities on the 31st March, 1933, but will not be paid in any case until existing securities are surrendered.

(b) Interest on new securities issued in accordance with this Prospectus will be payable on the respective half-yearly interest due dates specified in the second column of the table hereunder, except that interest from and including the 1st April, 1933, up to the first half-yearly interest due date will be payable on or before the dates specified in the third column of the table hereunder:—

Column I. Date of Maturity.	Column II. Half-yearly Interest due Dates.	Column III. Date of Payment of Interest from 1st April, 1933, to First Half- yearly Interest due Date.
15th January, 1940.	15th January, 15th July.	15th July, 1933.
15th February, 1946.	15th February, 15th August.	15th August, 1933.
15th March, 1943.	15th March, 15th September.	15th September, 1933.
15th April, 1949.	15th April, 15th October.	15th October, 1933.
15th May, 1952.	15th May, 15th November.	1st July, 1933.
15th June, 1955.	15th June, 15th December.	15th July, 1933.

17. In the case of securities in the form of stock held jointly or otherwise by two or more persons the warrants for the payment of interest may be issued in the name of the stockholder first named in the Register unless the Registrar accepts or has accepted directions from the stockholders for payment to be made otherwise.

## TAXATION.

18. New securities issued in accordance with this Prospectus will not be subject to the special stamp duty under the National Expenditure Adjustment Act, 1932, or to special taxation imposed under the Finance Act, 1932-33, on interest derived from New Zealand Government securities.

## DISSENT FROM CONVERSION.

19. (a) Persons who wish to dissent from the conversion of their securities must do so in writing, in a form supplied by Treasury, giving particulars of the securities concerned—i.e., amount, date of maturity, interest rate, and numbers. Notice of dissent, a form of which is obtainable at the New Zealand Government Treasury Offices at Auckland, Wellington, Christchurch, and Dunedin, at any bank, or at any postal money-order office in the Dominion, must be addressed to the Treasury, Wellington.

(b) Where the existing securities are not in the form of stock, they shall accompany the notice of dissent and shall thereupon be exchanged for New Zealand Government stock.

(c) New Zealand Government stock exchanged for existing securities in respect of which notice of dissent has been given as provided in this Prospectus shall conform with the conditions of the existing securities in respect of duration, redemption, rate of interest, and in all other respects. No interest due for any period after the 31st March, 1933, will be paid on existing securities, other than stock, until such securities have been exchanged for New Zealand Government stock.

(d) Stock in respect of which notice of dissent has been given, and New Zealand Government stock issued in exchange for existing securities other than stock in respect of which notice of dissent has been given, shall not be exchangeable for New Zealand Government debentures, nor shall stock certificates be issued in respect of such stock.

20. (a) Notice of dissent may be given on or before the 24th March, 1933.

(b) Where the holder of the securities (or, where the holder is a trustee, any person whose consent would be required for conversion) is, during the whole of the time between the passing of the New Zealand Debt Conversion Act, 1932-33, and the 24th March, 1933, absent from New Zealand, the time in which dissent may be given is extended to 1st June, 1933.

(c) In special circumstances the Minister of Finance may extend the time in the case of any particular holder.

#### CONVERSION OF SECURITIES WHEN DISSENT NOT NOTIFIED.

21. Where written dissent is not notified in the manner and within the period prescribed by the Act, the relative securities will be deemed to be converted into new securities, and holders will be required to exchange their existing securities for new securities in accordance with this Prospectus. No interest due for any period after the 31st March, 1933, will be paid until this exchange has been made.

#### MISCELLANEOUS.

22. New securities in the form of New Zealand Government stock will be issued to the person who is the registered holder of existing securities on the 31st March, 1933.

23. New securities in the form of New Zealand Government debentures will be delivered to the applicant for conversion in accordance with the directions in the form of application.

24. The issue is an investment authorized by the Trustee Act, 1908, and trustees are expressly authorized and empowered to convert or withhold dissent from the conversion of any existing securities into new securities, and no action, suit, or other proceedings shall be commenced, prosecuted, or maintained against any trustee upon the ground of any action taken by such trustee to convert, or upon the failure of such trustee to dissent from conversion of, existing securities into new securities in accordance with this Prospectus. Provision is contained in the New Zealand Debt Conversion Act, 1932-33, for adjustments as between income and capital consequent on conversion of securities held by trustees.

25. New securities issued in exchange for existing securities with the condition of availability for payment of death duty attaching thereto shall retain such condition for the period of duration of the new securities.

26. Forms of application may be obtained at any postal money-order office in New Zealand, at any branch of any bank in New Zealand, and at the New Zealand Government Treasury Offices at Auckland, Wellington, Christchurch, and Dunedin.

#### CLOSING OF REGISTERS.

27. Registers of Stock will be closed from the 6th March, 1933, until the 20th April, 1933, or such earlier date as is fixed by the Minister of Finance, for all transactions in respect of New Zealand Government stock other than transactions provided for in this Prospectus.

Wellington, N.Z., 4th March, 1933.

J. G. COATES, Minister of Finance.

#### THE SCHEDULE.

##### METHOD OF DETERMINING THE AMOUNT OF NEW SECURITIES TO BE ISSUED IN LIEU OF EXISTING SECURITIES.

1. The conversion is based on a reduction of the interest rate on existing securities by 20 per cent., but so that in no case, except free-of-income-tax securities, will the rate be reduced below 4 per cent.

2. Where the interest rate on the new securities is not lower than the interest rate on existing securities reduced by 20 per cent. no adjustment of capital is required and new securities will be issued for the same amount as the existing securities.

3. Where the interest rate on the new securities involves a reduction of more than 20 per cent. in the interest rate on the existing securities a premium will be granted in the form of additional new securities (fractions of £5 being adjusted in terms of paragraph 15 hereof).

4. The following table showing the rates of premium for the various classes of existing securities is based on the actuarial tables appearing in the Schedule to the New Zealand Debt Conversion Act, 1932-33. The premium in every case is the actuarial equivalent of the difference in future income for the term of the existing security at the original interest rate less 20 per cent. and at the conversion rate of 4 per cent. or  $3\frac{1}{2}$  per cent., as the case may be.

## EXAMPLES OF WORKING.

*Existing 5½-per-cent. Securities maturing 1st September, 1937.*

Interest rate £5 10s. per cent. reduced by 20 per cent. falls to £4 8s. per cent.

Table VI indicates that the premium of each £100 of existing securities is £1·63245 or £1 12s. 8d.—*i.e.*, for each £100 of existing 5½-per-cent. securities the equivalent amount of new 4-per-cent. securities will be £101 12s. 8d., or for each £1,000 of existing securities the equivalent amount of new 4-per-cent. securities will be £1,016·3245 or £1,016 6s. 6d.

*Existing 4½-per-cent. Free-of-income-tax Securities maturing 15th November, 1938.*

Interest rate £4 10s. per cent. as reduced by 20 per cent. falls to £3 12s. per cent. free of income-tax.

Table I indicates that the premium for each £100 of existing securities is £0·48934 or 9s. 9d.—*i.e.*, for each £100 of existing 4½-per-cent. free-of-income-tax securities the equivalent amount of new securities will be £100 9s. 9d., or for each £1,000 of existing securities the equivalent amount of new 3½-per-cent. securities will be £1,004·8934 or £1,004 17s. 10d.

## TABLE SHOWING PREMIUM IN RESPECT OF EXISTING SECURITIES ON CONVERSION.

I. *4½-per-cent. Securities (Free of Income-tax).*

Maturity Date of Existing Security.	Premium per Cent. on Conversion.	Premium per Cent. expressed in £ s. d.
15th December, 1935 .. .. .	0·23567	0 4 9
1st January, 1936 .. .. .	0·28007	0 5 7
15th November, 1938 .. .. .	0·48934	0 9 9
20th April, 1939 .. .. .	0·52877	0 10 7
15th December, 1940 .. .. .	0·64246	0 12 10
1st January, 1941, to 1st June, 1941 .. .. .	0·67889	0 13 7
1st July, 1941, to 1st September, 1941 .. .. .	0·71459	0 14 4

II. *4½-per-cent. Securities (not free of Income-tax).—Convertible at par.*III. *5-per-cent. Securities.—Convertible at par.*IV. *5½-per-cent. Securities (maturity date, 15th February, 1937).—Convertible at premium of 0·36627 per cent.—i.e., 7s. 4d. per cent.*V. *5¼-per-cent. Securities.*

Maturity Date of Existing Security.	Premium per Cent. on Conversion.	Premium per Cent. expressed in £ s. d.
15th August, 1933 .. .. .	0·09804	0 2 0
9th October, 1934, and 1st November, 1934 .. .. .	0·28839	0 5 9
1st July, 1935 .. .. .	0·47135	0 9 5
1st September, 1941 .. .. .	1·42919	1 8 7

VI. *5½-per-cent. Securities.*

Maturity Date of Existing Security.	Premium per Cent. on Conversion.	Premium per Cent. expressed in £ s. d.
1st July, 1933 .. .. .	0·19608	0 3 11
1st February, 1936 .. .. .	1·12029	1 2 5
15th February, 1937 .. .. .	1·46510	1 9 4
15th August, 1937, and 1st September, 1937 .. .. .	1·63245	1 12 8
1st August, 1941 .. .. .	2·85837	2 17 2
1st February, 1951 .. .. .	5·09777	5 1 11

VII. *6-per-cent. Securities (maturity date, 1st August, 1951).—Convertible at premium of £10·38778 per cent.—i.e., £10 7s. 9d. per cent.*

