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1937.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 28th September, 1937.)

BY THE HON. WALTER NASH, MINISTER OF FINANCE.

MR. CHAIRMAN,—

The Financial Statement submitted last year set out the proposals which would be introduced to give effect to the policy of the Government. It is now my privilege to present to this Committee the record of achievements for the first year of office.

Reforms of a far-reaching character have been initiated, and the available evidence proves that the Dominion is enjoying a measure of prosperity greater than has been experienced for many years. This prosperity is to a major extent due to the legislation passed last year.

The prices of our principal pastoral production—wool, meat, butter, and cheese—have all improved during the year, and the Government claim no credit for higher prices for meat and wool which made a contribution to the increased national income, but they do claim that the policy of readjusting and extending the incomes of the mass of the people brought a major improvement in our internal economy.

Prosperous conditions.

A combination of higher prices and increased quantities resulted in a record of £64,600,000 being obtained for the Dominion's exports for the year ended 30th June last. This represented an increase of nearly £11,000,000, or 20 per cent., compared with the previous year. Exports of meat were valued at £13,500,000, wool at £18,800,000, and butter and cheese at £21,700,000. It is of interest to note that the most recent statistics indicate that New Zealand now supplies 62 per cent. of the United Kingdom cheese imports, 56 per cent. of her pork imports, and nearly 30 per cent. of her butter imports. New Zealand is now, in fact, the chief overseas supplier of butter, cheese, and pork to the United Kingdom's markets.

Higher overseas prices.

The evidence of prosperity and changed circumstances during the past year in the Dominion is so impressed on our individual experience that comparison with the immediate previous years is hardly necessary, but in order that the picture may be properly appreciated, a table (numbered 21) is appended to this Statement showing

Improvement in the Dominion.

the improvement in various aspects of the national economy since the present Government took office. It may be compared with a similar table (also numbered 21) in the 1935 Financial Statement. Some outstanding items are :—

	As shown in 1935 Table.	Latest Results.
	£	£
Value of total production	98,800,000	114,200,000
Value of exports	43,000,000	64,600,000
Salaries and wages paid	65,700,000	85,000,000*
Mortgages discharged	13,800,000	20,700,000
Bank debits (excluding Government) ..	676,200,000	916,200,000

* Provisional.

It is impossible to present the whole scene by an array of statistics, as some of the more important aspects of human welfare cannot be measured by such means, but if we think back to three years ago and compare conditions then with those obtaining now, the improvement will be brought home to us in a striking manner.

Incomplete as these particulars are, they constitute a record of which the Dominion may be justly proud.

Our standard of living compares favourably with that of other countries, but there are many ways in which it could and should be improved. The standard of living depends on the maximum production of desirable commodities and the Government will not rest content so long as there are men and women unemployed and our resources are not fully used.

EMPLOYMENT PROMOTION.

The methods adopted to promote employment have been first to endeavour to absorb men into normal productive employment. To this end the State Placement Service which the present Government established has proved particularly valuable, and during the past year alone 14,000 permanent, 9,000 temporary, and 9,000 casual positions were found throughout the Dominion. Employers are, to an increasing degree, taking advantage of the facilities which the Service offers.

The Government are by various means encouraging the establishment of new industries and the extension of existing ones. If this Dominion is to increase or even maintain her existing population in remunerative employment secondary industries must receive more attention than has been the case in the past. This does not mean the bolstering-up of uneconomic enterprises by subsidies or tariffs, but the intelligent control and development of industries which this Dominion should be able to carry on to meet the requirements of her own population and to provide for export those commodities in respect of which our Dominion possesses natural advantages.

An important index as to secondary production is the return of factory workers of which the latest recorded figures show 111,041 employed, being 8,766 in excess of the previous year, and 6,593 greater than the number employed in 1929-30.

The pushing-ahead of public works, to which I shall refer in greater detail later, has been another major factor in meeting the unemployment situation. Since 1870, public works have played an important part in New Zealand's economic development, and suddenly to reduce the expenditure on such works as was done in 1930-35 naturally had a most damaging effect on the national welfare. Public works are now recognized in most countries as a very useful and advantageous method of coping with unemployment.

In regard to the special finance provided for dealing with the problem of employment it is satisfactory to note that in spite of the additional charges imposed on the Fund by reason of the improvement in rates of pay the year closed with a balance.

The total amount available during the financial year was £4,667,256, consisting of—

	£
Balance brought forward	406,711
Revenue from taxation	4,224,965
Interest and other miscellaneous receipts	35,580
	<hr/>
	£4,667,256
	<hr/>

Of the total taxation revenue, amounting to £4,224,965, the sum of £440,562 was received from the registration levy, £2,590,832 from wages tax, and £1,193,571 from the special charge on “other income.” The total revenue from taxation was £304,939 in excess of that received during the previous financial year, although during that year the tax was imposed at the rate of 10d. in the pound for the first six months as against 8d. in the pound since then. The improvement in the revenue from wages tax indicates that salaries and wages were increased by some £12,000,000, while the receipts from the charge on “other income” reflect an increase of over £8,700,000 in the incomes of those persons liable for this tax.

Disbursements from the Fund for last year totalled £4,414,011, made up as follows :—

	£
Wages and other payments under various schemes ..	2,601,739
Food, clothing, and other necessities	27,446
Sustenance payments	1,557,215
Sundry loans and grants	73,440
Christmas bonus and other miscellaneous payments	77,726
Administration expenses	76,445
	<hr/>
	£4,414,011
	<hr/>

For the current financial year it is estimated that, on the present basis of taxation, the revenue will amount to £5,180,000, the increase of £919,000 over the receipts for last year reflecting the increase in the amount of salaries, wages, and other income. The additional resources anticipated will enable more to be done in the direction of providing full-time work at standard rates of pay, and the Acting Minister of Labour has recently visited various parts of the Dominion for this purpose. It will also provide some foundation for the new proposals in connection with the National Superannuation, Health, and Unemployment Scheme.

WAGE AND SALARY RESTORATIONS.

While consideration has necessarily been given to the promotion of employment, the Government have been by no means unmindful of the interests of the great majority who are in normal employment. In the past wage and salary earners have been the first to suffer from the effects of a depression and the last to benefit by an improvement. Increased salaries and wages.

Objection to wage and salary restorations is often based on the effect on prices. It is assumed that the wage and salary restorations are the sole cause of increased prices. This view is erroneous. The relative statistics disclose that substantial increases have in fact taken place in the price of imported goods, which are now up to the 1930 level. There has also been some increase in prices of locally produced goods, but this has been the experience of other countries the world over. In any case, increased prices for our exports involve increased prices internally for the same classes of goods. The test, however, is real purchasing-power. Comparing June, 1937, with June, 1935, purchasing-power in New Zealand as expressed in wages has increased by 9 per cent., whereas in both Great Britain and Australia the purchasing-power of wages has shown a slight decline. Higher overseas costs.

Increased
pensions.

In effecting a more equitable distribution of the national income, the legitimate claims of those who have contributed to the Dominion's wealth in the past have not been overlooked. I refer to the old-age and war pensioners, and in these cases, together with those of widows' and other forms of pension, the "cuts" were restored, and in some cases further increases were given and conditions of eligibility made more generous. The additional cost has been well worth while, and, as in the case of wages increases, has had an important influence in increasing the demand for primary and secondary products.

At this point it cannot be too strongly emphasized that increased production of the commodities and services that will be in demand from the increased wages and salaries is essential to a permanent improvement in standards of living.

HOUSING.

Housing
survey.

A more just distribution of the national income is linked up with the provision of adequate housing facilities. The problem of slums does not arise to the same extent as in the older countries, nevertheless the problem of proper housing standards in New Zealand has assumed major importance.

As honourable members are aware, a national housing survey is at present in progress, but the results will not be available for some months. Apart from this information, it is obvious that for some time past an acute shortage of suitable housing-accommodation has prevailed in the Dominion.

Building operations have suffered a particularly severe setback during the past twenty years. The general improvement in economic conditions during the past year, together with an increase in the marriage-rate, has intensified the demand to such an extent that the Government felt fully justified in proceeding as quickly as possible with the erection of houses throughout the Dominion. The problem had assumed such pressing importance that the method of relying on private enterprise was considered inadequate to meet the situation, and it became necessary for the Government to act promptly.

Housing
Department.
Construction

Accordingly, under the provisions of the Housing Act, 1919, and the State Advances Corporation Act, 1936, a Housing Construction Department was set up under the immediate direct control of the Parliamentary Under-Secretary to the Minister of Finance. With commendable promptitude the Department, in addition to utilizing land already owned by the Government, purchased suitable areas in different centres of population, and within a comparatively short time contracts for the erection of houses had been let. By purchasing areas of this description for subdivision and arranging contracts on a large scale the Government have been enabled to effect substantial savings in capital costs. In order to ensure that the houses should measure up to a high standard both practically and aesthetically, the following principles are being adhered to:—

- (a) In the initial stages the majority of the houses are to be individual units.
- (b) No two houses in any particular area are to be of the same design.
- (c) As far as practicable materials are to be produced or manufactured in New Zealand.
- (d) The quality of construction is to be of a high standard, and the internal facilities are to be modern and complete.

These houses are not intended for sale, as investigations have shown that the housing shortage is being experienced most acutely by those who for various reasons are unable or unwilling to finance the purchase of a property. Every encouragement is being given to local authorities to undertake similar housing-schemes, and for this purpose money has been made available at an interest-rate of 3 per cent. per annum.

Contracts for
erection of
houses.

Up to the 15th September last the Housing Construction Department had let contracts in twenty-six different towns in the Dominion for 1,118 houses. In anticipation of the early completion of 385 houses in the Wellington District, a ballot was taken, and arrangements have been made for the tenants to enter into possession in the very near future. Houses will shortly be available in the Auckland, Wanganui, Palmerston North, Christchurch, Dunedin, and Invercargill Districts, to be followed by further houses in other centres as completed.

In addition to providing a substantial measure of relief from the housing shortage, the Government operations are at present giving direct full-time employment to over 1,500 skilled tradesmen and labourers.

The expansion of the activities of the Department is limited only by the shortage of skilled labour, which is already becoming a serious problem. In the near future the building of houses will be under way concurrently in over forty towns. Special measures are in hand to increase the number of tradesmen, and this will not only enable the programme to be accelerated, but will be the means of placing a large number of unemployed in full-time employment.

Up to the present expenditure on housing amounts to approximately £250,000, but there are commitments for land purchased and work started amounting to about £1,250,000. By the end of the financial year commitments will probably amount to £3,000,000 and expenditure to £1,500,000. As honourable members are aware, the money for the housing scheme is being provided by the Reserve Bank.

Expenditure
on housing.

The Government realize the necessity for improved housing and other accommodation on farms, and, where it is possible to obtain reasonable security for the sum to be expended, will arrange for special consideration to facilitate the granting of loans.

MORTGAGE FINANCE.

One of the major problems with which New Zealand was faced as a result of the depression was an equitable adjustment of the rights of mortgagees and mortgagors. Much of the legislation that was passed in this connection had the effect of postponing adjustment rather than of facilitating it, and the feelings of uncertainty which prevailed undoubtedly had an adverse effect on mortgage-finance operations generally.

With a view to finalizing and clarifying the whole position, legislation (the Mortgagors and Lessees Rehabilitation Act) was passed last session, and Adjustment Commissions were set up throughout the Dominion to deal with applications and to make adjustments of the liabilities of mortgagors and lessees in accordance with the method laid down by the Act. The Act also provided for the constitution of a Court of Review to consider appeals against decisions of the Adjustment Commissions.

Mortgage
Adjustment
Commissions.

The principle of the present Act differs considerably from the previous mortgage-relief legislation. The original relief Acts were designed to afford temporary relief for mortgagors (both rural and urban) by way chiefly of moratorium, reduction of interest-rates, and remission of arrears. The Act of 1935, known as the Rural Mortgagors Final Adjustment Act, originated the principle of writing down the principal sum under a mortgage to an amount commensurate with the depreciated value of the security. The final adjustment, however, was to be delayed, in general, for a period of five years (known as the budgetary period), during which period a trustee was appointed to control the mortgagor's financial affairs, and, to a certain extent, his farming operations. The value of the property for adjustment purposes was to be based upon the productive value as ascertained during the budgetary period. The budgetary system was found to be irksome, and it was considered that the final adjustment of the farmer's affairs would be unduly delayed. Accordingly the present Act, which extends also to home and other mortgagors as well as to farmer mortgagors, and also to leases, eliminates the five-year budgetary period, and provides for an immediate and final adjustment of the liabilities of mortgagors and lessees, the method of determining the value of the security, in the case of farmer mortgagors, being based upon the productive value of the land ascertained from the average prices for produce during the ten years prior to the passing of the Act.

A total of approximately 34,000 applications for adjustment have been filed affecting mortgages aggregating many millions of pounds.

**Adjustments
effected to
date.**

Thirty-three Adjustment Commissions have been set up to exercise jurisdiction throughout the various districts. The Commissions have been functioning for several months past, and steady progress is being made. Up to the end of August 1937, some 6,000 applications have been disposed of either by way of voluntary adjustments, withdrawals, or hearing before Commissions. Of approximately 4,300 orders made by the Commissions, some 1,900 had at the above date been actually sealed, involving the writing-off of a total amount of approximately £446,000, this amount representing mortgage-moneys in excess of the values of the securities as ascertained by the Commissions in accordance with the Act. Some 1,650 mortgages the terms of which had expired have been extended. An amount of approximately £147,000 arrears of interest on mortgages has been remitted. As regards leases, a sum of £14,000-odd arrears of rent has been remitted, and in many cases the rate of rent payable has been reduced.

**Uneconomic
areas.**

The Government have not overlooked the problems of men who are endeavouring to farm uneconomic areas under land for settlement leases and other titles associated with the Crown, and are considering methods of dealing with the matter.

**New loan-
moneys.**

Apart from stabilizing the position in so far as existing mortgages are concerned, the Government have provided adequate finance on reasonable terms for new borrowers.

**State Advances
Corporation.**

In this connection it is appropriate that I should refer to the operations of the State Advances Corporation as a major factor in the provision of adequate mortgage finance on reasonable terms and based on the "table" principle.

The extent to which the facilities of the Corporation have been availed of is shown by the loans authorized from 1st April, 1936, to 31st July last.

			Number.	Amount. £
Urban—				
Erection of dwellings	..	..	1,411	1,012,820
Refinancing	..	..	1,735	995,609
Other purposes	..	..	548	370,470
			3,694	2,378,899
Rural—				
Refinancing	..	..	1,188	2,607,690
Other purposes	..	..	287	450,430
			1,475	3,058,120
Total authorizations	..	..	5,169	£5,437,019

The process of transferring to the Corporation the whole of the discharged-soldier-settlement mortgages, totalling £11,525,000, is now complete, and Corporation stock amounting to £8,760,000, bearing interest at 3½ per cent. per annum, has been issued to the Crown in settlement, the balance of £2,765,000 constituting a contingent liability of the Corporation. The Corporation has now on its books mortgages totalling over £51,000,000.

Lending-rates.

The Government policy is to provide ample funds for sound securities at low interest-rates, which is the most important factor both in lightening the burden of fixed charges and in encouraging the development of trade and industry. The lending-rate of the State Advances Corporation has been held at 4½ per cent., and the rate for local authorities' loans at 3½ per cent.

**Local
authorities.**

During the past year some local authorities have experienced difficulty in raising loans at 3½ per cent., and the Government have been urged to allow a higher rate. Low interest-rates, however, have proved an important element in promoting prosperity and it is an integral part of the economic policy of most countries to maintain rates at a low level.

In New Zealand it is the Government's policy to maintain interest-rates at the lowest possible level. Accordingly the Government cannot agree to increase the borrowing rate for local authorities, and in order to support the existing rate it is intended to increase the amount which the State Advances Corporation has available for investing in the securities of local authorities.

MARKETING : PRIMARY PRODUCTS.

In accordance with the legislation enacted last session, all butter and cheese manufactured for export on and after 1st August, 1936, is acquired by the State when the produce is placed on board an overseas vessel. A full report regarding the operations of the Department concerned will be laid before Parliament later in this session. The report will deal with the results of the first year's activities under the guaranteed-price plan for the dairy industry, and will review the marketing of dairy-produce by the Department.

**Primary
Products
Marketing
Department.**

The Government at this stage desire to pay tribute to the officials in London and in New Zealand who have carried out a change of procedure which is of profound importance to the Dominion.

There is general agreement amongst those qualified to judge that the marketing operations during the past year have been entirely successful. The administration has proceeded smoothly, and dairy-factory companies, through the system of payment of guaranteed prices for butter and cheese, have been enabled to pay uniform butterfat prices to their suppliers at a higher level than would have been possible under the old system of marketing. This stabilizing feature has been appreciated by dairy-farmers, who have been able to budget for the season's farming operations with certainty in so far as price is concerned.

**Success of
policy.**

A marked improvement in shipping arrangements has also been made possible, and the programme of arrivals of produce at the various United Kingdom ports has been designed to give a more regular and uniform delivery to meet the actual market needs at the various destinations.

**Shipping
arrangements.**

The marketing of butter and cheese on consignment on a commission basis by the appointed agents of the Government has given very satisfactory results, and representatives of merchant firms with wide experience have declared that the present system is much more satisfactory than that which was previously in operation.

The gradual extension of outlets for New Zealand butter and cheese has continued, and there is evidence of trade appreciation of the better service which it has been possible to give under the collective-marketing system.

New markets.

The Department is proposing to extend its publicity and sales promotion, and, if normal circumstances continue, increased sales may be looked for in the United Kingdom. Efforts have been made to increase sales of butter and cheese in markets other than the United Kingdom, and the requirements of firms trading in those markets have been regularly supplied.

The excellent quality of butter and cheese exported has been maintained during the season, and there is much evidence of appreciation of the uniformly high standard which has been reached.

Considerable and satisfactory progress has been made in the rationalization of the dairy industry by consolidation of manufacture of butter and cheese and by elimination of overlapping in cream-collection services. Evidence is already forthcoming of the advantages in savings in costs and improvement in quality which have resulted from the action taken.

A system of presentation of the accounts of dairy-factory companies in standard form has been introduced, and is providing reliable comparisons of the results of the manufacturing operations of companies. This feature is of distinct advantage to the Government and to directors, suppliers, and officials of dairy companies.

Dairy Industry Account.

The financial operations of the Dairy Industry Account for the export season have not yet been completed, but on present indications the deficit should not exceed £650,000.

Origin of guaranteed price.

The guaranteed-price procedure, with the new system of marketing, is of such profound importance to the future of the Dominion that a recital of its origin may be of interest.

In 1934 the Commission set up by a previous Government to investigate the dairy industry reported that at least one-half of the dairy-farmers engaged in the industry were in varying degree unable, at that time, to meet in full their financial commitments. Investigation revealed that within a period of six years overseas butter prices had declined from 184s. to 66s. 6d. per hundredweight.

With this information the Prime Minister and other members of the present Government pledged themselves that, if elected, they would institute a procedure that would give the farmer a guaranteed share of the national income, and would take the responsibility for marketing the produce overseas.

The purpose and promise were clear. It was to endeavour to find a measure that would give to the working-farmer an income measured in price for his product equal, as far as is humanly ascertainable, to the payment for like work in other fields of production. No more—no less—than equal treatment for all workers in town or country.

That promise has been kept to its limit. Endeavours to give special privileges to any section, whether to farmer, other worker, to finance or to commerce, in a democracy, inevitably bring their own Nemesis.

With this philosophy guiding their actions the Government on entering office decided to buy all butter and cheese placed on board a ship for export at prices slightly in excess of the average realization during the ten years ended 31st July, 1935.

Season's results.

The average for the ten years was 12·73d. per pound of butterfat for butter. The Government decided to purchase the butter and cheese at prices that would enable efficient dairy-factory companies to pay 13·04d. per pound for butterfat for butter, and to provide for a premium of 1½d. per pound for suppliers of butterfat for cheese-manufacture.

An overestimate of the costs of butter-manufacture resulted in a lesser differential than the 1½d. promised. The Government have noted this disparity, and, when full information of the year's working is available from all the dairy companies, will take the necessary steps to carry out their undertaking.

The year's working, whilst showing an estimated deficiency of £650,000 between pay-out and realizations, has given to the dairy-farmer an element of confidence and security that could not have been obtained under any system previously in operation.

The foregoing covers the first year, during which the prices were based on previous averages.

For the production-year just commenced, the procedure to determine the price is set out in section 20 of the Primary Products Marketing Act. Subsection (5) of the same section sets out the objective of the Government. It is to give to efficient dairy-farmers a price for their product that will provide a net income sufficient to maintain themselves and their families in a reasonable state of comfort.

To achieve this objective the Act provides that the Government must take into account prices realized in previous years; the necessity to maintain the stability and efficiency of the industry; the costs involved in efficient production; the costs of marketing; and, in particular, that the general standard of living of farmers and dairy-factory workers should be based on and be equal to the general standard of living in the Dominion.

The Government, taking all these factors into account, announced that they would buy all butter and cheese which is exported after 31st July, 1937, and which is manufactured on or before 31st July, 1938, at the following prices per pound f.o.b. ocean steamer :—

Current year's
guaranteed
prices.

CREAMERY BUTTER.

	Price per Pound. d.
Finest grade—	
94 points and over	13·375
93 to 93½ points (basic guaranteed price) ..	13·25
First grade—	
92 to 92½ points	13·1875
90 to 91½ points	13·00
Second grade	12·50

WHEY BUTTER.

First grade	12·25
Second grade	11·75

CHEESE.

Finest grade—	
94 points and over	7·69625
93 to 93½ points	7·665
First grade—	
92 to 92½ points (basic guaranteed price) ..	7·54
91 to 91½ points	7·4775
Second grade	7·29

Allowing 2¼d. per pound butterfat for costs between delivery at factory and on board ship, the return to the farmer from an efficient dairy factory should be 13·88d. per pound of butterfat for butter.

This price is made up as follows :—	Price per Pound. d.
Working and maintenance costs	5·07
Allowance for interest on capital	3·06
Labour on farm	7·29
	<hr/>
	15·42
Less return from pigs	1·54
	<hr/>
	13·88
	<hr/>

In order to cover the difference in costs of production and in returns from by-products in the case of butterfat for cheese, the purchase-price of cheese is so fixed that the average efficient cheese-factory will pay out to its suppliers 2d. per pound butterfat over the pay-out for butter, or 15·88d. per pound.

The Government are satisfied that the prices guaranteed represent a fair and just payment to dairy-farmers for their produce, and that these prices, fixed entirely in accord with the Government policy, will give an efficient dairy-farmer a security of living-standard better than he has known for many years.

Pay-out on shipment at a known price sufficient to cover his costs gives the farmer the position that is due to him as a contributor towards the national income and development.

The Government desire in concluding this section of the Financial Statement to stress the imperative need of maintaining and even improving the quality of our products. The name of New Zealand stands very high in overseas markets for quality, and every dairy-farmer and factory-worker should accept a personal responsibility for maintaining that quality.

High quality
essential.

OVERSEAS NEGOTIATIONS.

The importance of adequate and expanding markets for New Zealand produce has already been referred to. On the average, consumption in the Dominion accounts for approximately half of our total production, and consequently any influence likely to improve or conversely to prejudice our overseas markets is one to which the Government must necessarily give the closest attention. Rapid advances have been made in the last few years in both the quality and quantity of our primary production, and there is no doubt that by a greater application of scientific methods our output per acre could be further substantially increased. It is therefore essential to our welfare that an expanding market should be available for our produce. The Government are aware, of course, that increased supplies beyond a certain point result in reduced prices, but investigations have shown that in none of our principal overseas markets is the consumption per head of the class of commodities which New Zealand supplies adequate to the maintenance of a reasonable standard of living. Conditions are improving in this respect as a result of increased purchasing-power, but there is still scope for a substantial increase in consumption.

Offer to United Kingdom Government.

Following a decision of the Government, I was privileged at the end of last year to visit the United Kingdom to discuss with the Government there the export policy of the Dominion. The actual offer which was submitted to the United Kingdom Government was as follows:—

(1) The United Kingdom, with minor qualifications, would be offered a full market in New Zealand for its manufactures and raw material equal in value to the balance of credits from sale of New Zealand products in the United Kingdom after providing for (a) shipping-charges, (b) "invisible" items, (c) debt services, and (d) a proportionate sum for the reduction of New Zealand overseas debt.

(2) If agreement could be reached, the United Kingdom in certain cases would be given the complete market in New Zealand for special manufactures of a type that were not produced in New Zealand. In certain cases New Zealand would give preference to United Kingdom manufacturers or producers desiring to install and operate plants in New Zealand for the production of commodities at present imported.

(3) New Zealand's secondary industries to be extended, but not by reducing the total volume of United Kingdom export trade to New Zealand.

Negotiations in connection with this offer are not yet complete, the United Kingdom Government showing a reluctance to admit an expanding quantity of the Dominion's primary produce, as conflicting to some extent with the policy of encouraging maximum local production of foodstuffs, the objective being that in time of war less reliance need be placed on overseas supplies. Negotiations are still being pursued, however, while the personal contacts which were made in London have given the negotiators a full understanding and sympathy with each other's viewpoints.

It was possible, however, during my stay in London to reach agreement in regard to beef, mutton, lamb, pork, and bacon, which together constitute not less than $33\frac{1}{2}$ per cent. of the total value of the Dominion's exports.

Quota allocations.

Previous discussion concerning beef centred around an allocation based on the 1935 figures, which would have meant an allocation of 45,800 tons. The negotiations which took place resulted in an increase of the allocation to 56,200 tons, and there is every possibility that further increases will be given in subsequent years.

Similar discussions took place in connection with mutton and lamb, the preliminary allocation being actually less than for 1936. The point was stressed with the United Kingdom authorities that, by limiting exports to such an extent, not only would considerable hardship be imposed on the Dominion, but the ability to purchase United Kingdom goods would be seriously prejudiced. As a result, it is satisfactory to be able to record that the allocation for 1937 was increased to 4,010,000 cwt., which is the highest allocation accorded to New Zealand since the

quota system was introduced. In addition, and arising out of previous negotiations, the threatened levy on New Zealand mutton and lamb imported into the United Kingdom will not now be proceeded with.

While in England I took the opportunity of visiting the principal wholesale markets handling New Zealand produce, and later of discussing the question of quality and supplies with the more important retailers. I am satisfied, as a result of those investigations, that the principal lines of New Zealand produce compare favourably with any at present on the English market—the most discriminating in the world. An interesting feature associated with the new marketing policy for butter is that whilst Danish prices have always commanded a margin over New Zealand, the last season, according to the report of the Imperial Economic Committee, shows that whilst New Zealand butter with a record output was 10 per cent. higher in price than in 1935, Danish prices showed an appreciation of only 6 per cent.

Preliminary negotiations were carried out with representatives of the Governments of France, Germany, the U.S.S.R., the Netherlands, Denmark, the Irish Free State, Palestine, Yugoslavia, Southern Rhodesia, Canada, the United States of America, and Panama. There are reasonable hopes that as a result of these negotiations further markets will be developed for New Zealand produce.

In company with the Right Hon. the Prime Minister, opportunity was taken to discuss with the Imperial Government outstanding questions regarding defence, air communications, foreign affairs, and shipping, and an agreement was reached on various matters of policy. These subjects will come up for your consideration later.

Careful investigation was also made into housing problems, and the latest advances made in the United Kingdom were inspected.

The New Zealand Government's overseas publicity work was reviewed in order that improvements may be introduced with a view to making a more effective appeal both to potential consumers of our produce and to prospective tourists.

Detailed inquiries were made as to processes, costs, output, &c., in the sugar-beet, iron and steel, tire, coal carbonization, and other industries. The information obtained will be invaluable when decisions are required relative to the extension of secondary industries within the Dominion.

Opportunity was taken while in London to discuss the Government's policy with the highest financial authorities, who are well informed on matters affecting New Zealand. The development of the present Government's policy is being watched with keen and sympathetic interest. Although the Government do not contemplate borrowing again in London, other than for necessary redemption purposes, it is satisfactory to note that our credit stands very high in the eyes of the investor. The only loans raised in London by the present Government have been for conversion purposes, the last loan incidentally being on as favourable terms as have been accorded to the Dominion during the present century.

INTERNAL MARKETING.

While paying particular attention to maintaining and extending the Dominion's overseas markets as an influence affecting our general prosperity, the Government have not overlooked the important matter of internal marketing. It is true that approximately 70 per cent. of our agricultural and pastoral production is exported, but it is obvious that the marketing of the remaining 30 per cent. is a vital factor in the national economy.

Internal marketing has accordingly been the subject of very careful investigation by the Government, and, as a means of implementing the Government's policy, an Internal Marketing Branch of the Primary Products Marketing Department was established in February last, and at the same time the business carried on by Picot Brothers, Ltd., was acquired by the Government. At the time of purchase this company represented the largest wholesale dealers in primary produce for the local market in New Zealand. The business, which included premises, plant, and stock-in-trade, was acquired on a valuation basis, while the services of the managing director were retained as Director of the new Branch.

Further negotiations.

Defence, foreign affairs, &c.

New industries.

Financial policy.

Local markets.

Acquisition of Picot Brothers' business.

The fact that the principal trading of Picot Brothers' business was in lines such as butter, eggs, honey, bacon, and cheese meant that the Government were immediately possessed of an organization giving a complete range of service in the handling and distribution of primary foodstuffs in the capital city of the Dominion.

At the time of the change-over Picot Brothers had two branches operating outside Wellington, one in Hastings and the other in Palmerston North. In view of the fact that the co-operative dairy interests in Hawke's Bay desired to undertake their own local marketing, the Government in their endeavour to assist co-operative servicing units of distribution transferred its branch in Hastings to them. The branch was taken over from the Internal Marketing Branch on the same basis and terms as the Government had acquired it from Picot Brothers, Ltd., so that neither profit nor loss resulted to the Government. Subject to the Government's approval of prices and conditions, the new Hawke's Bay company becomes the sole distributor of butter in that area.

The foundation is therefore laid for the Government to superintend and set a standard of efficiency and economy in transferring the produce of the land to the consuming public as economically as possible, and, with this direct influence on the various units handling our produce, it will be the policy of the Internal Marketing Branch to investigate and determine methods that will narrow the margin of costs between producer and consumer.

The new organization has already done much useful work both as a controlling factor in the distribution of primary foodstuffs and in organizing various sections of the Dominion's primary industries for more orderly and scientific methods of distribution. It is expected that the first year's trading activities of the Branch will show a surplus.

Butter and
cheese.

In fixing prices under the Internal Marketing Regulations the Government are charged with ensuring that the prices received on the local market for butter and cheese are such as will ensure that the efficient dairy-farmer shall receive a pay-out equal to that made for butter and cheese for export.

Honey
and eggs.

Inquiries are under way to ensure that the maximum advantage of national marketing shall also be made available to the producers of honey and eggs, and to provide for the supply of these commodities to the Dominion consumers at reasonable prices.

INDUSTRIAL EFFICIENCY.

To give effect to the Government's industrial policy the Industrial Efficiency Act was passed in the first session of the present Parliament. By it the Government were empowered to institute measures that were essential before anything in the nature of economic planning could be attempted. The keynote of its provisions is co-ordination of existing units and the encouragement of new industries with the object of eliminating economic waste and of giving a conscious direction to the productive energies of the country.

Overlapping of
industries.

It was clear from the most cursory view of our secondary industries, in both the productive and distributive fields, that there was a great deal of overlapping in particular industries, giving rise to wasteful competition that fell with full effect upon the ultimate consumer. It was found that price-cutting was just as disastrous in its social effects as the monopoly organization of industry, and a system of licensing of industrial units was introduced so as to ensure equity and a fair return to those legitimately engaged in trade and industry.

Bureau of
Industry.

The Bureau of Industry was set up as the working instrument through which plans of reorganization could be formulated and developed and new industries fostered. The Bureau has been functioning for eight months and a great deal of preliminary work has been done. Fifteen industries have been gazetted by the

Minister of Industries and Commerce as subject to license, while a complete plan for the rehabilitation of the flax industry has been brought to finality with the concurrence of those engaged in the industry.

The Minister is the appeal authority with regard to licensing decisions of the Bureau, and under powers conferred upon him by the Act he has appointed Sir Francis Frazer to inquire into and report to him upon the subject-matter of all appeals.

At the moment the Bureau is examining proposals for the establishment of several new industries in the Dominion, and licenses have already been granted for the manufacture of asbestos-cement products, an important new industry, which will provide increased employment.

Particular attention has been given by the Government to the promotion of commodity standards, and the Standards Institute set up under the Department of Scientific and Industrial Research is now functioning with the voluntary co-operation of representatives of the various industries. Research associations, representing Government and industry, have also been set up in the Dominion.

Standards Institute.

A policy of price-fixation has been successfully followed in several cases, and under the Board of Trade Act the Minister of Industries and Commerce initiated a scheme for the control and development of the wheat, flour, and bread industries. As a result of this activity an important industry has been saved from the effects of ruthless competition from overseas, a higher measure of efficiency has been attained, and consumer interests have been protected to the fullest extent. The ultimate saving to the Dominion as a result of the scheme runs into many hundreds of thousands of pounds.

Price-fixation.

The Government's policy is the maintenance of existing industries at the highest pitch of efficiency, the encouragement of new industries that can be established with reasonable social advantage, and the best use of our undoubted resources of raw materials that are yet in the primary stages of development.

PUBLIC WORKS.

A reference has already been made to the Government's policy regarding public works as a means of providing full-time useful employment.

The definition of public works is a very wide one, and includes the construction and improvement of and additions to railways; the erection and alteration of post and telegraph buildings, courthouses, and public buildings of various other kinds; construction and improvement of roads and highways; land drainage, irrigation, protection, and land-settlement of various types; extension of telegraph and telephone systems; afforestation; the development of electric supply; development of tourist resorts; and other works of less importance. In addition to public works executed by the Government, a considerable number are carried out by local authorities with or without Government financial assistance, but it is noteworthy that during the past seven or eight years the portion, both absolute and relative, of the cost of public works borne directly by the local ratepayer has diminished very considerably. An analysis of the incidence of the burden of the estimated annual road bill, for example, shows that in 1928-29 the amount provided from local rates was £1,616,000, or 29 per cent. of the total on all except urban roads, while in 1935-36 it was £1,366,000, or 22 per cent. of the total.

Scope of public works.

The Government are of opinion that a substantial measure of planning is a necessary implication of an economic public works policy. Planning has therefore been undertaken first to select the most desirable works having regard to the localities where labour is available, and second to initiate a long-range programme designed to carry out necessary works and to utilize the available supply of skilled and unskilled labour to the greatest advantage.

Planning necessary.

On railway-construction last year the expenditure was £587,000, principally on the Gisborne-Napier extension, the South Island Main Trunk connection, and the Westport to Inangahua length. It will be seen from the Public Works Estimates

Railway-construction.

that a total of £1,108,000 has been allocated for expenditure in this category during the current financial year. The urgent need of more rolling-stock and the putting in hand of deviation and duplication works on the more heavily trafficked lengths is covered by the programme for the current year amounting to £3,235,000.

Public buildings.

The erection of public buildings is a means whereby a substantial amount of expenditure can be made usefully and economically. The relative inactivity of recent years in the construction of public buildings has resulted in an acute shortage of necessary accommodation which will require a lengthy period to overtake. The expenditure on public buildings last year was £655,000, which was almost exactly twice the previous year's outlay. The allocation for the current year is £1,689,000. This includes £550,000 for school buildings, £459,000 for post and telegraph buildings, and a substantial provision for air-defence bases and for general buildings, such as courthouses, mental hospitals, departmental offices, and a special building for the Broadcasting Service.

Construction work on these buildings and on housing will be limited only by the number of skilled tradesmen available. Special measures are being adopted to increase the number of tradesmen, and building activities will be co-ordinated in order to keep the available tradesmen in constant employment.

Government Buildings centre.

On examination of the existing accommodation for Government administrative work it was found that the staffs and Departments were spread over a large area in Wellington City. This has resulted in costly means of intercommunication, and, following the procedure in other countries, the Government have had a comprehensive plan prepared for grouping Government Offices around Parliament Buildings on modern town-planning principles and suitable in every way for the accommodation of the nation's legislative and administrative services. A Bill dealing with the acquisition of the land necessary for this purpose will be introduced to Parliament during the present session.

Roads and highways.

The development and improvement of roading is an activity upon which it is admittedly possible to employ large numbers of men and at the same time it is difficult to analyse the results in terms of monetary loss or gain. Deviations or improvements of existing roads result in a saving in annual maintenance costs, the greater proportion of the expenditure goes in wages, and the improved roads meet a real need of a large and increasing section of the community. The removal of the barriers of distance between city and country must in general result in a lowering of costs, and thus facilitate the attainment of a higher living standard. It seems that the improvements in speed and reliability of transport are bringing home to more and more people the fact that there may be economic as well as æsthetic advantages in having one's home in the country, although one is employed in the city. Encouragement of this movement may result in much improvement in health and in other advantages to the community.

A programme of roading for backblock areas has been prepared, and, with the assistance of the county councils, it is proposed to commence extensive work immediately up to the limit of available competent labour.

Elimination of level crossings.

From the roads vote last year £914,000 was expended, and £1,030,000 has been allotted for the current year. From the Main Highways Account the expenditure last year under annual and permanent appropriations was £3,325,000, of which a substantial part was devoted to ordinary maintenance and to payment of interest and subsidies. The comparable total for highways expenditure for the current year is £4,678,000, which includes a full year's expenditure on maintenance and construction work on some 4,000 miles of State highway, towards which local authorities previously contributed, and also some £600,000 for the current year's heavy programme of level-crossing elimination. The cost of this latter programme is being apportioned between the Main Highways Account, the Employment Promotion Fund, and the vote for railway improvements.

The Government's programme for the development, improvement, and settlement of the land comprises various divisions such as swamp-drainage, irrigation, flood-protection works, works in aid of the flax and kauri-gum industries, the settlement of unemployed workers under the small-farms scheme, the establishment of the Maori as reasonably efficient farmers on their own land, and the opening-up and settlement of Crown lands generally.

Lands improvement.

The principal activity during the year in connection with the small-farms scheme was the development of the blocks already in hand, only a comparatively small area being added during the year. The results have been somewhat impressive from the point of view of increase in production. Many of the blocks have reached the stage where they have been subdivided into sections, and the occupiers provided with herds of cows to milk on the basis of a share in the cream cheques.

Small-farms scheme.

The individual farms already settled are proving very satisfactory. Generally speaking, the majority of the settlers are making good incomes, which will increase from year to year until their farms reach their maximum capacities. The settlers on the whole are contented with their prospects, and are appreciative of the opportunity which has been afforded them of permanently establishing themselves on the land.

The total area under development is now 59,560 acres, the average number of men employed during the year being 1,067. It is anticipated that a further 26,000 acres will be developed during the current year, which will provide employment for an additional 400 men.

Another major activity controlled by the State is that of hydro-electricity. The Dominion is particularly well endowed with facilities for the generating of electricity by water-power, and every advantage should be taken of these facilities to improve the amenities of life. It is unfortunate that in the earlier years a large portion of the funds were raised at high rates of interest, which has resulted in the Government accounts showing an accumulation of losses and substantial arrears of sinking fund. These deficiencies are now being rapidly wiped out. With the taking-over of the Southland Power Board's supply area during last year, there was naturally an increase in the total revenue and in the expenses of the Electric Supply Account. The estimated revenue for this financial year is shown as £1,355,000. The constructional expenditure for the current year for extensions in both Islands is expected to amount to a total of £1,087,000, which with £358,000 for working-expenses necessitates a total provision of £1,445,000. After charging depreciation, the actual profit which accrued to the State as a result of last year's operations was £136,000, which will be utilized in reduction of the accumulated losses already referred to.

Hydro-electricity development.

In total, the works and development programme, including maintenance of highways and certain other items of a revenue nature, requires provision for an estimated sum this financial year of £17,367,000, as follows:—

Total public works programme.

	£
Railway construction and improvements	4,295,000
Highways and roads	5,708,000
Public buildings	1,689,000
Hydro-electric development	1,445,000
Small-farms settlement	450,000
Telegraph extensions	750,000
Native-lands settlement	677,000
State-forests development	475,000
Lands development and improvements	825,000
Other works (aerodromes, plant and material, &c.)	1,053,000
	<hr/>
	£17,367,000
	<hr/>

After allowing for the revenues accruing to the Main Highways, Electric Supply, and other Accounts, it is estimated that balances carried forward on 1st April last, together with amounts received for investment from the Post-office Savings-bank and other departmental sources, will be sufficient to provide all that is required for this programme, but so long as there are men or machines able to carry out the work, and the necessary materials are available, the Government will not allow any necessary job to be held up for want of money.

The Government's policy is to obtain the maximum utilization of the available production resources of the Dominion, and if the existing volume of credit is insufficient or not utilized to this end, further credit as required will be made available.

PUBLIC ACCOUNTS.

The generally prosperous condition of the Dominion throughout the year resulted in the revenue exceeding the estimates, while expenditure, it is satisfactory to note, shows a substantial saving compared with the relative appropriations.

The actual surplus for the year, as has already been publicly announced, was £472,000, compared with £281,800 for the previous year.

The public accounts having already been published, it is unnecessary for me again to review them in detail, while particulars of both revenue and expenditure, as compared with the Budget estimates and with the results of the previous financial year, are attached to this Statement.

The year's transactions may, however, be summarized as follows :—

SUMMARY OF THE YEAR'S OPERATIONS.

<i>Revenue.</i>				£	£
Taxation	..	..	..	26,941,000	
Interest	..	..	..	2,387,000	
Other receipts	..	..	..	1,819,000	
					31,147,000
<i>Expenditure.</i>				£	
Permanent appropriations—					
Debt services	..	..	9,380,000		
Exchange	..	..	1,581,000		
Highways	..	..	2,509,000		
Other services	..	..	618,000		
					14,088,000
Annual appropriations—					
Social services	..	..	9,913,000		
Other services	..	..	6,674,000		
					16,587,000
					30,675,000
Surplus	..	..	..	..	£472,000

It will be observed in comparing these results with those of former years that both revenue and expenditure are now on a higher level than previously. This is accounted for principally by the implementing of the Government's policy of extending the scope of State activities, the increased cost of social services, and the restorations of the "cuts" in salaries and wages of Government employees.

The practice of drastically reducing salaries and wages at the outset of a depression has been tried with results of which most of us have been made painfully aware. It is realized now that, apart from other considerations, a policy of deflation involves such widespread reduction in purchasing-power that

any savings in expenditure are more than offset by the loss of revenue through the lessened demand for commodities and services. The action of the Government in restoring salaries and wages to their former level has been amply justified by results. The revenue from wages tax during the past year indicates that in salaries and wages alone an increase of £12,000,000 has taken place. It is impossible to estimate the ultimate effect of this addition on the national income, but it is obvious that a very large measure of the general improvement in conditions within the Dominion is attributable to this section of the Government's policy.

Increased cost of social services arises mainly in respect of increased pensions and the extension of hospital and dental clinic facilities. The previous rates of pensions were insufficient to enable a reasonable standard of living to be maintained. In addition to improving the actual pension rates, the qualifying conditions were made less restrictive. Few would deny this measure of assistance and comfort to our old-age pensioners, widows, invalids, and those suffering from war disabilities, who are now unable adequately to provide for themselves. Administrative procedure has revealed one or two anomalies in the legislation dealing with invalidity pensions and steps will be taken during the present session to remove them. They are associated with the country in which the invalidity originated and the period of absence allowable overseas. **Social services.**

The expenditure shows an increase for dental hygiene. This arises from the fact that substantial additions to the number of trainees were necessary to enable the arrears of work to be overtaken. This form of State service has proved so popular and so beneficial to the rising generation that increased staff became an absolute necessity if the service were to cover adequately the children in our schools. It is by attacking the problem of defective teeth in the early stages that the best results are obtainable, and already the benefits of this service have become apparent in the improved teeth of the school-children.

It is opportune at this stage to refer briefly to the implementing during the year of the Government's policy in regard to broadcasting. As honourable members are aware, the Broadcasting Board has been abolished and the service brought under the direct control of the Minister of Broadcasting. **National Broadcasting Service.**

On suitable occasions the proceedings of Parliament are broadcast, arousing widespread interest amongst listeners. The object of this service is to awaken in the public mind a sense of responsibility in the government of the country by enabling them to become more familiar with the conduct of Parliament. The experiment has been most successful.

A new high-powered national station has now been established at Titahi Bay, and is adequately fulfilling a long-felt want.

In order to secure improved coverage for the difficult districts of Southland and Hawke's Bay a new station is being provided for each of these areas. In addition, consideration is being given to improving the service for listeners in outlying districts.

Arrangements have also been made for the erection of a new broadcasting building in Wellington. In addition to providing studios for all the Wellington stations, the new building will include a conservatorium of music and the spoken arts.

The National Broadcasting Service will shortly publish a monthly journal containing programmes and other information of interest to listeners.

An important step taken during the year was the establishment of a commercial broadcasting service. The first commercial station was acquired by purchase in Auckland last October, and in view of its immediate popularity a similar station was established in Wellington in April last. The experiment having proved so successful, the opening of stations in Christchurch and Dunedin is now being proceeded with. **Commercial Broadcasting.**

When the present Government first took office there were twenty-two private or "B" class broadcasting-stations in the Dominion, many of them finding it extremely difficult to maintain an adequate service owing to lack of finance. The improvement effected by the Government to the National Broadcasting Service, together with the decision to establish at least four commercial stations in the main centres, and other non-commercial stations in districts which are at present **Private stations.**

not being well served, reduces the necessity for private broadcasting which should ultimately cease. In view, however, of the service which the private stations had rendered to listeners in the past, it was considered that the Government would not be justified in terminating the licenses of private stations without some measure of compensation for the amount which had been expended on equipment. It was decided therefore to purchase the equipment of any of the private-station licensees who desired to sell to the Government, and valuers were appointed to report on each station. Based on such reports offers were made to the various private-station licensees to sell for amounts which were considered fair and equitable to both the station-owners and the public. To date seventeen stations have been purchased as a result of such negotiations, and some are being temporarily operated as Government stations.

PUBLIC DEBT.

Increase in
debt.

During the year ended 31st March last the provision of funds to meet expenditure for various capital purposes, less repayment of debt effected, resulted in a net increase in the public debt of £5,109,102. The fresh borrowing was incurred for the following purposes:—

	£
Public works	4,440,053
Purchase of Southland Electric-power Board under- taking	1,670,569
Acquisition of shareholders' interests in Reserve Bank and Mortgage Corporation	1,655,728
Costs, charges, and expenses arising in connection with the conversion of the 6-per-cent. £5,869,988	
1936-51 London loan (including exchange on remittances from New Zealand)	628,147
Premiums on conversions in New Zealand	5,862
Housing	100,000
Raised for redemptions but not used	2,061
	<hr/>
	£8,502,420
	<hr/>

Redemptions.

Against this gross increase in debt must be offset redemptions totalling £3,393,318, leaving the net increase at £5,109,102.

Funds for debt redemption were obtained from the following sources:—

	£
Public Debt Repayment Account	1,691,188
Reparations and war credits	43,706
Sinking funds	13,489
Repayment of capital by other accounts	1,644,935
	<hr/>
	£3,393,318
	<hr/>

Southland
Electric-power
Board.

In terms of the Southland Electric-power Supply Act, 1936, the Government assumed liability for the loans raised by that Board and exercised the Board's option to repay in London on the 15th September, 1936, the sum of £1,500,000 sterling. Funds for this purpose, plus exchange costs, were obtained to the extent of £407,000 from sinking funds, and the balance was borrowed in New Zealand. The balance of the Board's indebtedness (£133,000) was domiciled in New Zealand, and this portion of the debt was converted to a 4-per-cent. rate involving a premium issue of £3,678. The net effect of these operations was to increase the Public Debt by £1,670,569.

Reserve Bank
of New
Zealand and
State Advances
Corporation.

The elimination of private shareholders in the Reserve Bank and the State Advances Corporation in terms of legislation passed last year involved the issue of public securities to the extent of the nominal capital of the institutions, £1,500,000, plus £155,728 allowed to private shareholders as premiums.

Detailed particulars of the conversion operations in connection with the 6-per-cent. 1936-51 loan which was dealt with in London on 1st August, 1936, were included in the Budget of last year, while the incidental expenses appear in this year's accounts. The conversion issue was made at a discount of $1\frac{1}{2}$ per cent., and a total of £4,000,000 was converted in London. Of the balance, £1,690,688 was repaid from the resources of the Public Debt Repayment Account and £179,300 from the proceeds of issues in New Zealand. Charges and expenses of these operations, including exchange on remittances to London, involved further borrowing in New Zealand to the extent of £628,147. London conversions.

In addition to the London conversion operations, opportunity was taken to exercise the right to repay £12,426,875 4-per-cent. 1937-40 stock and debentures domiciled in New Zealand.

Cash and conversion applications totalled £11,440,249, and the balance required for redemptions was found by the issue of Treasury bills for £925,000, and £61,626 from debt repayment resources. New Zealand conversion operations.

The two conversion schemes to which reference has already been made have resulted in substantial savings in interest. The London conversion loan is responsible for an annual saving in interest of approximately £208,000, with a consequent saving in exchange charges, while the New Zealand conversion operations have effected a reduction in interest charges to the extent of £105,000 per annum.

In both cases the greater portion of the savings is due to a reduction in interest-rates, the balance being accounted for by reductions in the amount of the debt.

Other maturing loans of £706,280 and £2,500 were also dealt with on 15th February, 1937, and 1st March, 1937, respectively, £424,800 being repaid and £283,980 being renewed.

Purchases of securities in Australia at prices above par resulted in conversions involving premiums totalling £5,862. No increase in debt charges was involved.

The net increase of £5,109,102 raised the debt as at 31st March, 1937, to £287,670,200, domiciled as follows:— Domicile of public debt.

	£				
London .. .. .	..	..	..	..	156,737,017
Australia .. .. .	..	..	..	..	891,900
New Zealand .. .. .	..	..	..	..	130,041,283
Total .. .. .	..	..	..	..	<u>£287,670,200</u>

As a result of the year's operations the London debt decreased by £1,974,913, Australian debt by £700,750, while the debt domiciled in New Zealand increased by £7,784,765. Of the latter amount, £5,613,979 represented departmental investments and the balance issues to the public in connection with the purchase of the Southland Power undertaking and cancellation of shares in the Reserve Bank and State Advances Corporation. No public issue was made to meet public works expenditure, which was financed from internal resources.

BUDGETARY POSITION FOR 1937-38.

EXPENDITURE.

The detailed estimates which are being presented to you this evening indicate that the expenditure chargeable against the Ordinary Revenue Account of the Consolidated Fund for the year is estimated at a total of £34,728,000, after allowing for a sum of £300,000 to cover supplementary estimates and contingencies. Included in this total is an amount of £3,058,000, which is transferable to the Main Highways Account and to local authorities, and is offset by an equivalent amount of revenue. Eliminating this "self-balancing" item, the total expenditure is reduced to £31,670,000, which, on a comparative basis, is £3,504,000 in excess of the actual expenditure for last financial year. Summary of expenditure.

This increase is accounted for to the extent of £3,086,000 by additional charges under annual votes, the balance arising in respect of provision for supplementary estimates and sundry items.

Debt charges.

It will be noted with satisfaction that debt charges are estimated to involve a net increase, compared with last year, of only £15,000, which is the smallest increase for many years past. As I have already indicated elsewhere, the present Government, as a matter of policy, have reduced each year the amount of overseas indebtedness, and this, together with savings arising out of the successful conversion operations, has reduced very considerably the annual charges on account of the external debt. The whole of the Government's capital requirements have been raised locally at low rates of interest.

Annual votes.

In regard to the annual votes, where the major portion of the total increase is accounted for, social services are estimated to cost this financial year a total of £12,168,000, compared with £9,913,000 expended last year. To the extent of £1,697,000 the increase is due to pensions. Honourable members will recall that in last year's Budget it was announced that "cuts" in pensions were to be restored and in some cases further increases given. The subsequent legislation gave effect to that promise. The increases, however, operated during only portion of last financial year, while this year the full effect of the increased charges appears in the estimates. These increases, together with the normal expansion of the Department, account for the additional provision referred to.

Education.

The sum of £3,745,000 is provided this year in respect of vote "Education," representing an increase of £349,000 on last year's expenditure and £950,000 over the amount spent in 1935-36. Full details of the increases appear in the estimates.

Facilities for the conveyance of children by road and rail to primary and post-primary schools are being extended, and the boarding-allowance granted (where necessary) to enable country children to attend such schools is being increased from the present rate of 5s. per week to 7s. 6d.

A larger sum than in any previous year is being allocated to school and class libraries. A sum is provided to allow of the restoration of grants for public libraries in rural communities. Boys' and girls' agricultural clubs are to receive increased encouragement.

In Native schools additional scholarships are to be awarded to Maori students and additional material allowed for manual instruction. A sum is being allowed for the preparation and printing of suitable text-books for use in Native post-primary schools, in connection with which a Committee is being set up.

The expenditure on University National Bursaries and War Bursaries is increased. The moneys repaid by teachers in respect of the training-college boarding-allowance loans granted in 1933 and 1935 are to be refunded, and all such remaining obligations cancelled.

Provision is made for the appointment of three women advisers of Infant Departments in public schools and of kindergarten schools. Increased grants are to be made in aid of free kindergartens and towards the cost of their buildings.

Provision is made also for the appointment of one Woman Inspector and one Woman Supervisor of domestic and home science subjects, the employment of vocational-guidance officers, and payment of half the salaries of officers to be attached to training colleges for museum work in schools.

A Council of Adult Education is being set up to co-ordinate the various efforts made in the direction of adult education, for the general purposes of which (including such education in public works camps and the activities of the Workers' Educational Association) an increased sum is being provided.

Assistance for country libraries.

A scheme is being inaugurated for assisting small libraries in the country districts. This will take the form of a regular loan supply of books from a central source, and will constitute the beginning of a comprehensive national library system. This service will be ready for operation early next year. A sum of £3,000 is to be provided as an initial grant.

Provision is also made for increases in staff made necessary by the introduction of a 42-hour week in Child Welfare Institutions and Schools, and in the case of the Correspondence School, as a result of an increase in the number of pupils.

The Minister of Internal Affairs has taken preliminary steps, by means of consultations and conferences with representatives of sports bodies, to establish a National Sports Council with the object of extending throughout the Dominion facilities available in the way of sports-grounds, swimming-baths, and gymnasia. **Physical education.**

A conference on physical education was called by the Education Department, the Health Department also participating, and as a result projects for physical education and the furtherance of the physical welfare of our people have been formulated.

An increase of £145,000 is provided under vote "Health." One-half of this is occasioned by the Milk in Schools Scheme, the benefits of which already reach over a third of the school population, and are being expeditiously extended as satisfactory arrangements for supply and distribution are completed in the various localities. **Vote "Health."**

In furtherance of the Government's aim to meet as soon as possible all demands for the services of school dental nurses, training facilities have been expanded permitting a substantially increased number to be accepted for the two-years course of training.

Additional School Medical Officers, District Nurses, and Inspectors of Health are also provided for.

New items include provision for the recent inquiry into the problem of abortion, for the present inquiry into the maternity services of the Dominion, and for the inspection, by selected members of the Royal Australasian College of Surgeons, of the surgical work in public hospitals. A Council is being set up to advise on and co-ordinate medical-research work, and additional financial assistance is being provided for that purpose.

The social service policy of the Government thus accounts for the greater portion of the increase in annual expenditure. **Social service policy.**

A progressive social service policy such as we now have in New Zealand needs no apology. Apart from all other considerations, it pays a nation to develop a healthy, well-educated people, and this is what the present Government have set out to accomplish. The problem of social and economic security has received very inadequate treatment in the past, and yet it is the most important influence towards a full and useful life. The increase in pensions rates and a widening of the scope of those entitled to benefits is a step towards strengthening the social security of the people. The Government are at present engaged in a comprehensive investigation of a major scheme—in respect of health and social insurance—which, when functioning, will relieve many of the anxieties at present hanging over the average household. The necessary legislation in this connection will be introduced this session.

The estimates of expenditure include two related items, one to cover New Zealand's contribution of £15,000 to the League of Nations, the other a much larger item of £1,600,000 to provide for the defence of the Dominion.

These items are inextricably linked together. The Government is of opinion that there can be no permanent peace between the nations other than through a body to which all the nations are pledged and bound to act in accord with principles of agreement, law, and order. The Government believes that the League of Nations is such a body and by effective application of its principles alone can peace be permanently achieved. **League of Nations.**

The difficulties are real, but as a small unit in the world of nations and as one of the units indissolubly bound in the British Commonwealth of Nations the Government are willing to pledge the Dominion to live up to the principles of the League. If the Governments of other nations would live up to the same principles the world could go forward to an era of life far surpassing anything in recorded history.

Until the League becomes effective the Government must take the steps necessary inside its powers to defend the Dominion.

To this end, and with valuable assistance from Great Britain, an Air Defence Scheme has been organized; the proposals with regard to co-operation in Naval Defence have been finalized; and steps have been taken to reorganize the Land Defences and to co-ordinate the three branches of Defence Services to eliminate waste and to ensure the most effective use of our resources if and when need may arise. If the expenditure on the League of Nations leads to an effective organization the need will never arise. **Defence.**

Police.

Concerning the Police Department, provision is being made for the erection of new police-stations at Palmerston North, Mount Cook (Wellington), Whangarei, Wanganui, Nelson, Greymouth, and Timaru, where the existing stations are very old buildings, beyond repair, and quite inadequate for present-day requirements.

It is also proposed to carry out additions and alterations to the Central Police-stations at Auckland, Wellington, Christchurch, and Dunedin, to provide for badly-needed additional office and barrack accommodation.

The numerical strength of the Police Force has been increased by 175 men, of whom 125 are required to enable the weekly working-hours to be reduced from fifty-six to forty-eight. A reduction to forty hours per week was not found practicable, and as some compensation for this an increase of 10s. per week in pay has been granted to all members of the Force.

Provision is also being made for procuring additional technical equipment for the Police Department.

**Marine
Department
radio
beacons.**

An allocation of £20,000 has been made for continuation of the programme of installing radio beacons at suitable lighthouses on the coast.

At the same time lights at the stations are being changed over from incandescent gas to electric light, and current will also be provided for the residences of keepers.

A small sum has been provided in continuation of a programme of replacement of lighthouse buildings which are showing deterioration due to age.

**Comparative
expenditure.**

May I, towards the conclusion of this Statement, make some comments on the estimated expenditure on particular items for the year under review, and submit a comparison with the last year of the previous Government, 1935-36. The total estimated expenditure this year is £34,427,721 as against £25,890,567 for 1935-36, an increase of £8,537,154.

Where is it proposed to expend the extra sums?

Of the major items, highways shows an increase of £951,000, but it will all be expended on roads and bridges to the particular benefit of the motorist and the general benefit of our people in town and country.

The cost of departments grouped in the estimate under general administration and law and order is up by £701,000 due to restoration of salaries and wages and extension of other facilities, including Commissions for mortgage adjustments.

Defence shows an increase of £585,000. Apart from the amount required for Air Services, this increase arises from a policy to which the Government were partially committed on coming into office.

The cost of development of primary and secondary industries is £672,000 greater, but any expenditure that will lead to increased utilization of our raw materials and national resources is good economy.

If we turn to social services we find that health expenditure, including Mental Hospitals, is up by £444,000.

Extension of education facilities is costing £950,000 more, but if well spent it is the essence of progressive economy.

War pensions show an increase of £250,553, whilst the veterans receive £163,456 more. The sum required to assist our old people is more than double the amount of two years ago. Widows with young children will receive £188,000 more, and the reproach of the invalids who were not previously provided for has been removed at a cost of £627,000.

There are other minor increases, but a decrease is recorded under family allowances.

One of the most interesting indexes to the progress of the Dominion is the recorded statistics of applications for and payments of family allowances. Honourable members will recollect that in 1934-35 a family of husband, wife, and more than two children could not claim the family allowance if the family income exceeded £3 5s. increased by 2s. for each child in excess of two. In that year 12,321 allowances were paid, and this meant that 12,321 mothers with more than two children had incomes of less than the limit mentioned. In the year 1936-37, after slightly more than a year of the present Government,

the number of allowances paid had declined to 9,515, whilst the income limit had been increased to £4 per week with 2s. for each child in excess of two. Thus in 1936–37 the number of families with more than two children receiving £4 per week or less had declined by nearly three thousand as compared with the number receiving £3 5s. two years ago.

Now let us examine the position in general. The Government have restored wages and salaries, increased pensions, provided better facilities for the promotion of health and extension of education. The extra cost is £8,500,000 and this comes out of an aggregate of private incomes which last year's statistics show to have increased by at least £20,000,000. So that whilst £8,500,000 has been used to extend production and promote some increase in our living standards the people who have paid the extra money are left with £11,500,000 more than before the readjustments were made.

REVENUE.

The estimates of revenue for the current financial year reflect an improvement in economic and social conditions.

Customs duties, the principal individual heading of revenue, are estimated to return a total of £10,500,000. This represents a little over £1,000,000 increase compared with the actual receipts for last year. Admittedly this is a particularly difficult item to estimate, depending as it does to a large extent upon the vagaries of fashion and the actual date on which dutiable goods are cleared through Customs. On this occasion, being so far advanced into the financial year, we have the advantage of particulars of imports and of revenue to the 31st August as a guide, and, based on this information, £10,500,000 is a reasonable estimate.

**Summary of
revenue.**

Income-tax, the second largest revenue heading, is estimated at £7,500,000, compared with actual receipts of £6,619,000 for the previous year. This tax is assessed on the taxable income earned during last year, and the estimate has been computed largely on the basis of the returns now to hand. Taxable income was undoubtedly higher last year than in the previous year, and £881,000 represents the estimated amount of the additional revenue from this source. Since the beginning of the year an expert departmental Committee has been reviewing the incidence, principles, and administration of land and income taxation with a view to recommending means of correcting existing anomalies and of closing loopholes whereby payment of tax is being avoided. Legislation will be introduced later in the session to give effect to the land and income taxation policy of the Government.

**Income-tax
revision.**

Sales tax is estimated at a total of £3,650,000, an increase of £605,000, or 20 per cent., compared with last year's receipts. This item has shown a steady annual increase since its inception in 1932–33, and is now one of the major items of revenue.

Sales tax.

Highways revenue, to which reference has already been made, is offset by an equivalent amount of expenditure. The generally prosperous conditions, together with the increase in the number of motor registrations which has taken place, will, it is anticipated, result in a substantial increase in petrol-consumption. Under the circumstances, the estimate for the current year has been shown as £3,058,000, compared with receipts totalling £2,503,000 for last year.

**Highways
revenue.**

Stamp and death duties consist principally of death duties, which by their very nature are difficult to estimate with any degree of accuracy. Based, however, on the actual receipts for last year, and allowing for the improvement in values which has taken place recently, an increase of £287,000 has been provided for, thus bringing the estimate to a total of £3,450,000 for the current year.

**Stamp and
death duties.**

Land-tax will be assessed on the same basis as last year, but provision will be made for relief of proved hardship. The power of the Commissioner of Taxes in this connection is to be extended, and the necessary amending legislation will be introduced. The revenue for the current year has been estimated at £1,000,000, compared with actual receipts of £1,048,000 during last year.

Land-tax.

The remaining items of taxation call for no special comment, except that in total they represent an increase compared with the receipts for last financial year.

Interest receipts consist in the recoupment of interest from various State accounts, principally the Railways and the Post and Telegraph Department. The reduction of £102,000 compared with last year is due to a fall in the estimated net receipts from the railways. This in turn is due to increased expenditure consequent

**Interest
receipts.**

upon the restoration of the “cuts” in salaries and wages, together with the shorter working-week. Arising out of the improved general conditions, an increase in revenue has also been provided for, but in the meantime this is not estimated fully to offset the increased expenditure.

The final item in the main headings of revenue is “Other Receipts,” which covers the profits of the various State lending Departments, registration fees, national-endowment revenue, and the various miscellaneous items which are too small individually to justify separate headings. In total these are estimated to augment this year’s revenue to the extent of £2,155,000, compared with actual receipts of £1,819,000 for last year.

In total, then, the revenue for the current year is estimated at £34,778,000, which, as will readily be ascertained, exceeds estimated expenditure by £50,000.

A summary of the position is as follows :—

<i>Revenue.</i>				£
Taxation—				
Customs .. .. .	..	..	..	10,500,000
Beer duty .. .. .	..	..	..	950,000
Sales tax .. .. .	..	..	..	3,650,000
Film-hire tax .. .. .	..	..	..	80,000
Gold-export duty .. .. .	..	..	..	105,000
Highways .. .. .	..	..	..	3,058,000
Stamp and death duties .. .. .	..	..	..	3,450,000
Land-tax .. .. .	..	..	..	1,000,000
Income-tax .. .. .	..	..	..	7,500,000
Miscellaneous .. .. .	..	..	..	45,000
Total taxation				30,338,000
Interest receipts .. .. .	..	..	..	2,285,000
Other receipts .. .. .	..	..	..	2,155,000
Total estimated revenue				£ 34,778,000
<i>Expenditure.</i>				£
Debt services .. .. .	..	..	..	9,396,000
Exchange .. .. .	..	..	..	1,700,000
Transfer of highways revenue .. .. .	..	..	..	3,058,000
Other permanent appropriations .. .. .	..	..	..	601,000
				14,755,000
Annual votes—				
Social services .. .. .	..	..	..	12,168,000
Other votes .. .. .	..	..	..	7,505,000
				19,673,000
Total main estimates .. .. .	..	..	..	34,428,000
Supplementary estimates and contingencies .. .. .	..	..	..	300,000
Total estimated expenditure				£ 34,728,000
Estimated surplus				£50,000

Honourable members will have realized ere this that no alteration in the rates of taxation is contemplated this financial year. The Government have gone some distance along the road of improving the general welfare of the community, and, while much has undoubtedly been done, there is still much to do. The general buoyancy in revenue has enabled substantial improvement to be effected in the lot of the less fortunate section of the community—the pensioners, the unemployed, and those in receipt of small incomes—and until the Government’s objective in connection with a more equitable distribution of the national income has been attained the whole of the additional revenue will be required for this purpose.

This statement covers one of the most interesting periods in the history of the Dominion. The purpose of the Government is to bring security to all our people. To achieve this purpose the Government accept the responsibility for those who through physical or other disability are unable to care for themselves. For those able and willing to work the Government are laying foundations so that their skill and energy can be beneficially used not exclusively for themselves, but for the Dominion as a whole.

These foundations are difficult to lay because acquisitive instincts affect the actions of all of us to such an extent in present circumstances. The Government believe, however, that when there is security for all who are willing to work the fear of poverty and depressions will disappear, and with it the dominant acquisitive instinct will gradually be eliminated.

The removal of the fear of poverty is a first essential to progress. Our living standards can be raised to higher levels only by the production of more and better food, healthier and warmer clothing, with comfortable houses to make into homes. This means improved methods of farming, more efficient makers of clothes and builders of houses. Given the co-operation of producers, the Government will guarantee a collective security for our family life, for the mothers and the children of the nation, in which all who share in producing shall share in utilization. Furthermore, social security is a prime essential to the enjoyment of a fuller life—involving cultural as well as material things—that should be the heritage of our people.

To suggest the inevitability of slumps and booms, associated as they are with affluence for a limited number during a period, and followed by unemployment, destitution, hardship, and privation for the masses, is to deny all conscious progressive purpose. The Government know that they cannot isolate the Dominion completely from all the effects of prices overseas, but they are determined to use to the fullest extent all the labour and materials in the Dominion for the provision to the maximum of our requirements, whilst taking every step to exchange our surplus commodities through trade with nations overseas. The only real limitation to production is our own labour and material resources.

There is much unreasoned criticism with regard to the use of credit. Money and credit are means to an end. It cannot be too strongly emphasized that more production and better services are the essentials of security and of higher living standards and that money or credit is useful only when it serves this end. This means that the Government, to succeed, must have the full co-operation of workers in all fields—on the farm, in the factories, on our roads, and in commerce.

Ours is one of the most richly-endowed countries in the world. The Government will do their best to use that endowment for the benefit of all our people.

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Table No. 3.

REVENUE FOR THE YEAR ENDED 31ST MARCH, 1937, COMPARED WITH THE YEAR ENDED
31ST MARCH, 1936.

					Year ended 31st March, 1937.	Year ended 31st March, 1936.	Increase.	Decrease.
					£	£	£	£
Taxation—								
Customs	..	..	..	..	9,499,254	8,161,161	1,338,093	..
Beer duty	..	..	..	..	841,585	715,042	126,543	..
Sales tax	..	..	..	..	3,044,613	2,462,601	582,012	..
Film-hire tax	..	..	..	..	72,209	60,657	11,552	..
Gold-export duty	..	..	..	..	108,793	106,976	1,817	..
Highways	..	..	..	..	2,503,111	2,124,130	378,981	..
Stamp and death duties	..	..	..	..	3,162,502	2,841,766	320,736	..
Land-tax	..	..	..	..	1,047,877	458,873	589,004	..
Income-tax	..	..	..	..	6,618,716	4,581,328	2,037,388	..
Miscellaneous	..	..	..	..	42,185	43,881	..	1,696
Total—Taxation	..	..	..	..	26,940,845	21,556,415	5,386,126	1,696
Interest—								
On capital liability—								
Working railways	..	..	..	..	903,858	1,051,477	..	147,619
Postal and telegraph	..	..	..	..	566,000	541,000	25,000	..
On Public Debt Redemption Fund	..	..	..	..	385,855	615,020	..	229,165
On other public moneys	..	..	..	..	531,405	513,949	17,456	..
Total—Interest	..	..	..	..	2,387,118	2,721,446	42,456	376,784
Other receipts—								
Registration and other fees	..	..	..	..	251,390	235,761	15,629	..
National-endowment revenue	..	..	..	..	152,632	146,126	6,506	..
Territorial revenue	..	..	..	..	298,812	289,478	9,334	..
External affairs	..	..	..	..	154,127	128,562	25,565	..
Justice	..	..	..	..	141,729	149,366	..	7,637
Marine	..	..	..	..	147,480	138,189	9,291	..
Native	..	..	..	..	6,237	5,372	865	..
Printing and Stationery	..	..	..	..	231,331	189,581	41,750	..
Stamp duties	..	..	..	..	64,253	54,886	9,367	..
Tourist and Health Resorts	..	..	..	..	101,809	85,652	16,157	..
Miscellaneous	..	..	..	..	259,170	463,072	..	203,902
Recoveries on account of expenditure of previous years					10,001	8,461	1,540	..
Recoveries on account of unauthorized expenditure of previous years					254	..	254	..
Total—Other receipts	..	..	..	..	1,819,225	1,894,506	136,258	211,539
							5,564,840	590,019
							590,019	..
Totals	..	..	..	..	31,147,188	26,172,367	4,974,821	..

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, 1937.

	Estimate for 1936-37.	Actual for 1936-37.	Difference.	
			More.	Less.
Taxation—	£	£	£	£
Customs	9,100,000	9,499,254	399,254	..
Beer duty	770,000	841,585	71,585	..
Sales tax	2,900,000	3,044,613	144,613	..
Film-hire tax	70,000	72,209	2,209	..
Gold-export duty	110,000	108,793	..	1,207
Highways	2,512,000	2,503,111	..	8,889
Stamp and death duties	3,210,000	3,162,502	..	47,498
Land-tax	1,300,000	1,047,877	..	252,123
Income-tax	6,000,000	6,618,716	618,716	..
Miscellaneous	45,000	42,185	..	2,815
Total—Taxation	26,017,000	26,940,845	1,236,377	312,532
Interest—				
On capital liability—				
Working railways	900,000	903,858	3,858	..
Postal and telegraph	560,000	566,000	6,000	..
On Public Debt Redemption Fund	580,000	385,855	..	194,145
On other public moneys	480,000	531,405	51,405	..
Total—Interest	2,520,000	2,387,118	61,263	194,145
Other receipts—				
Registration and other fees	235,000	251,390	16,390	..
National-endowment revenue	145,000	152,632	7,632	..
Territorial revenue	290,000	298,812	8,812	..
External Affairs	154,000	154,127	127	..
Justice	148,000	141,729	..	6,271
Marine	138,000	147,480	9,480	..
Native	5,000	6,237	1,237	..
Printing and Stationery	195,000	231,331	36,331	..
Stamp duties	55,000	64,253	9,253	..
Tourist and Health Resorts	90,000	101,809	11,809	..
Miscellaneous	1,070,000	259,170	..	810,830
Recoveries on account of expenditure of previous years	5,000	10,001	5,001	..
Recoveries on account of unauthorized expendi- ture of previous years	..	254	254	..
Total—Other receipts	2,530,000	1,819,225	106,326	817,101
			1,403,966	1,323,778
			1,323,778	..
Total revenue	31,067,000	31,147,188	80,188	..

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDING 31ST MARCH, 1938, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1937.

	Estimate for 1937-38.	Actual for 1936-37.	Differences.	
			Increase.	Decrease.
Taxation—	£	£	£	£
Customs	10,500,000	9,499,254	1,000,746	..
Beer duty	950,000	841,585	108,415	..
Sales tax	3,650,000	3,044,613	605,387	..
Film-hire tax	80,000	72,209	7,791	..
Gold-export duty	105,000	108,793	..	3,793
Highways	3,058,000	2,503,111	554,889	..
Stamp and death duties	3,450,000	3,162,502	287,498	..
Land-tax	1,000,000	1,047,877	..	47,877
Income-tax	7,500,000	6,618,716	881,284	..
Miscellaneous	45,000	42,185	2,815	..
Total—Taxation	30,338,000	26,940,845	3,448,825	51,670
Interest—				
On capital liability—				
Working Railways	700,000	903,858	..	203,858
Postal and Telegraph	590,000	566,000	24,000	..
On the Public Debt Redemption Fund	500,000	385,855	114,145	..
On other public moneys	495,000	531,405	..	36,405
Total—Interest	2,285,000	2,387,118	138,145	240,263
Other receipts—				
Registration and other fees	255,000	251,390	3,610	..
National-endowment revenue	155,000	152,632	2,368	..
Territorial revenue	305,000	298,812	6,188	..
External Affairs	220,000	154,127	65,873	..
Justice	170,000	141,729	28,271	..
Marine	150,000	147,480	2,520	..
Native	10,000	6,237	3,763	..
Printing and Stationery	245,000	231,331	13,669	..
Stamp duties	65,000	64,253	747	..
Tourist and Health Resorts	110,000	101,809	8,191	..
Profits of Trading Institutions	360,000	149,020	210,980	..
Miscellaneous	100,000	110,150	..	10,150
Recoveries on account of expenditure of previous years	10,000	10,001	..	1
Recoveries on account of unauthorized expenditure .. .. .	..	254	..	254
Total—Other receipts	2,155,000	1,819,225	346,180	10,405
			3,933,150	302,338
			302,338	
Totals	34,778,000	31,147,188	3,630,812	..

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1937, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1936.

Item.	Year Ended 31st March,		Increase.	Decrease.
	1937.	1936.		
	£	£	£	£
Adhesive stamps	154,527	149,575	4,952	..
Duty on instruments	347,738	277,441	70,297	..
Estate and succession duty	1,616,247	1,510,873	105,374	..
Gift duty	108,887	104,606	4,281	..
Impressed stamps, and duty on cheques	211,150	197,637	13,513	..
Stamp duty on interest	Dr. 98	53	..	151
Company licenses	87,771	87,781	..	10
Sharebrokers' licenses	2,068	1,980	88	..
Bank-note duty	14,288	34,389	..	20,101
Totalizator revenue	503,655	378,851	124,804	..
Amusements-tax	70,564	56,507	14,057	..
Lottery duty	20,153	17,762	2,391	..
Overseas-passenger duty	22,148	20,685	1,463	..
Rates, fines, and miscellaneous	3,404	3,626	..	222
			341,220	20,484
			20,484	..
Totals	3,162,502	2,841,766	320,736	..

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR ENDED 31ST MARCH, 1937, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1936.

	1936-37.	1935-36.	Increase.	Decrease.
	£	£	£	£
Tobacco, cigars, and cigarettes	1,899,798	1,709,252	190,546	..
Spirits, wine, and beer	846,907	733,791	113,116	..
Motor-vehicles and parts*	979,490	677,634	301,856	..
Motor-spirit*	1,355,075	1,176,260	178,815	..
Tea	134,811	133,505	1,306	..
Sugar	678,165	673,206	4,959	..
Other goods	2,686,786	2,222,989	463,797	..
Primage duty	319,614	324,717	..	5,103
Surtax	598,608	509,807	88,801	..
			1,343,196	5,103
			5,103	..
Totals.. .. .	9,499,254	8,161,161	1,338,093	..

* 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, 1937, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1936.

	Year ended 31st March, 1937.	Year ended 31st March, 1936.	Increase.	Decrease.
	£	£	£	£
Permanent Appropriations :—				
Under special Acts of Legislature,—				
Civil List	28,472	26,516	1,956	..
Debt Services—				
Interest	7,604,469	7,730,194	..	125,725
Amortization of debt—				
Sinking fund	10,859	10,859	..	..
Repayment of Public Debt Act, 1925	1,624,508	1,543,086	81,422	..
Transfers to Loans Redemption Account	66,115	13,987	52,128	..
Administration and management	81,543	29,285	52,258	..
Payments on guaranteed loans	Cr. 7,190	18,543	..	25,733
Securities redeemed	5	..	5	..
Total—Debt Services	9,380,309	9,345,954	185,813	151,458
Other Services—				
Education	95,526	95,967	..	441
Contribution towards Singapore Naval Base .. .. .	..	100,000	..	100,000
Other grants and subsidies	253,319	251,447	1,872	..
Salaries and honoraria	71,135	65,350	5,785	..
Pensions	43,692	44,351	..	659
Highways—				
Transfers to Main Highways Account	2,333,753	1,975,945	357,808	..
Paid to boroughs	154,265	109,427	44,838	..
Expenses of collecting, &c.	21,425	22,034	..	609
Advances	11,817	3,342	8,475	..
Other special Acts—				
Exchange on remittances of public moneys to or from countries overseas	1,581,351	1,593,536	..	12,185
Miscellaneous	113,435	114,579	..	1,144
Total—Other Services	4,679,718	4,375,978	418,778	115,038
Total—Permanent Appropriations	14,088,499	13,748,448	606,547	266,496

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1937, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1936—continued.

	Year ended 31st March, 1937.	Year ended 31st March, 1936.	Increase.	Decrease.
—	£	£	£	£
Annual Appropriations :—				
Vote,—				
Legislative	106,840	79,238	27,602	..
Prime Minister's Department	27,502	23,521	3,981	..
Finance—				
Treasury	40,854	41,834	..	980
Customs	112,098	96,034	16,064	..
Land and Income Tax	140,180	74,829	65,351	..
Stamp Duties	91,354	87,515	3,839	..
Audit	36,121	29,468	6,653	..
Total—Finance	420,607	329,680	91,907	980
General Administration—				
Public Service Commissioners' Office	6,982	4,334	2,648	..
Internal Affairs	368,003	363,658	4,345	..
External Affairs	158,255	136,667	21,588	..
Printing and Stationery	227,422	176,098	51,324	..
Marine	123,423	112,710	10,713	..
Labour	206,358	44,971	161,387	..
Native	286,956	48,918	238,038	..
Valuation	58,509	48,178	10,331	..
Electoral	11,806	85,833	..	74,027
Census and Statistics	63,809	..	63,809	..
Total—General Administration	1,511,523	1,021,367	564,183	74,027
Law and Order—				
Justice and Prisons	273,486	251,111	22,375	..
Crown Law Office	7,419	6,273	1,146	..
Police	496,978	453,890	43,088	..
Total—Law and Order	777,883	711,274	66,609	..
Defence—				
Naval Defence	632,062	462,245	169,817	..
Defence	560,017	552,125	7,892	..
Total—Defence	1,192,079	1,014,370	177,709	..
Maintenance of Public Works and Services	1,174,991	145,492	1,029,499	..
Development of Primary and Secondary Industries—				
Lands and Survey	401,900	189,652	212,248	..
Agriculture	692,267	591,802	100,465	..
Industries and Commerce, Tourist, and Publicity	176,808	161,872	14,936	..
Scientific and Industrial Research	97,517	59,848	37,669	..
Mines	28,923	19,240	9,683	..
Transport	28,038	25,205	2,833	..
Total — Development of Primary and Secondary Industries	1,425,453	1,047,619	377,834	..
Social Services—				
Health	996,840	808,966	187,874	..
Mental Hospitals	334,636	279,670	54,966	..
Education	3,396,234	2,795,098	601,136	..
Pensions	5,072,735	3,769,612	1,303,123	..
National Provident and Friendly Societies	112,545	102,866	9,679	..
Total—Social Services	9,912,990	7,756,212	2,156,778	..
Unauthorized Expenditure,—				
Services not provided for	36,791	13,346	23,445	..
Total—Annual Appropriations	16,586,659	12,142,119	4,519,547	75,007
			5,126,094	341,503
			341,503	..
Total Expenditure	30,675,158	25,890,567	4,784,591	..

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, 1937.

	Net Appropriations, 1936-37.	Actual Net Expenditure, 1936-37.	Difference.	
			More.	Less.
	£	£	£	£
PERMANENT APPROPRIATIONS :—				
Under Special Acts of the Legislature,—				
Civil List	30,050	28,472	..	1,578
Debt services—				
Interest	7,541,367	7,604,469	63,102	..
Amortization of Debt—				
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt Act, 1925	1,624,700	1,624,508	..	192
Transfers to Loans Redemption Account	15,000	66,115	51,115	..
Securities redeemed	1,000	5	..	995
Administration and Management	59,500	81,543	22,043	..
Payments on Guaranteed Loans	6,300	Cr. 7,190	..	13,490
Total—Debt services	9,258,726	9,380,309	136,260	14,677
Other services—				
Education	95,526	95,526	..	..
Other Grants and Subsidies	255,000	253,319	..	1,681
Salaries and Honoraria	84,979	71,135	..	13,844
Pensions	44,523	43,692	..	831
Highways	2,512,000	2,509,443	..	2,557
Exchange	1,455,000	1,581,351	126,351	..
Other Special Acts	109,206	125,252	16,046	..
Total—Other services	4,556,234	4,679,718	142,397	18,913
TOTAL—PERMANENT APPROPRIATIONS..	13,845,010	14,088,499	278,657	35,168
ANNUAL APPROPRIATIONS :—				
Vote,—				
Legislative	112,301	106,840	..	5,461
Prime Minister's Department	27,256	27,502	246	..
Finance—				
Treasury	42,696	40,854	..	1,842
Customs	114,711	112,098	..	2,613
Land and Income Tax	146,952	140,180	..	6,772
Stamp Duties	92,719	91,354	..	1,365
Audit	38,469	36,121	..	2,348
Total—Finance	435,547	420,607	..	14,940
General Administration—				
Public Service Commissioner's Office	5,200	6,982	1,782	..
Internal Affairs	364,517	368,003	3,486	..
External Affairs	145,080	158,255	13,175	..
Printing and Stationery	204,209	227,422	23,213	..
Marine	131,676	123,423	..	8,253
Labour	218,076	206,358	..	11,718
Native	284,028	286,956	2,928	..
Valuation	58,990	58,509	..	481
Electoral	12,770	* 11,806	..	964
Census and Statistics	67,542	63,809	..	3,733
Total—General Administration	1,492,088	1,511,523	44,584	25,149
Law and Order—				
Justice and Prisons	271,129	273,486	2,357	..
Crown Law Office	7,797	7,419	..	378
Police	499,896	496,978	..	2,918
Total—Law and Order	778,822	777,883	2,357	3,296
Defence—				
Naval Defence	651,630	632,062	..	19,568
Defence	631,336	560,017	..	71,319
Total—Defence	1,282,966	1,192,079	..	90,887
Maintenance of Public Works and Services	1,179,680	1,174,991	..	4,689

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, 1937—*ctd.*

	Net Appropriations, 1936-37.	Actual Net Expenditure, 1936-37.	Difference.	
			More.	Less.
ANNUAL APPROPRIATIONS— <i>continued</i> .	£	£	£	£
Vote— <i>continued</i> .				
Development of Primary and Secondary Industries—				
Lands and Survey	407,278	401,900	..	5,378
Agriculture	663,377	692,267	28,890	..
Industries and Commerce, Tourist, and Publicity	177,530	176,808	..	722
Scientific and Industrial Research	99,168	97,517	..	1,651
Mines	46,114	28,923	..	17,191
Transport	30,834	28,038	..	2,796
Total—Development of Primary and Secondary Industries	1,424,301	1,425,453	28,890	27,738
Social Services—				
Health	959,445	996,840	37,395	..
Mental Hospitals	342,935	334,636	..	8,299
Education	3,457,837	3,396,234	..	61,603
Pensions	5,611,475	5,072,735	..	538,740
National Provident and Friendly Societies ..	112,604	112,545	..	59
Total—Social Services	10,484,296	9,912,990	37,395	608,701
Unauthorized Expenditure,—				
Services not provided for .. ..	..	36,791	36,791	..
TOTAL—ANNUAL APPROPRIATIONS ..	17,217,257	16,586,659	150,263	780,861
			428,920	816,029
			..	428,920
TOTAL EXPENDITURE	31,062,267	30,675,158	..	387,109

Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 1938, COMPARED WITH ACTUAL NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1937.

	Estimate for 1937-38.	Actual for 1936-37.	Difference.	
			Increase.	Decrease.
Permanent Appropriations,—	£	£	£	£
Civil List	30,600	28,472	2,128	..
Debt services—				
Interest	7,629,525	7,604,469	25,056	..
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt	1,704,700	1,624,508	80,192	..
Administration and Management	50,970	81,543	..	30,573
Payments of Guaranteed Loans, Redemptions, and Transfers	Cr. 285	58,930	..	59,215
Total—Debt services	9,395,769	9,380,309	105,248	89,788
Under Special Acts of the Legislature—				
Education	95,540	95,526	14	..
Salaries and Honoraria	72,035	71,136	899	..
Pensions	45,160	43,693	1,467	..
Highways	3,058,500	2,509,443	549,057	..
Exchange	1,700,000	1,581,351	118,649	..
Other Special Acts	357,106	378,569	..	21,463
	5,328,341	4,679,718	670,086	21,463
Total—Permanent appropriations	14,754,710	14,088,499	777,462	111,251
Annual Appropriations,—				
Legislative	110,000	106,840	3,160	..
Prime Minister's Department	25,505	27,502	..	1,997
Finance—				
Treasury	40,647	40,854	..	207
Customs	125,342	112,098	13,244	..
Land and Income Tax	161,870	140,180	21,690	..
Stamp Duties	94,741	91,354	3,387	..
Audit	42,876	36,121	6,755	..
	465,476	420,607	45,076	207
General Administration—				
Public Service Commissioners' Office	9,400	6,982	2,418	..
Internal Affairs	456,415	368,003	88,412	..
External Affairs	246,321	158,255	88,066	..
Printing and Stationery	238,000	227,422	10,578	..
Marine	158,987	123,423	35,564	..
Labour	120,964	206,358	..	85,394
Native	152,420	286,956	..	134,536
Valuation	62,000	58,509	3,491	..
Electoral	9,842	11,806	..	1,964
Census and Statistics	33,999	63,809	..	29,810
	1,488,348	1,511,523	228,529	251,704
Law and Order—				
Justice and Prisons	327,590	273,486	54,104	..
Crown Law	7,869	7,419	450	..
Police	610,000	496,978	113,022	..
	945,459	777,883	167,576	..
Defence—				
Navy	734,797	632,062	102,735	..
Army	550,000	427,635	122,365	..
Air	315,000	132,382*	182,618	..
	1,599,797	1,192,079	407,718	..
Maintenance of Public Works and Services	1,150,000	1,174,991	..	24,991
Development of Primary and Secondary Industries—				
Lands and Survey	386,000	401,900	..	15,900
Agriculture	754,485	692,267	62,218	..
Industries and Commerce, Tourist, and Publicity	355,500	176,808	178,692	..
Scientific and Industrial Research	133,538	97,517	36,021	..
Mines	44,000	28,923	15,077	..
Transport	46,500	28,038	18,462	..
	1,720,023	1,425,453	310,470	15,900
Social Services—				
Health	1,141,650	996,840	144,810	..
Mental Hospitals	390,500	334,636	55,864	..
Education	3,745,325	3,396,234	349,091	..
Pensions	6,769,423	5,072,735	1,696,688	..
National Provident and Friendly Societies	121,505	112,545	8,960	..
	12,168,403	9,912,990	2,255,413	..
Services not provided for .. .. .	..	36,791	..	36,791
Total—Annual appropriations	19,673,011	16,586,659	3,417,942	331,590
	..	..	4,195,404	442,841
	..	..	442,841	..
Totals	34,427,721	30,675,158	3,752,563	..

* Appropriated and expended under vote "Defence," 1936-37.

Table No. 11.
PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED
31ST MARCH, 1937, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1936.

Vote	Year ended 31st March, 1937.	Year ended 31st March, 1936.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental	137,748	99,385	38,363	..
Railway-construction	586,982	<i>Cr.</i> 34,898	621,880	..
Railways Improvement and Additions to Open Lines	432,112	292,909	139,203	..
Public Buildings—				
General	58,565	39,532	19,033	..
Courthouses	2,655	8,701	..	6,046
Education Buildings	268,884	122,357	146,527	..
Prison Buildings and Works	4,621	2,123	2,498	..
Police-stations	7,149	6,710	439	..
Postal and Telegraph	158,005	97,800	60,205	..
Mental Hospital Buildings	142,109	67,465	74,644	..
Health and Hospital Institutions	12,921	2,191	10,730	..
Lighthouses	630	3,320	..	2,690
Harbour-works	669	<i>Cr.</i> 399	1,068	..
Development of Tourist Resorts	16,789	13,683	3,106	..
Roads, &c.	913,720	444,377	469,343	..
Telegraph Extension	232,512	195,380	37,132	..
Lands, Miscellaneous	62,673	37,909	24,764	..
Irrigation, Water-supply, and Drainage..	11,062	85,414	..	74,352
Swamp Land Drainage	24,965	12,922	12,043	..
Plant, Material, and Services .. ..	..	22,438	..	22,438
Settlement of Unemployed Workers	92,016	146,480	..	54,464
Native Land Settlement	112,319	71,887	40,432	..
Dairy Industry Loans	30,510	10,750	19,760	..
Totals, annual appropriations	3,309,616	1,748,436	1,721,170	159,990
Unauthorized—				
Services not provided for	21	14	7	..
Totals	3,309,637	1,748,450	1,721,177 159,990	159,990
			1,561,187	

Table No. 12.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1937.

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	..	..	..	5,061,533	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	..	..	..	2,126,013	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..	..	..	..	4,097,119	4	6			
Finance Act, 1930 (No. 2), Section 2	..	..	..	5,000,000	0	0			
Finance Act, 1931 (No. 4), Section 2	..	..	..	3,000,000	0	0			
Finance Act (No. 3), 1934, Section 2	..	..	..	3,444,918	10	10			
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			
Appropriation Act, 1912	..	..	..	15,000	0	0			
Irrigation and Water-supply Act, 1912	..	..	..	100,000	0	0			
Balances transferred from Separate Accounts, 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						
Native Land Settlement Account	..	..	..	3,445	4	10			
Hauraki Plains Settlement Account	44	10	4						
Rangitaiki Land Drainage Account	10,797	5	0						
Swamp Land Drainage Account	9,008	19	1						
Utilized for redemptions	19,850	14	5						
	..	..	..	19,850	14	5			
				442,614	16	9			
RECEIPTS IN AID :—									
Amount transferred from Consolidated Fund	..	..	..	14,555,000	0	0			
Contributions of Canterbury Province for Railways	..	..	..	56,000	0	0			
Proceeds of Railway Material handed over to Cook County Council	..	..	..	4,963	7	4			
Stamp Duties to 31st December, 1876	..	..	..	264,657	16	4			
Transfer from Confiscated Lands Liabilities Account	..	..	..	19,963	1	3			
Receipts under Section 16 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1912	..	..	..	21,890	4	5			
Carried forward	..	..	..	14,922,474	9	4			
							114,640,005	17	1

Table No. 12—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, 1937—continued.

WAYS AND MEANS—continued.						£	s. d.	£	s. d.
Brought forward						14,922,474	9 4	114,640,005	17 1
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						71,073	0 3		
Special Receipts under the Railways Authorization and Management Act, 1891						2,257	1 9		
Special Receipts under the North Island Main Trunk Railway Loan Application Act, 1886						114,550	19 6		
Sinking Funds released						506,819	19 3		
Finance Act, 1932, Section 7 (4)—									
Sale of land under Hauraki Plains Act, 1926						17,216	14 4		
Settlement of Unemployed Workers						111,448	4 11		
Receipts under Section 12 of Native Land Amendment Act, 1932..						40,092	12 2		
Agriculture (Emergency Powers) Act, 1934, Section 26						769	13 6		
Finance Act, 1932, No. 2, Section 16—									
Transfer from Land for Settlements Account						43	6 8		
Transfer from State Forests Account						14	17 1		
								15,847,377	1 9
								£130,487,382	18 10
NET EXPENDITURE.									
Expenditure on—									
Immigration						3,312,913	1 6		
Public Works, Departmental						3,211,990	2 9		
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders						57,600,965	12 9		
Roads						23,899,855	0 4		
Land-purchases						2,054,023	13 8		
Settlement of Unemployed Workers						756,501	15 2		
Development of Mining						880,855	3 6		
Telegraph Extension						11,988,429	16 8		
Public Buildings						12,781,988	6 4		
Lighthouses, Harbour-works, and Harbour-defences						1,323,344	11 3		
Contingent Defence						1,401,079	18 11		
Rates on Native Lands						68,671	16 10		
Thermal Springs						14,599	13 2		
Development of Tourist Resorts						733,925	12 1		
Lands Improvement						980,342	16 3		
Swamp Land Drainage						80,881	9 3		
Plant, Material, and Services						139,344	4 11		
Charges and Expenses of raising Loans						3,828,307	3 7		
Coal-mines						10,835	8 0		
Interest and Sinking Fund						218,500	0 0		
Irrigation and Water-supply						1,314,240	12 2		
Motor Transport Service						33,635	5 3		
Transfer to Main Highways Account, Construction Fund						1,226,000	0 0		
Native Land Settlement						466,866	3 9		
Dairy Industry Loans						41,259	12 5		
								128,369,357	0 6
Balance on 31st March, 1937,—									
Cash in the Public Account						2,042,680	18 4		
Investments						75,345	0 0		
								2,118,025	18 4
								£130,487,382	18 10

Table No. 13.

STATEMENT SHOWING THE AMOUNT CHARGED TO “UNAUTHORIZED” IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1926, TO 31ST MARCH, 1937.

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.	
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			
1933-1934	..	3,643	17 10	8,326	0 3	11,969	18 1	8,288	2 5	1	12 5	20,259	12 11			
1934-1935	..	17,313	13 4	69,966	7 1	87,280	0 5	47,973	11 7	21,384	12 0	156,638	4 0			
1935-1936	..	13,346	5 0	126,457	14 3	139,803	19 3	108,641	5 3	13	18 5	248,459	2 11			
1936-1937	..	36,790	15 3	113,473	1 4	150,263	16 7	81,170	9 10	2,002	19 6	233,437	5 11			

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1937, AS COMPARED WITH THE 31ST MARCH, 1936.

Account.	1937.			1936.		
	Balance on 31st March, 1937.	Liabilities on 31st March, 1937.	Unexhausted Authority for raising Loan on 1st April, 1937.	Balance on 31st March, 1936.	Liabilities on 31st March, 1936.	Unexhausted Authority for raising Loan on 1st April, 1936.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue	958,665	437,859	500,000	479,636	287,813	500,000
Public Works Fund—						
General Purposes	2,118,026	812,778	6,555,081	1,902,651	385,582	4,005,634
Electric Supply	143,634	95,131	1,517,590	217,604	72,456	1,347,590
Electric Supply Sinking Fund ..	13,430	..	..	17,555	..	..
Bank of New Zealand Shares ..	1,859,375	..	..	1,859,375	..	..
Discharged Soldiers Settlement ..	334,007	1,457	..	151,751	8,383	..
Employment Fund Promotion ..	253,245	189,621	..	406,711	285,717	..
Land for Settlements	484,603	2,601	6,278,000	328,746	12,656	6,278,000
Loans Redemption	74,519	..	..	584,583	..	..
Main Highway—						
Revenue Fund	74,327	275,378	2,052,400	87,523	147,131	..
Construction Fund	39,795	..	..	1,868	48,078	905,900
Public Debt Repayment	363,524	..	..	106,387	..	..
Reserve Fund .. ..	..	..	..	352,497	..	..
Samoan Loan Suspense .. ..	..	..	4,800	..	..	4,800
Silver and Bronze Coinage Account ..	696,635	..	..	634,753	..	..
State Coal-mines	70,403	23,070	55,000	75,872	15,401	55,000
State Coal-mines Sinking Fund ..	9,182	..	..	8,821	..	..
State Forests	45,352	8,842	410,225	14,565	8,952	546,225
Working Railways	1,301,739	390,122	..	1,796,656	298,137	..
State Advances Loan .. ..	..	..	8,714,250	..	..	8,714,250
Housing Account .. ..	..	..	6,150,000	..	..	1,250,000
<i>Additional Unexhausted Authorities for raising Loans.</i>						
Government Accident Insurance Act, 1908 ..	..	..	23,000	..	..	23,000
State Fire Insurance Act, 1908 ..	..	..	98,000	..	..	98,000
Totals	8,840,461	2,236,859	32,358,346	9,027,554	1,570,306	23,728,399

Table No. 15.

PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH FROM 1933 TO 1937.

Year ended 31st March,					
	1933.	1934.	1935.	1936.	1937.
	£	£	£	£	£
War	1,217,586	1,246,441	1,264,110	1,349,447	1,483,345
Old-age	1,271,157	1,350,982	1,519,889	1,718,601	2,413,103
Widows'	311,317	302,020	296,565	311,864	412,280
Miners'	62,563	56,810	58,740	67,834	83,253
Maori War	5,831	4,522	3,607	2,577	1,972
Epidemic	4,197	3,290	1,983	907	253
Civil Service Act, 1908	6,453	5,917	5,211	4,676	4,106
Defence Act, 1909	2,176	2,163	2,084	2,127	2,067
Judicature Act, 1908	1,833	2,272	2,682	3,222	2,753
Police	1,166	1,384	1,449	1,575	1,849
Blind	18,065	19,306	21,227	22,991	6,181
Family Allowance	122,810	146,766	152,818	149,043	130,730
War Veterans' Allowances .. ..	..	..	..	16,544	110,667
Sundry	6,627	8,022	7,989	8,256	9,290
Invalidity .. ..	..	..	..	..	278,579
Totals	3,031,781	3,149,895	3,338,354	3,659,664	4,940,428

Table No. 16.
EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING PRIMARY, SECONDARY, HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, AND CHILD WELFARE, 1913-14 TO 1936-37

Year.	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	Vote, Education (excluding Superannuation Subsidies).	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
1933-34 ..	..	53,221	2,480,055	107,129	57,294	51,435	..	2,749,134	1 15 8
1934-35 ..	..	87,207	2,550,100	128,738	165,306	51,289	..	2,982,640	1 18 5
1935-36 ..	..	95,968	2,747,582	118,883	170,026	121,424	..	3,253,883	2 1 4†
1936-37 ..	..	95,526	3,348,449†	88,713	169,362	268,884	..	3,970,984	2 10 3

* Net revenue after deducting expenses and cost of collection.

† Includes £80 charged to "Unauthorized."

‡ On census results.

Additional amounts are available from revenue from reserves vested in post-primary schools and University colleges as follows:—

	£
Post-primary schools	35,683
University colleges	20,858
	<u>£56,541</u>

The following amounts were 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
1933-34	3,846
1934-35	8,541
1935-36	5,149
1936-37	6,831

Table No. 17.

STATE BALANCE-SHEET AS AT 31ST MARCH, 1936.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s.	d.		£	s.	d.
Capital—				Land and buildings, including Crown, settlement, and endowment land, departmental land and buildings	40,660,489	8	8
Public debt*	285,461,097	19	9	State forests, nurseries, and plantations	38,976,424	0	6
Rural Advances bonds	4,213,050	0	0	Railways, including permanent-way and works, rolling-stock, and unopened lines	59,483,494	11	5
Employment Promotion Fund	455,100	5	4	Telegraphs, telephones, and wireless systems	11,198,102	9	7
Public Debt Redemption Fund	17,225,644	10	6	Electrical schemes	13,249,117	9	2
Creditors—				Drainage and irrigation schemes	4,389,963	0	3
Sundry	2,730,392	18	1	Collicries, sawmills, quarries, &c.	408,864	6	5
Interest on debentures and stock due and unpaid*	19,910	10	0	Armament and military stores, aviation equipment	2,771,459	9	6
Interest on public debt accrued but not due*	2,280,729	3	7	Oyster-beds, fish-hatcheries, equipment, &c.	122,708	19	2
Wages and other payments accrued	55,478	7	5	Wharves, bridges, harbour-works, lighthouses, &c. . .	718,824	19	0
Payments in advance, &c.	443,165	0	1	Plant, material, and furniture	2,964,902	11	2
Reserves—				Libraries, books, museum exhibits, stationery, stamps, &c.	222,445	16	11
General	4,102,075	12	11	Live and dead stock, farm crops, &c.	406,449	7	1
Sinking fund and reserves for loan-redemption	3,291,129	1	6	Government steamers, launches, motor-cars, &c. .. .	462,156	0	9
Depreciation	6,723,957	10	4	Advances on loan or mortgage	15,649,595	5	0
Fire, accident, and marine insurance, bad debts, &c.	1,014,496	9	5	Debtors—			
Amount held on deposit	594,208	9	11	Sundry	2,472,602	6	8
Suspense	209,234	16	6	Unpaid purchase-price of land and buildings, and interest thereon	2,080,200	7	3
Post Office investment and war-loan certificates	897,590	8	0	Postponed rents, &c.	316,974	9	9
Miscellaneous liabilities	74,742	16	6	Interest and rent, due and unpaid, and due and accrued	1,424,126	5	4
Excess of assets over liabilities	60,958,217	10	3	Special investments—			
				Nauru phosphate rights	565,040	0	0
				Bank of New Zealand shares	2,109,375	0	0
				Reserve Bank of New Zealand	1,000,000	0	0
				Public Trust Office (Public Debt Redemption Fund, &c.)	7,966,688	11	2
				Crown interest in State Advances Corporation .. .	41,617,964	17	1
				Special assets of various accounts—			
				Native land schemes, &c.	1,020,105	7	7
				Unallocated loan charges	655,788	5	3
				Payments in advance	297,196	12	3
				Properties acquired by Crown and properties in course of realization	1,045,612	2	2
				Investments—			
				Reserve Fund	324,653	14	0
				Sinking funds	1,121,197	9	8
				Miscellaneous, including investment of Treasury accounts	6,521,473	12	5
				National Development Account—			
				Expenditure on—	£	s.	d.
				Main highways, roads, &c.	30,861,589	4	1
				Development of mining	867,467	15	11
				Education, &c.	8,467,610	18	3
				Immigration	3,318,944	0	9
				Harbour-works	1,045,668	15	1
				Land-development	840,061	0	3
				Cost of raising loans	295,978	11	7
					45,697,320	5	11
				Other loan expenditure—			
				War expenditure	67,863,693	3	6
				Naval defence	1,389,656	1	5
				Local bodies	3,037,229	19	2
				Maori-land settlement	247,145	0	0
				Miscellaneous	4,599,386	0	3
					77,137,110	4	4
				Cash—			
				Public Account	3,812,109	7	2
				Receiver-General	133,442	18	3
				State Advances Office Account	736,009	11	0
				Post Office or Post Office Savings-bank	682,467	11	5
				Deposit accounts	66,757	18	3
				In hand and in transit	34,608	13	0
				Deposit with Bank of International Settlements .. .	36,023	0	0
				Public Trust Office	185,819	12	3
					5,687,238	11	4
				Miscellaneous assets	4,555	13	4
					£390,750,221	10	1
					£390,750,221	10	1

* See Note (2) below.

NOTES.—(1) To account for the whole public debt, loan expenditure on war and other purposes not represented by tangible assets has been included under the heading "Other Loan Expenditure." Interest is received in respect of portion of the local bodies' loan expenditure.

(2) Of the amount shown as public debt, £1,801,417 10s. 1d. is held by investment accounts within the Public Account. Interest accrued and interest due and unpaid in respect of this sum is also shown in both sides of the Balance-sheet.

(3) Contingent liabilities:—

Subsidies (not including accumulated interest) short paid to—				£	s.	d.
Teachers' Superannuation Fund				1,565,284	0	0
Public Service Superannuation Fund				2,678,167	0	0
				4,243,451	0	0
Excess of subsidies recommended by Actuary over subsidies paid:						
Railway Superannuation Fund				1,580,800	0	0
				5,824,251	0	0
Local authorities, loans guaranteed by the Govern-				£	s.	d.
ment				2,704,575	0	0
Less accumulated sinking funds				898,700	5	7
				1,805,874	14	5
				£7,630,125	14	5

Table No. 18.
PUBLIC DEBT.

STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF £27,532,164 ADVANCED BY THE IMPERIAL GOVERNMENT AND FUNDED IN TERMS OF THE AGREEMENT DATED 6TH SEPTEMBER, 1922.

Date Instalments paid.				Interest.	Principal.	Balance of Debt outstanding.
				£	£	£
1st December, 1922	..	..	..	684,794	141,171	27,390,993
1st June, 1923	..	..	..	681,282	144,683	27,246,310
1st December, 1923	..	..	..	677,684	148,281	27,098,029
1st June, 1924	..	..	..	673,996	151,969	26,946,060
1st December, 1924	..	..	..	670,216	355,749*	26,590,311
1st June, 1925	..	..	..	661,367	164,598	26,425,713
1st December, 1925	..	..	..	657,274	168,691	26,257,022
1st June, 1926	..	..	..	653,078	172,887	26,084,135
1st December, 1926	..	..	..	648,778	177,187	25,906,948
1st June, 1927	..	..	..	644,370	181,595	25,725,353
1st December, 1927	..	..	..	639,854	186,111	25,539,242
1st June, 1928	..	..	..	635,225	190,740	25,348,502
1st December, 1928	..	..	..	630,481	195,484	25,153,018
1st June, 1929	..	..	..	625,618	200,346	24,952,672
1st December, 1929	..	..	..	620,635	205,330	24,747,342
1st June, 1930	..	..	..	615,528	210,437	24,536,905
1st December, 1930	..	..	..	610,294	215,671	24,321,234
1st June, 1931	..	..	..	604,930	221,035	24,100,199
1st December, 1931†	..	..	..	..	..	24,100,199

* Includes £200,000 paid off the Naval Defence Loan in terms of the clause by which New Zealand has the right, on giving three months' notice, to repay at par any part of the principal.

† Following on the "Hoover" moratorium, the Imperial Government agreed to postpone the instalments of principal and interest due in December, 1931, and June, 1932, only one half-yearly payment was therefore made in 1931-32. Further postponements from 1st July, 1932, were agreed to by the Imperial Government. No payments were therefore made from 1932-33 to 1936-37.

Table No. 19.
PUBLIC DEBT.
MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1937.

Date of Maturity.		Due in				Total Debt.
From 1st April.	To 31st March,	London.	Australia.	New Zealand.		
				Public.	Departmental.	
		£	£	£	£	£
Overdue ..	..	..	..	39,465	..	39,465
Treasury bills	..	..	..	2,325,000	..	2,325,000
1925† ..	1946 ..	2,090,909*	..	..	..	2,090,909
1937 ..	1938 ..	..	92,600	751,300	..	843,900
1938 ..	1939 ..	4,000	3,000	265,030	..	272,030
1938‡ ..	1942 ..	..	..	2,813,380	808,190	3,621,570
1939 ..	1940 ..	17,173,191	..	6,241	8,900	17,188,332
1939‡ ..	1942 ..	..	..	4,114,505	..	4,114,505
1939‡ ..	1943 ..	..	..	13,678,215	..	13,678,215
1940 ..	1941 ..	..	..	500,015	..	500,015
1941 ..	1942 ..	..	17,300	37,100	..	54,400
1942‡ ..	1946 ..	..	..	9,211,470	631,155	9,842,625
1942‡ ..	1963 ..	10,505,989	..	378,639	..	10,884,628
1943 ..	1944 ..	7,339,656	..	..	..	7,339,656
1944 ..	1945 ..	7,780,408	..	..	..	7,780,408
1945 ..	1946 ..	22,543,590	..	2,500	..	22,546,090
1946 ..	1947 ..	..	..	540,047	1,117,743	1,657,790
1946‡ ..	1950 ..	..	..	8,324,310	642,885	8,967,195
1947 ..	1948 ..	11,221,609	..	..	..	11,221,609
1947† ..	1958 ..	19,225,465	..	..	..	19,225,465
1948 ..	1949 ..	..	..	..	10,500	10,500
1948† ..	1954 ..	5,000,000	..	..	..	5,000,000
1949 ..	1950 ..	7,500,000	..	..	..	7,500,000
1949‡ ..	1953 ..	..	..	12,491,090	..	12,491,090
1950 ..	1951 ..	1,250,000	779,000	250,950	..	2,279,950
1952 ..	1953 ..	..	..	..	260,000	260,000
1952 ..	1956 ..	12,000,000†	..	7,978,310‡	2,124,265‡	22,102,575
1952‡ ..	1957 ..	..	..	6,708,155	1,158,160	7,866,315
1955 ..	1956 ..	..	..	3,956	462,200	466,156
1955† ..	1961 ..	3,989,100	..	..	..	3,989,100
1956 ..	1957 ..	12,900	..	4,460	4,009,480	4,026,840
1956† ..	1972 ..	5,000,000	..	..	..	5,000,000
1957 ..	1958 ..	..	..	7,800	19,461,050	19,468,850
1958 ..	1959 ..	..	..	..	18,261,933	18,261,933
1959 ..	1960 ..	..	..	..	10,652,885	10,652,885
§ ..	1946 ..	577,446§	..	..	..	577,446
§ ..	1958 ..	23,522,753§	..	..	..	23,522,753
Totals ..	..	156,737,016	891,900	70,431,938	59,609,346¶	287,670,200

* Advances by Imperial Government for State Advances purposes. † Government has option to redeem at par on or after the earlier date on giving notice in the *London Gazette*. ‡ Government has option to redeem on or after the earlier date on giving three months' notice in the *New Zealand Gazette*. § Imperial Government advances funded in terms of section 8, Finance Act, 1922. Payments at present suspended. ¶ The basis of classification between "Public" and "Departmental" debt domiciled in New Zealand has been altered this year. For purposes of comparison the Departmental debt on this new basis as at 31st March, 1936, was £53,995,367.

Table No. 20.
EXTERNAL TRADE.
STATEMENT SHOWING THE RECORDED, STERLING, AND NEW ZEALAND CURRENCY VALUES OF IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, FROM 1931 TO 1937 (EXCLUDING SPECIE).

Year ended 31st March,		Exports.		Imports.		Excess of Exports.	
		New Zealand Currency.	Sterling Equivalent.	New Zealand Currency Equivalent.	Full Sterling Equivalent.	On New Zealand Currency Basis.	On Sterling Basis.
		£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
1931 ..	..	39,527	37,198	39,833	37,656	—306*	—458*
1932 ..	..	33,943	30,857	24,761	22,510	9,182	8,347
1933 ..	..	37,510	32,677	25,059	22,049	12,451	10,628
1934 ..	..	46,043	36,834	26,136	20,908	19,907	15,926
1935 ..	..	44,918	35,985	32,568	26,082	12,350	9,903
1936 ..	..	49,676	39,900	37,440	30,072	12,236	9,828
1937 ..	..	60,234	48,381	47,621	38,250	12,613	10,131

* Excess of imports.

Table No. 21.
IMPROVEMENT IN ECONOMIC CONDITIONS.
TABLE OF MISCELLANEOUS STATISTICAL INFORMATION SHOWING THE MOST RECENT FIGURES
COMPARED WITH TABLE NO. 21 IN B.-6, 1935.

	Unit.	As shown in 1935 Table.	Latest Figure.	
		Amount.	Year ended 30th June,	Amount.
Value of total production	£(m.)	98·8	1936	114·2
Value of farm production	„	63·3	1936	72·5
Salaries and wages payments.. .. .	„	65·7	1937*	85·0
Gross farming income	„	50·8	1936	60·5
Exports (excluding specie)	„	43·0	1937	64·6
Imports (excluding specie)	„	34·3	1937	50·1
Bank deposits (excluding Government)	„	62·3	1937	65·0
Bank debits (excluding Government)	„	676·2	1937	916·2
Net bank-note circulation	„	6·3	1937	8·3
Building permits issued in larger towns	„	3·6	1937	5·8
Mortgages registered	„	12·0	1937	20·3
Mortgages discharged	„	13·8	1937	20·7
Land transfers	„	12·2	1937	20·4
Totalizator investments	„	4·0	1937	6·1
Railways—Net ton-miles run	Million	420·0	1937	521·1
Shipping—Manifest tonnage	„	6·2	1937	7·8
Motor-vehicles licensed	Number	208,200	1937†	211,164
Unemployed males	„	48,205	1937†	35,839
Index numbers of—				
Export prices (1909–13 = 1000)	„	1,046	1937	1,397
Share prices (1926 = 1000)	„	957	1937†	999

* Year ended 31st March. † As at end of June.

Copy of Prospectus of State Advances Local Loan.

Dominion of New Zealand.

STATE ADVANCES CORPORATION OF NEW ZEALAND.

(Established under the State Advances Corporation Act, 1934-35.)

ISSUE OF $3\frac{1}{4}$ PER CENT. STOCK OR DEBENTURES (SERIES "B").

Repayable 1st June, 1944.

Guaranteed as to Principal and Interest by the Government of New Zealand.

Authorized to be raised under the State Advances Corporation Act, 1934-35 (hereinafter referred to as "the statute").

PRICE OF ISSUE: £100 PER CENT.

Interest payable half-yearly at the Reserve Bank of New Zealand on the 1st June and 1st December.

The first payment of interest will be made on the 1st day of June, 1937, subject to the conditions hereinafter provided.

Trustees are authorized in terms of section 23 of the statute to invest funds in this issue unless expressly forbidden by the instrument (if any) creating the trust.

The RESERVE BANK OF NEW ZEALAND is authorized, on behalf of the State Advances Corporation of New Zealand, to receive applications for the above-mentioned Stock or Debentures.

If not previously surrendered in accordance with the provisions set forth below, the Stock and Debentures of this issue will be repaid at par at the Reserve Bank of New Zealand, Wellington, or at any branch of the Bank of New Zealand in the Dominion, on the 1st day of June, 1944.

In accordance with section 25 of the State Advances Corporation Act, 1936, all securities issued by the Corporation are guaranteed by the State; and if any default is made by the Corporation in the payment of any principal or interest payable in respect of any such securities, such principal or interest, as the case may be, shall forthwith be paid by the Minister of Finance out of the Consolidated Fund.

The securities issued by the Corporation, in addition to being guaranteed as above by the New Zealand Government, give to the holders a floating charge over the whole of the mortgages and other securities of the Corporation (*vide* section 21 of the statute).

Stock or Debentures of this issue will on the tender thereof by the holder be accepted at their nominal value in payment of principal or interest due under any mortgage of land held by the Corporation the date of which is subsequent to the commencing-date of this issue but prior to the commencing-date of any subsequent issue by the Corporation of securities to the public: Provided that in the case of any State mortgages transferred to the Corporation pursuant to Part V of the statute such payment shall be accepted only in securities of Series A.

Stock and Debentures of this series will, for security purposes, rank *pari passu* with those of Series A of £500,000, and the Corporation may from time to time issue further securities in accordance with the authority of the statute.

APPLICATIONS.

Applications, which must be accompanied by payment in full, will be received at the Reserve Bank of New Zealand, Wellington, at any branch of the Bank of New Zealand in the Dominion, or at any postal money-order office in New Zealand.

Applications for Stock must be for sums of not less than £40, and any amount applied for in excess of £40 must be a multiple of £20.

Debentures, payable to bearer, may be applied for in denominations of £20, £40, £100, £500, and £1,000, or in such higher denominations as may be agreed upon *at the time of issue*.

The Reserve Bank of New Zealand reserves the right to make or decline allotments without being required to furnish any reason therefor. Where no allotment, or partial allotment only, is made the full or surplus amount paid on application, as the case may be, will be returned to the applicant.

Provisional receipts will be issued for all payments made in respect of application-moneys, and allotment letters will in due course be issued by the Reserve Bank of New Zealand. In the case of Debenture allotments such letters will be exchangeable for the relative Debentures, payable to bearer, as soon as the latter can be prepared. In the case of Stock allotments certificates of registration will be posted to allottees when the Stock has been recorded in the Register.

GENERAL PROVISIONS.

Exchange on Remittances.—Cheques in payment of application-money will be accepted free of inland exchange.*Interest.*—Interest on Stock will be paid free of inland exchange by means of interest warrants, which will be transmitted by post at the risk of the stockholder. In the case of Stock registered in the names of two or more holders, interest warrants will be forwarded to the stockholder whose name appears first in the Register, unless directions for payment to an agent are given.

The Reserve Bank will accept directions from stockholders for payment of interest to any agent in the Dominion; existing instructions for the payment of interest in the Dominion on Series A Stock will be effective for the Stock of this issue also.

Interest on Debentures will be paid free of inland exchange on presentation of the appropriate interest coupons annexed thereto at the Reserve Bank of New Zealand, Wellington, at any branch of the Bank of New Zealand in the Dominion, or at any postal money-order office in New Zealand.

Interest on Stock and Debentures of this series will commence to accrue from the date of lodgment of the application-money in respect of allotments made.

The initial payment will be made on the 1st day of June, 1937, in respect of applications lodged and accepted up to that date. Interest on any applications lodged and accepted on or after the 1st day of June, 1937, will be computed from the date of lodgment to the next following half-yearly interest date. The initial payment of interest in respect of Debentures will be made by cheque.

Transfers.—The Register of Stock will be kept at the Reserve Bank of New Zealand, Wellington, where all transfers will be registered. Stock will be transferable in amounts of £20 or multiples thereof.

Stamp Duty.—Stock and Debentures of this issue will be exempt from Stamp Duty on the transfer thereof otherwise than by way of gift.

The Stock of this series is issued subject to the conditions contained in the Schedule hereto.

Commission at the rate of 5s. per £100 Stock or Debentures will be allowed to bankers and registered sharebrokers on allotments made in respect of applications bearing their stamp.

Copies of this Prospectus and forms of application may be obtained at the Reserve Bank of New Zealand, Wellington, at any of the offices of the Corporation, at any branch of any Bank in the Dominion, at any postal money-order office in New Zealand, or from any member of any Stock Exchange affiliated to the Stock Exchange Association of New Zealand.

The list for applications will be opened on the 16th day of February, 1937.

Reserve Bank of New Zealand, Wellington.

Date: 16th February, 1937.

Series B.

SCHEDULE TO PROSPECTUS DATED 16TH FEBRUARY, 1937, RELATING TO THE ISSUE OF $3\frac{1}{4}$ PER CENT. STOCK OR DEBENTURES, 1944, SERIES B, OF THE STATE ADVANCES CORPORATION OF NEW ZEALAND.

Registration of Stock.

Any person or corporation lending money to the Corporation under the terms of this Prospectus on the security of stock of this series will have his, her, or its name registered in the Register of Stock of the State Advances Corporation of New Zealand, which will be kept at the Reserve Bank of New Zealand, Wellington, hereinafter referred to as "the Bank."

Registration receipts will be issued to investors when the stock is registered.

Every person or corporation whose name is for the time being registered in the Register as the holder of stock shall be deemed to be the holder of such stock for the amount for the time being standing to his, her, or its credit in the Register with the right to receive interest thereon half-yearly on the dates named in this Prospectus.

No notice of any trust in respect of any stock or in respect of any certificate of title to stock shall be entered in the Register or be receivable by the Bank, and no liability shall attach to the Bank or to any officer thereof by reason of any express, implied, or constructive notice of any trust affecting such stock or certificate of title.

The Bank will recognize the registered holder of any stock as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust, whether expressed, implied, or constructive, to which any such stock or certificate of title may be subject; and the receipt of such holder for the interest from time to time accruing due in respect thereof, and for any moneys payable in respect thereof, or upon the redemption of the same, shall be a good discharge to the Bank, notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest, or claim of any other person or corporation to or in such stock or moneys.

When the right to any stock is acquired by any person or corporation on the death or bankruptcy or liquidation of the registered holder or under a writ of execution or in any manner other than by way of transfer as herein-after provided, the Bank on application by or on behalf of the person or corporation entitled and on being satisfied that he, she, or it is legally entitled to be registered as the holder of the stock shall enter his, her, or its name in the Register as the holder of such stock.

In the case of the death of any one of the joint holders of any stock of the Corporation, the survivor or survivors will alone be recognized by the Bank as having any title to or interest in such stock, and the Bank shall be at liberty to call for such evidence by way of proof as it shall think fit.

No transfer relating to stock of this series will be registered during the fourteen days immediately preceding the 1st June and 1st December in each year.

The executors or administrators of a deceased registered holder of stock (not being one of several joint holders) shall be the only persons recognized by the Bank as having any title to such stock.

The Bank shall be at liberty to retain the interest payable upon any stock in respect of which any person or corporation under the last preceding condition is entitled to transfer until such person or corporation shall be registered or duly transfer same.

No person who is not of full age shall be eligible under any circumstances to become registered as the holder of stock of the Corporation.

Certificate of Title.

On application in writing made on the prescribed form obtainable from the Bank or at any office of the Corporation by the registered holder of any stock issued under the provisions of this Prospectus, the Bank will issue a certificate of title certifying that the applicant is the registered holder of the stock referred to therein (being the whole or any portion [not less than £20 or a multiple thereof] of the amount of stock of which the applicant is the registered holder). A fee of 1s. will be charged for the issue of each certificate of title.

Any such certificate of title shall be conclusive evidence of the ownership of the stock to which it relates by the person or corporation named therein as the holder and will be signed on behalf of the Bank by an officer thereof duly authorized in that behalf.

The transfer whether by delivery or otherwise of any such certificate of title shall not operate as a transfer of the legal or equitable interest of the holder in the stock to which it relates. No dealings with any stock to which any such certificate of title relates will be recorded by the Bank unless and until such certificate of title has been produced to the Bank and cancelled by it.

Provided that where any such certificate of title has been lost or destroyed the Bank, on evidence to its satisfaction by statutory declaration of the loss or destruction of such certificate of title, may on such terms and subject to such conditions as it thinks fit (including an indemnity) issue a substituted certificate with the word "substituted" stamped or written thereon. Every such substituted certificate shall be deemed to have the same effect to all intents and purposes as the original certificate of title for which it is substituted.

Transfer of Stock.

The registered holder of any stock of this series may, by instrument of transfer on the prescribed form obtainable from the Bank, transfer to any other person or corporation the whole of such stock or any portion thereof being not less than £20 or a multiple of £20, and on presentation to the Bank of such instrument of transfer duly executed by or on behalf of the transferor and the transferee the Bank shall cause the name of the transferee to be entered in the Register as the registered holder of the stock to which the instrument of transfer relates.

Every such entry shall operate as a transfer of the stock to which it relates so as to vest that stock in the transferee.

No transfer comprising any stock for which a certificate of title has been issued will be accepted for registration unless such certificate of title is contemporaneously surrendered for cancellation.

No stamp duty under the Stamp Duties Act, 1923, will be payable in respect of an instrument of transfer of any stock of this issue, but the registration fee for every transfer of stock shall be 6d. for every £20 included in such transfer with a maximum of 5s., and such fee must if required by the Bank be paid before the registration of the transfer.

The interest on stock and all other moneys payable in respect thereof may be paid by cheque or interest warrant sent through the post to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named in the Register in respect of such stock. Every such cheque or interest warrant shall be made payable to the order of the person to whom it is sent, and payment of the cheque or interest warrant, if duly endorsed, shall be a satisfaction of the interest and other moneys as aforesaid and a good discharge therefor.

If several persons or corporations are entered on the Register as joint holders of any stock, then, without prejudice to the last preceding clause, the receipt of any such holder for the interest or other moneys from time to time payable in respect of such stock shall be as effective a discharge to the Bank as if the person or corporation signing or executing the same receipt were the sole registered holder of such stock.

If any cheque or interest warrant issued in payment of interest or otherwise in respect of stock of the Corporation be lost or destroyed, then, upon proof thereof to the satisfaction of the Bank or in default of proof on such indemnity as the Bank deems adequate being given, a new cheque or interest warrant in lieu of that lost or destroyed may be given or sent to the person or corporation entitled thereto.

Provided that nothing in the foregoing shall preclude the Bank from accepting instructions for payment of interest on stock to be made to a Banker, Savings-bank, or other agent in New Zealand, and the endorsement of any cheque or interest warrant by such payee shall be a satisfaction of the interest and other moneys as aforesaid and a good discharge therefor.

Exchange of Stock for Debentures.

Stock of this series may be exchanged for debentures of this series of an equivalent amount on such terms as to payment of costs as the Corporation may prescribe.

Exchange of Debentures for Stock.

Debentures of this series may be exchanged for equivalent stock of this series on surrender of the relative debentures with all current and future coupons to the Bank together with a request in writing for the issue of stock in exchange, provided that the minimum inscription of stock hereunder shall be £20. A fee of 6d. for each £20 with a maximum of 5s. will be charged for every exchange of debentures for stock.

Payment in Stock of Principal or Interest of Land Mortgages.

Stock will, on the tender thereof by the holder, be accepted by the Corporation to the extent of the nominal value thereof, in payment pursuant to the statute of principal or interest under any table mortgage or other mortgage of land held by the Corporation, provided that the stock so tendered is part of the last issue made to the public before the date of execution of the mortgage. In such case the stock must be surrendered to the Corporation, and interest beyond the date of surrender will not be payable: Provided that, in the case of mortgages transferred to the Corporation pursuant to the statute, such payment shall be accepted only in securities of Series "A."

Redemption of Stock.

Stock of this series will be redeemable at par on the 1st day of June, 1944.

Income-tax.

Income received by way of interest on stock of the Corporation will be liable for New Zealand income-tax to the same extent as income from any other assessable source.

STATEMENT BY THE STATE ADVANCES CORPORATION OF NEW ZEALAND.

THE within Prospectus is issued by the Reserve Bank of New Zealand, by arrangement with the Board of Management of the State Advances Corporation, inviting applications for the purchase of Stock and Debentures bearing interest at the rate of $3\frac{1}{4}$ per cent. per annum, maturing on the 1st June, 1944. The issue is State-guaranteed, both as to principal and interest. Investments in this issue may be made in amounts to suit all classes.

For further details please refer to the prospectus.

The investing public throughout New Zealand is given the opportunity to place funds by way of investment in an institution which has established a system of mortgage finance in the Dominion whereby long-term mortgages for borrowers are linked to securities marketable on the Stock Exchange for lenders.

The securities issued by the Corporation, in addition to being *guaranteed by the New Zealand Government*, give the holders a floating charge over a large number of mortgages and other securities, for details of which reference should be made to the balance-sheet annexed.

In addition there is appended—

- (a) Profit and Loss Account for period ended 31st March, 1936:
- (b) Explanation as to amount of profits and disposal thereof:
- (c) Details of General Reserve Fund:
- (d) Table showing business transacted.

Profit and Loss Account for Period ended 31st March, 1936.

	£	s.	d.		£	s.	d.
Management expenses	72,321	14	7	Gross income brought forward from Interest Account	491,878	11	2
Contribution to Staff Superannuation Fund	15,000	0	0	Discount on redemption of stock	39	10	4
Reserve for losses	5,000	0	0				
Contingent Liability Account: Amount transferred under section 3, State Advances Corporation Amendment Act, 1935	57,000	0	0				
Net income carried forward to Appropriation Account	341,996	6	11				
	<u>£491,918</u>	<u>1</u>	<u>6</u>		<u>£491,918</u>	<u>1</u>	<u>6</u>

Balance-sheet as at 31st March, 1936.

Liabilities.				Assets.			
	£	s.	d.		£	s.	d.
*Share capital—							
Authorized capital	1,900,000	0	0				
Less unrealised ..	750,000	0	0				
Capital paid up ..	250,000	0	0				
Calls paid in advance	171,644	12	6				
Stock and debentures and accrued interest ..	..			421,644	12	6	
Contingent liability to the Crown ..	..			30,600,004	13	5	
Reserves—				8,927,521	11	8	
General Reserve ..	2,956,472	16	5				
Reserves for losses on investments ..	5,000	0	0				
Investment Fluctuation Reserve ..	10,000	0	0				
Staff Superannuation Fund ..	..			2,971,472	16	5	
Sundry creditors ..	..			25,392	18	11	
Liability to the Crown—				122,136	6	4	
Balance of net income ..	217,996	6	11				
Less interim payment ..	75,000	0	0				
	142,996	6	11				
Balance of interest on contribution to General Reserve	6,821	2	0				
				149,817	8	11	
				£43,217,990	8	2	

* In terms of State Advances Corporation Act, 1936, the whole of share capital was acquired by the New Zealand Government, and is now fully paid up.

General Reserve Fund.

At the commencement of the Corporation's lending-operations in September, 1935, this Fund stood at £2,750,010, increased to £2,956,472 as above. At the 27th November, 1936, the Fund had increased to £3,196,594. The whole of this sum is invested in sound local-body securities in the Dominion.

Business transacted.

Up to 31st December, 1936, the aggregate amount of applications received by the Corporation was £13,258,333, made up of—

						Number.	£
Residential .. .. .	..	..	..	..	..	6,238	4,709,550
Farms .. .. .	..	..	..	..	..	4,272	8,548,783
						10,510	13,258,333

Arising from these applications loans have been granted as under :—

under :—						Number.	£
Residential ..	..	..	..	..	..	3,333	2,225,668
Farms ..	..	..	..	..	..	1,628	3,870,270
						<hr/> 4,961	<hr/> 6,095,938

Applications still under action total 1,503, amounting to £1,564,642, and the number declined or postponed for future consideration is 4,046, representing a total sum of £5,597,753.

Profits.

Section 41 of the State Advances Corporation Act, 1936, provides as follows: "After such provision as the Minister of Finance thinks proper has been made for the depreciation of securities or other assets and for such other matters as in his opinion are necessary for the efficient conduct of the business of the Corporation, the surplus for each financial year shall be paid into the Public Account, unless the Minister, in his discretion, authorizes the Board to credit it, in whole or in part, to the General Reserve Fund of the Corporation."

Reference to the Profit and Loss Account figures furnished earlier in this report shows that, after meeting the interest charges on Stock and Debentures and paying working-expenses, the net profit available at the close of the last financial year was approximately £342,000. After providing reserves for income-tax and investment fluctuation the balance is payable to the Crown on account of the contingent liability of £8,927,000, which ranks second to the claims of the holders of Stock and Debentures issued by the Corporation.

Wellington.