

SESSION II.
1912.
NEW ZEALAND.

PRECIS OF FINANCIAL STATEMENT

DELIVERED 6TH AUGUST, 1912, BY THE MINISTER OF FINANCE, HON. J. ALLEN.

Laid on the Table by Leave of the House.

THE Statement begins by setting forth the revenue and expenditure for the financial year ended 31st March last. The actual revenue was £11,032,544, or £603,534 above the estimated revenue. The actual expenditure was £10,304,368, which was £264,309 less than the estimate. A comparison of the expenditure for the last financial year with that for the preceding year, 1910-11, shows an increase of nearly a million pounds, of which 78 per cent., or nearly four-fifths, is accounted for under the heads of Interest and Sinking Fund, Working Railways, Internal Affairs, Defence, and Education. The increase in the expenditure of the Internal Affairs Department is due mainly to the cost of the general election and the census, but the other large increases are unavoidable unless we alter our policy in regard to railway-extension, borrowing, and education.

THE PUBLIC WORKS FUND.

The amount available at the beginning of the last financial year was £1,140,045: a sum of £500,000 was transferred from the Consolidated revenue, and £698,605 loan-money was received during the year; total, £2,350,796. The expenditure was £2,268,216, so that the balance at the 31st March, 1912, was £82,580. At the same date the balance of loan-money to be received was £1,050,000, so that the amount in the Public Works Fund available to start the current year with was £1,132,580.

THE PUBLIC DEBT.

The gross public debt at the end of the financial year amounted to £84,350,713; deducting the sinking funds, we have for the net debt £82,241,999, of which £16,847,314 is chargeable to the State-guaranteed Advances Fund.

The public debt was increased during the year by £3,272,591 (State-guaranteed debt, £2,153,115; public works, £670,690; Naval Defence Act, 1909, £279,750; increase by conversion, £126,505). We have had of late to pay a higher rate of interest for our loans, but this is not peculiar to New Zealand; it is therefore reasonable to assume that the rate of interest on our future loans will rise.

PUBLIC DEBT EXTINCTION.

The period fixed for the extinction of all our loans is seventy-five years; the annual contributions to the sinking fund are to be paid out of the consolidated revenue, and the accumulated moneys, until they are required for the repayment of the public loans, are to be invested in loans to settlers and workers and local authorities. Last year the contribution to the Public Debt Extinction Fund was £144,885; it is explained, however, that this imposes upon the Consolidated Fund an additional burden of less than £11,000. The amount to be provided for the current year will be £149,885.

ADVANCES TO SETTLERS, WORKERS, AND LOCAL AUTHORITIES.

The amounts of the loans paid over last year by the Advances Office were: To settlers, £2,174,085; to workers, £543,840; and to local authorities, £871,735. The loans raised for the three branches during the year amounted to £1,346,114. The large sums now being received in repayments will enable the more pressing applications for loans to be met with but little borrowed money, and in the course of ten years, with the large repayments and the aid of the sinking funds, it should be possible to do without loans altogether.

LOANS TO LOCAL AUTHORITIES.

The Government has under consideration a modified system of loans to local bodies, somewhat resembling the old system, under which the smaller and weaker local bodies would, for urgent work connected with roads and bridges, receive loans at a comparatively low rate, the State bearing a portion of the burden of providing for the interest and sinking fund. Such a policy would, it is evident, relieve the roads and bridges votes on the public-works estimates.

SUPERANNUATION FUNDS.

Although the Public Service and Teachers' Superannuation Funds have both large balances to their credit, the Actuary reports that in view of future liabilities an additional amount of £25,000 a year (or £48,000 in all) should be paid by the consolidated revenue into the former fund, and, in like manner, that the latter fund should receive annually £17,000 instead of £7,000 as at present; it is proposed to introduce legislation accordingly. It is also proposed to have an actuarial examination made of the Railway Superannuation Fund.

LEGISLATIVE COUNCIL REFORM.

A Bill will be introduced at once to make the Council elective. The North Island and the South Island (with Stewart Island) are to be the two electorates, each having twenty members, ten of whom are to be elected at each election of members of the Lower House, each member of the Council holding his seat during two Parliaments. The election is to be conducted on the proportional system of representation; the present members will hold their seats until the expiry of the usual term (seven years from the date of appointment).

SECOND BALLOT.

The Government intends to introduce a Bill substituting another method of election for the second ballot, which has proved unsatisfactory.

FINANCE REFORM

is dealt with under several heads. The loans falling due during the next seven years amount to a little over twenty-three millions, rather more than half being payable in Australia and New Zealand (five-sixths of this in New Zealand), and the remainder in London. As to the loans falling due this year, amounting to over three and one-quarter millions, renewal has already been arranged for three-quarters of the total—namely, about one-half at $3\frac{1}{2}$ per cent. and one-quarter at $3\frac{1}{2}$ per cent., and there appears to be no difficulty in arranging for the remainder. The Government does not approve of short-dated debentures for loans, and proposes to convert them into stock at $3\frac{1}{2}$ per cent., maturing in not less than twenty years' time.

It is thought that the Public Accounts Committee would be of far greater service if it had greater powers and responsibilities; the Committee is to be given power to call for persons and papers, and the estimates of revenue and expenditure are to be submitted to it for its advice. This plan has worked well in the Union of South Africa.

DETAILS OF PUBLIC ACCOUNTS.

The members of the present Government, who realized when in opposition the necessity for placing before Parliament details of the public expenditure, intend to adopt this policy.

LOCAL GOVERNMENT BILL.

There has been no time since the Government came into office to go into the details of a Local Government Bill, but the matter will be carefully considered during the recess. Above all, it is essential that something should be done at once to replace the present method of assisting local bodies to construct their roads and bridges by a sounder system, and it is intended this session to introduce a short Bill classifying these bodies according to their needs, and providing subsidies which will be proportionately larger to the most needy. By this means it is hoped to reduce the votes for roads and bridges on the public-works estimates, and finally to do away with them altogether.

The system of paying the proceeds of land-sales into the Consolidated Fund as if they were a part of the revenue is condemned as unsound finance. In future, such amounts are to be transferred to the Land for Settlement Account, which will thereby be strengthened and rendered less dependent on borrowed money.

THE PUBLIC SERVICE.

Legislation will be introduced which aims at the destruction of political patronage. It will provide for the adoption of the principle embodied in the laws which regulate the Public Service of the Commonwealth of Australia and of some of the Australian States. A Commissioner will be appointed who, with his assistants, will be responsible to Parliament for appointments to the service, for promotions in the service, and for the general organization of the various departmental staffs. Provision will be made for the encouragement of merit, and for the introduction of some uniform principles governing promotions, increases of salaries, holiday and sick leave, and other matters pertaining to the good government of the service. The Government has adopted the new principle of consulting the Heads of Departments collectively instead of individually upon all proposed increases of salary.

The increases of salary to be granted this year to officers of the public service have been referred to a Committee elected by the Heads of Departments from among themselves, in order to secure, if possible, some uniform and just system in dealing with them.

RAILWAYS.

The Government intends to call for applications in London for a General Manager to succeed Mr. Ronayne, who retires in January.

CUSTOMS AND MARINE.

It will not be possible to introduce any revision of the Customs Tariff this session. Negotiations already commenced for closer trade relations between ourselves and the Commonwealth will be continued; while it is hoped that next March there may be a conference, probably in Australia, of the Ministers of Trade and Commerce of Canada, Australia, South Africa, and New Zealand.

INCREASE IN THE GRADUATED LAND-TAX.

The present graduated tax is to be made more equitable by introducing a regular scale of graduations; and the tax is to be increased on estates over £30,000 in unimproved value, while the 25 per cent. additional graduated tax now imposed on estates of £40,000 and upwards is to be made to apply to estates of £30,000 or more in value. It is hoped that by this means, which is only one of many, large land-owners may be induced to break up their estates, and that closer settlement may result.

PENSIONS.

The Government proposes to put the administration of pensions under one head, and to extend the benefits of pensions to women at the age of sixty years, to invalids incapacitated for work, and to women whose husbands are inmates of mental hospitals. The existing grievances under the Military Pensions Act of 1911 are to be inquired into; and, finally, consideration is being given to a provision for the co-operative action of employers and employees for insuring workers in groups.

THE HIGH COMMISSIONER'S OFFICE.

The Government has decided to publish the High Commissioner's annual reports on the general business of his office. Such reports have not hitherto been printed. The number of the High Commissioner's staff has increased since the year 1902 from nineteen to forty-eight. It will be one of the first duties of the new High Commissioner to undertake a thorough reorganization of the office, where his inquiries may show it to be necessary.

PUBLIC HEALTH AND HOSPITALS.

The Government proposes to extend the St. Helens hospitals, to add maternity wards to suitable country hospitals, to increase the number of mid-wives in the more remote parts of the Dominion, and, by subsidies, to encourage efficient and active medical men to settle in the backblocks.

The war against tuberculosis is to be carried on with vigour, and measures are to be taken to promote the health of Maoris.

DEFENCE.

The success of the new system may be regarded as assured. It is intended to amend the Act so as to simplify procedure; in particular, to substitute military detention for imprisonment as the penalty for non-registration.

INDUSTRIAL MATTERS.

Regret is expressed in regard to the industrial unrest at Waihi and at Reefton, which has caused not only hardship to those concerned, but a serious loss both of money and population to the whole Dominion. An amendment of the Industrial Conciliation and Arbitration Act is to be introduced whereby each Supreme Court Judge will preside (in all cases except those of Dominion awards) over the Arbitration Court in his district; instead of permanent representatives of employers and workers there will be expert representatives from each side in the trade affected; and provision will be made for secret ballots of workers and employers.

EXTENSION OF WORKERS' HOMES SCHEMES.

The Government proposes to modify the scheme of workers' homes so as to make it easier than it is at present for farm workers and others accustomed to country life to acquire homes in the country with an area of land varying from 1 to 10 acres in each case. It will do this, either indirectly by giving County Councils the right to borrow for the purpose, or directly by itself providing the homes on suitable terms. In this way the Government hopes to make country life attractive to many who now tend to crowd into the towns.

PUBLIC BUILDINGS.

Public buildings destroyed by fire are under the present system rebuilt out of loan-moneys. The Government will meet risks in future out of the Consolidated Fund, creating a sinking fund for the purpose.

ROADS AND BRIDGES.

Under the present financial condition in Britain the expenditure from the Public Works Fund may have to be restricted, but it is intended, if possible, to provide not less than the usual amount for assisting pioneer settlement.

LAND LEGISLATION.

It will not be possible to deal comprehensively with the land question this session; but a Land Bill will be introduced including among other things a new method of acquiring land for settlement and of settling it on the deferred-payment system. Another point in the policy of the Government will be the purchase of land, whether European or Native, in those places where railways are being or are to be constructed, so as to secure for the State the full benefits of the resulting increase in land-values. Emphasis is laid on the main principles of the Government's policy in regard to land—namely, settlement, closer settlement, and absolute security of tenure for the settler.

Next session proposals will be made to give the option of purchase to Crown tenants holding lands under leases in perpetuity, and also on terms fixed by actuarial calculation to those who have renewable leases. The money received will be paid into the Land for Settlement Account, thus again reducing the necessity for further loans. It is not intended in any way to interfere with endowment lands.

In order to accelerate the rate of settlement of Crown and Native lands, surveys will be pushed as rapidly as possible. Irrigation in Central Otago will receive attention; land in mining districts suitable for agricultural or pastoral purposes will be thrown open for settlement, and very easy facilities will be given to gum-diggers and other settlers who are British subjects to acquire old gum land, say, in blocks of 25 acres, that has been shown to be suitable for fruit-growing. The Government is very anxious to encourage higher agricultural education; the aim is to establish one Agricultural College in each Island, on the lines of the Hawkesbury Agricultural College in New South Wales, with scholarships tenable thereat or at the farms of instruction.

It is considered that the speeding-up process is necessary in regard to the settlement by both Europeans and Natives of the land—nearly one millions acres—vested in the Maori Land Boards, and also of other Native lands, and legislation is promised accordingly.

The estimate of revenue for 1912-13 is £10,948,404. The balance in the Consolidated Fund at the 31st March, 1912, was £807,276. Of that, it is proposed to transfer £750,000 to the Public Works Fund, leaving a balance remaining in the Consolidated Fund of £57,276, which, added to the estimated revenue, gives a total of £11,005,680. The estimate of expenditure is £10,863,068, so that the balance available for the supplementary estimates is £142,612. The balance in the Public Works Account on the 31st March was £1,132,580; the liabilities at the same date as reported to the Treasury were £1,135,812, and had increased to £1,649,349 on 30th June, ten days before the present Finance Minister took office. It is evident, therefore, that even with the aid of the transfer of £750,000 from the consolidated revenue, there will not be sufficient to meet expenditure, and Parliament will be asked to authorize a loan of £1,750,000.

Speaking generally, we ought in one way or another to keep within reasonable limits the expenditure of borrowed money. To curtail our borrowing requires some sacrifice on the part of the people of this country, but surely the exercise of the necessary self-restraint and the reliance upon our resources will assist to make our national character strong and self-reliant. It is the earnest desire of the Government to foster the spirit of self-reliance, and to encourage a healthy, strong, and vigorous career for all our people. Home life should be encouraged and exalted, and made the foundation of our nationality. More should be done to build up settlement in the country districts, to open up lands, and to attract not only the farmer but also the worker to settle down under the more healthy conditions of country surroundings.

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