

The balance was held as follows :—

	£
Cash	1,729,392
Imprests outstanding	255,039
Investments	1,317,801
	£3,302,232

The amount of £117,188 shown above as a payment to the Bank of New Zealand represents a further instalment of the purchase price of the 234,375 C long-term mortgage shares allotted to the New Zealand Government in terms of section 6 of the Bank of New Zealand Act, 1926. A total of £175,781 had been paid up on these shares to 31st March last. **Bank of New Zealand shares.**

Regarding the transfer of £250,000 to the Public Works Fund, the use of surplus revenues for this purpose, and also for debt-repayment, has resulted in the debt charges being £1,000,000 per annum less than they would have been had this policy not been adopted. In particular the transfer was required last year to offset the additional work provided by the Public Works Department for relief of unemployment. **Transfer to Public Works Fund.**

The £75,106 paid to local bodies for relief of unemployment represents subsidies on wages and voluntary contributions paid in terms of section 4 of the Imprest Supply Act, 1927. The subsidies earned for last year amounted to £113,000, but the balance of this amount had not been claimed up to the 31st March last, and will be included in this year's expenditure. **Unemployment subsidies.**

Unemployment usually coincides with falling revenue, and in times like the present we are fortunate in having an accumulated fund out of which such extraordinary payments can be made. Otherwise there might be no alternative but to increase taxation to meet the increased expenditure.

The balance of the Ordinary Revenue Account is now down to approximately £3,300,000, and there has yet to be paid out a sum of £400,000 to the Rural Intermediate Credit Board in terms of the Act passed last session. **Balance of Ordinary Revenue Account.**

It is often urged that this balance should be used for reducing taxation ; but this would mean that a normal year's expenditure would be in excess of that year's revenue, or, in other words, we would be budgeting for a deficit. Such a course would undermine our reputation for sound and safe finance, which to a borrowing country means savings of a permanent nature in cheaper money that far outweigh any temporary respite that might be obtained by disregarding this principle. This is especially so at present when we are faced with the task of re-financing a considerable portion of the public debt.

TREASURY BILLS.

Treasury bills in anticipation of revenue, amounting to £250,000, were sold in New Zealand during December at $5\frac{1}{2}$ per cent. discount, and were duly redeemed out of revenue at the beginning of February, 1928. **Treasury Bills.**

In consequence of the heavy excess of withdrawals from the Post Office Savings-bank which was one of the results of the temporary financial stringency of last year, it was found necessary to sell £1,050,000 worth of redemption Treasury bills in London during November last. Bills to this amount were outstanding at the end of the financial year, but have since been redeemed at maturity out of the proceeds of an issue of debentures in New Zealand. The transactions, of course, had no effect on the amount of the Public Debt.

PUBLIC WORKS.

The programme of public works was proceeded with last year, and substantial progress was made towards completion of the large undertakings at present in hand. Details of these works will be set out for honourable members in the **Public works expenditure.**