further assistance to hard-pressed farmers by way of fertilizer subsidies, together with unavoidable increases in debt charges, pensions, &c., brought the total anticipated gap to be bridged up to £8,445,000, equal to about one-third of the total Budget. This formidable task, it was hoped, would be accomplished by means of stringent economies, reductions in salaries and wages, the use of reserves, and some heavy increases in taxation. In short, a great effort was made to maintain a balanced Budget. It failed to the extent of £2,140,000, almost wholly due to shortages in the revenues. The result was disappointing, but the drastic steps taken and the heavy additional burdens so cheerfully shouldered by the people were certainly not in vain, for without them the public finances would clearly have reached such a hopeless position as to constitute a menace to the general financial stability of the Dominion. We came out with a deficit, but of manageable size, so are entitled to claim that the situation was saved.

Revenue.

The total revenue received during the year amounted to £22,719,733, consisting of £16,189,967 proceeds of taxation, £2,868,138 from interest receipts, and £2,166,803 from departmental and miscellaneous receipts, while £1,494,825 was drawn from reserves.

The items making up these amounts are set out in the comparative tables attached to this Statement. It will be seen that in comparison with the Budget estimates the total revenue shortage amounted to £1,946,000, the chief contributing item being Customs revenue, £846,000. This item is, of course, dependent on the volume and nature of the goods imported. In this connection it is interesting to note that the main items concerned in the contraction of imports were apparel and textiles, motor-cars and parts, and spirituous liquors.

Income-tax receipts fell short of the estimate by £487,000. In times like the present this item is particularly difficult to estimate, for even a comparatively small decrease in gross income may mean a relatively heavy fall in profits. Land-tax, on the other hand, is more easily calculated, but under present circumstances the ability of the people to pay is the uncertain factor. The receipts for this item were £83,000 short of the Budget estimate. Stamp and death duties contributed £190,000 towards the revenue shortage. Death duties, always an incalculable item, produced £65,000 less revenue than had been allowed for. The remainder of the decrease was, for the most part, due to the contraction in duty on instruments and in totalizator revenue being greater than was anticipated. Both of these items directly reflect the prevailing economic conditions.

The interest receipts, in total, fell only £60,000 short of expectations. Railway revenue showed a heavy falling-off during the year, but great efforts were made by the Railway Board to meet the position by economies in expenditure. Even so, the amount of net revenue paid to the Consolidated Fund was £90,000 short of the estimate. Incidentally, the amount paid was only about one-third of the interest due on the capital invested. Interest on "other public moneys" exceeded the estimate by £30,000. Departmental and miscellaneous receipts fell short to the extent of £319,000, the amount being spread over practically all of the items concerned.

EXPENDITURE.

Expenditure.

The net expenditure for the year totalled £24,860,552, against an estimate of £24,627,561—an excess of £232,991. The estimate, however, included no allowance for exchange on remittances to London, but, owing to the abrupt change in the plan of London finance to which I have already referred, expenditure for this purpose amounted to £374,473. On the items covered by the Budget there was thus a saving in expenditure of approximately £140,000.

Under "Permanent Appropriations," the expenditure amounted to £17,854,462, an excess over the estimates of approximately £140,000. Interest charges contributed £94,000 to this excess, the reason being that, owing to the deficit, issues of Treasury bills were greater than was anticipated. Further, on the departure of Great Britain from the gold standard, Treasury-bill rates in London rose sharply.

Of the annual votes covering departmental expenses the amount appropriated was £6,911,673, but the expenditure, apart from the unexpected item of