1928.
NEW ZEALAND

FINANCIAL STATEMENT.

(In Committee of Supply, 7th August, 1928.)

BY THE HON. W. DOWNIE STEWART, MINISTER OF FINANCE.

MR. HOCKLY,—

Economic conditions during year.

It will be remembered that in the last Financial Statement the opinion was expressed that the year would prove a difficult one in public finance. The year had opened with an adverse trade balance; industry was still depressed, and there was unemployment. In May the overdraft rate was increased, the withdrawals from the Post Office Savings-bank exceeded deposits, and generally difficult economic conditions temporarily prevailed.

These factors were reflected in falling revenues and added financial burdens for the State, and a decrease in the two principal sources of revenue, Customs and Income-tax, was inevitable. But the extent of the falling-off, complicated as it was by changes in the rates, was difficult to estimate, and very doubtful until well on in the financial year. That part of the expenditure which is within the scope of administrative control had to be very carefully supervised throughout the year.

Financial results.

As a result of a rigid control the expenditure for the year under annual appropriations was £240,000 below the amount appropriated. This must be regarded as satisfactory when it is remembered that the estimates had previously been drastically overhauled, first by an expert departmental committee, and later by the Public Accounts Committee.

The total expenditure under both permanent and annual appropriations fell short of the Budget estimate by about £90,000 (after excluding certain changes arising out of legislation passed last session), while the revenue for the year slightly exceeded the estimate. The deviation from the Budget estimate, however, was less than ½ per cent. either way, and the result was a surplus of approximately £180,000, which is as close to a balance as could be hoped for, considering the magnitude of the figures dealt with and the many uncertain factors involved.

It is contended in some quarters that the Government deliberately and consistently budgets for a large surplus by underestimating revenue and over-estimating expenditure. I can assure honourable members that such is not the case, and last year's results bear out my statement.

REVENUE.

Revenue.

The revenue for the year amounted to £25,123,980 (as shown by the accounts published in B.-1, Part I, and the tables attached to this Statement), but this total includes a new item—viz., "Motor-vehicles—duties, licenses, &c., £369,118." Excluding this for comparative purposes, the revenue totalled £24,754,862, as against £24,943,107 received in the previous year, a decrease of £188,245.