

RESULT OF THE YEAR'S OPERATIONS, 1922-23.

	£
Balance brought forward, 1st April, 1922	7,531,367
Revenue	27,579,443
Expenditure—Permanent charges and appropriations	26,263,760
Leaving a surplus of	1,315,683
Total	8,847,050
Deduct—	
Payment to Loans Redemption Account for redemption and cancellation of securities	3,159,960
Transfer to Discharged Soldiers Settlement Depreciation Fund	50,000
	3,209,960
Balance at 31st March, 1923	£5,637,090

The year's operations taken in conjunction with the overseas trade figures and banking returns afford proof of the recuperative powers of the country, and of the progress made in the adjustment of the economic situation.

Whatever may be said to the contrary, the country is making a speedy recovery, and the upward movement is increasing in strength and confidence. I believe we have reached the end of the period of unrest and uncertainty; but, although most of our temporary difficulties have been surmounted, conditions are still far from normal, so that continued prudence is necessary. The sound financial position that we have attained should therefore be regarded as affording an opportunity to lighten the burden of taxation and to relieve industry and commerce, rather than an indication that stringent economy and good management may be relaxed.

ECONOMIES.

Last year when outlining the progress of the economy policy initiated early in 1921 I gave an estimate of further expected savings, and stated that in departmental votes and under special Acts, the gross savings, with other proposed economies, were expected to amount to £4,028,863. The figures for 1922-23 show that, with the savings effected last year, the reduction over the period referred to amounts to £3,735,049, the difference being chiefly due to the fact that the third deduction from the cost-of-living bonus or increase granted to public servants was not made.

The scope for effecting economies is limited, and further savings in expenditure at this rate cannot be looked for if the services of the country are to be efficiently maintained and adequate provision made for growing needs; nevertheless, the practice of strict economy continues to be imposed on Departments. The increased rates of interest and expenditure due to normal expansion have made the problem of reducing expenditure and standardizing financial sacrifice extremely difficult, but a net saving of £2,203,078 for the year is a notable achievement. In many cases essential expenditure has had to be postponed or seriously curtailed. Expenditure, however, must be regulated by income, and in the development of our great resources it is necessary that the annual charge should be kept proportionate to the ability of the country to provide the revenue.

ACCUMULATED SURPLUSES.

The balance of accumulated surpluses brought forward on the 1st April, 1922, amounted to £7,531,367.

Included in this sum was £2,129,420 of excess Customs revenue received in 1920-21, which was reserved to meet the anticipated fall in revenue. This reserve was utilized during the greater portion of the year, but when the effect of economy was felt in the reduction of expenditure and the revenue came in, the necessity for this reserve disappeared, and the amount was restored to the Accumulated Surpluses Account.