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1939.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 1st August, 1939.)

BY THE RIGHT HON. M. J. SAVAGE, ACTING MINISTER OF FINANCE.

MR. CHAIRMAN,—

As the Hon. Mr. Nash has not yet returned from his important mission in London, it has fallen to my lot as Acting Minister of Finance to present this Budget to the House.

Economic policy.

In view of the direct bearing upon the public finances, I would like to say a few words about the economic policy of the Government. All our efforts are directed towards raising the standard of living of the people generally and to promoting a healthy and happy community.

The standard of living depends upon the volume of production as well as on its equitable distribution, for we cannot consume or exchange for other goods what has not been produced. To raise the standard we must have greater production, and every man, whether he is employer, manager, or worker, can and should make his contribution towards a larger output. I may say that to the extent any man fails to do his best he is retarding the fulfilment of the Government's programme of economic and social advancement.

For their part the Government is concerned to see that every man able to work gets an opportunity to earn an income that will enable him and his family to enjoy at least an adequate standard of comfort. This involves organizing the economy of the Dominion on a basis that will normally provide full employment in productive industry. That in a nutshell is the Government's economic policy.

When the present Government took office in 1935 there were many thousands out of employment, consumer purchasing-power was at a low ebb, and there was consequently little life in trade and industry. In such circumstances our first concern was to relieve the hardships of the unemployed by providing work for them.

It has all along been recognized that the only permanent solution of the unemployed problem is for the men to find work in productive industry, but at the time there were no vacant jobs in industry. The Government therefore took immediate and vigorous action to put in hand public works of a useful character and to subsidize an expansion of works on the part of local bodies. The result was a rapid increase in consumer purchasing-power, which automatically provided the scope for an expansion of industry.

For the past year unemployment has been virtually eliminated and the people have enjoyed a state of full employment. There is no need for me to quote statistics to show the beneficial results that have followed, for they are apparent to every one.

Dominion's sterling resources.

Action along the lines indicated produced quick results, but in the absence of an equally rapid expansion in production it led to an increase in imports and a drain upon the sterling resources of the Dominion. To meet this position, which was accentuated to a considerable degree by transfers of capital abroad, exchange control and import selection were introduced last December. One way or another imports had to be reduced, and the Government were convinced that there was more scope for constructive action through selecting imports than in lifting the rate of exchange to check all imports without discrimination.

A reduction in imports means less goods for consumption and therefore a lower standard of living unless the contraction in imports is offset by a local expansion in the production of consumable goods. The necessity for restriction of imports provided an opportunity and an incentive for an expansion of local manufacture, and in selecting imports the Government have given the needs of industry preference over manufactured commodities. In fact, the Government had to choose between standing by while the standard of living fell or organizing a drive for a greater output from local industry, both primary and secondary. Another important factor previously mentioned is that we must look to industry for the only possible permanent solution of the unemployment problem. The present basis upon which we have reached a state of full employment cannot be anything but a temporary phase because it is not economically sound to keep so many men engaged permanently upon works, however desirable they may be, that do not add to the present flow of consumable commodities. The standard of living depends mostly on the latter, and if public works, which by their nature can only be reflected in consumable commodities or services over a long period of years, were continued at the present level for long the present difficulties would be accentuated, and in one way or another the result would be a lowered standard of living generally.

In saying that, however, I would like it to be clearly understood that the Government have no intention of throwing thousands of men out of employment. The problem is being tackled along constructive lines of transferring the men into industry as quickly as possible.

Expansion of industry involves plant, machinery, and raw materials, most of which must be imported, and thus adds in the short-run to the strain upon our overseas resources. A number of overseas manufacturers who are establishing factories in New Zealand have helped by supplying the necessary plant from their own resources overseas.

Negotiations in London.

Our position generally has been eased and more time for necessary economic adjustments secured as a result of Mr. Nash's successful negotiations in London, and I would like to take this opportunity on behalf of the Dominion of thanking the Imperial Government for the help they have given us. As honourable members are aware, this help takes the form of £5,000,000 sterling of export credits at 4½ per cent. interest with a currency of five years for Government imports from the United Kingdom and £4,000,000 sterling of short-term credits for commercial purposes. Both classes of credits are available for the purchase of British goods. Government imports at present are being swelled by material for our defence forces, and a considerable portion of the credit granted for Government purposes will be utilized for this purpose.

Mr. Nash went to London primarily to negotiate a conversion of the large loan of £17,172,000 which falls due for repayment on 1st January next. It was unfortunate that such a large loan had to be dealt with in circumstances that could hardly be less favourable for such an operation having regard to the reactions on the London market caused by the international situation, and in the success of his efforts Mr. Nash fully merits the congratulations of the country.

Secondary industries.

In the course of the discussions in London it became clear that a good deal of misunderstanding existed as to Government proposals concerning import selection. It was by no means generally appreciated that a considerable proportion of the present restrictions is solely for the purpose of reducing imports to the level of our ability to pay for them. These economy restrictions are temporary, and will be relaxed as the need for them passes. The essential point is that they are quite apart from the Government's proposals for developing selected industries in New Zealand. We have a large export trade which it is desirable should be extended as much as possible, and over and above external debt charges we must exchange our exports for imports. We want all the imports we can afford in addition to maximum production in our own factories to raise the standard of living. This objective also renders it imperative to select for development—firstly, industries that can produce goods that we require at a competitive price, and, secondly, those from which we obtain the greatest net advantage having regard to production costs and the necessity for finding employment for many thousands of our people in productive industry. To achieve the objective industry must be efficient, and this is not possible unless it is organized in economic units and is not overcapitalized by having too many units. This is where the Industrial Efficiency Act is proving very useful. Manufacturing and distributing interests have demonstrated a willingness to use the Act better to co-ordinate their activities and relationships on a co-operative basis and thereby to attain more economic production. There are also clear indications that some manufacturers are prepared to establish certain types of industries only if the provisions of the Industrial Efficiency Act can be invoked to prevent uneconomic competition, without which they consider the investment of capital in such cases would not be justified. In this respect also, therefore, the industrial policy is securing substantial advantage to the Dominion. The appreciation of the Act by industrial and trade organizations and individual operators is evidenced by the fact that at their own request nine industries have been gazetted as licensed industries during the year, making the total number twenty-four.

To remove the misunderstandings that existed, the Government policy in regard to import selection was clarified by a joint statement issued by the United Kingdom and New Zealand Governments. This statement, which was also published in New Zealand, reaffirmed our policy to ensure the maximum expansion of trade between the United Kingdom and New Zealand consistent with the maintenance of sound economic conditions in New Zealand and the Government's obligations to existing industries. It was also readily agreed that we would not use import selection to foster uneconomic industries, for, as already explained, to do so would defeat our main objective of raising the standard of living.

Import selection.

In administering the import selection scheme preference is, of course, given to essential requirements for defence, for primary industries, and for secondary industries, while at the same time every endeavour is made to divert purchases to United Kingdom markets.

Overseas remittances.

In regard to the remittance of moneys overseas—now subject to Reserve Bank permit—sterling funds are first of all earmarked to provide for State and local-authority debt charges, which alone involve a very substantial sum. Then allowance is made for interest on private debts and investments held by persons overseas and for certain other necessary expenditure, while the balance is available for imports, both State and private. Thus New Zealand is giving pride of place to her overseas commitments.

In applying the system every endeavour has been made to encourage the development of economically justifiable industries in New Zealand—firstly, in accordance with the policy to which I have previously referred, and, secondly, to reduce the call on sterling funds in future years by importing raw materials in place of finished goods. In carrying out this policy there has naturally been an increased demand for machinery for manufacturing purposes and for raw materials. We will receive the benefit of these importations in future years, but the immediate effect has been to increase the demand for sterling funds, and this in turn has led to some delay recently in arranging remittances.

This pressure upon sterling funds, combined with the fact that import licenses for each half-year have mostly been issued early in the period to which they apply, with consequent immediate heavy demands upon the banks, has given rise to a feeling of uncertainty as to when sterling will be made available to importers individually. Importers have recently been invited to submit through their bankers particulars of the remittances required for their import business to 31st December next. On receipt of such particulars license-holders will be advised of the particular month or months during which their remittances may be made. Thus the uncertainty will be removed and importers will know exactly where they stand and be able to place their orders abroad with confidence.

Iron and steel industry.

While dealing with the development of industries special mention should be made of the iron and steel industry, for this is a basic industry for many other industries. After passing the authorizing Act in 1937 progress in establishing the works was held up pending investigations to prove the quantity of ore that is available at Onekaka. The Government naturally wanted to be sure that raw materials in sufficient quantity were available before launching a large-scale project. The exploratory work has now demonstrated that there is sufficient usable iron-ore and ironsand in the country to supply the industry for half a century, and it is expected that further investigations will disclose additional deposits. Sufficient coal of suitable quality is also available, and a further expert report by H. A. Brassert and Co., Ltd., of London, who are specialists in steelworks, indicates that the proposed works will be able to produce steel at a price comparable with that being paid to-day. In other words, the industry will be an economic one in every sense, as practically all the raw materials will be available in New Zealand. The services of H. A. Brassert and Co., Ltd., have been retained to design and supervise the construction of the plant, involving a capital outlay of about £5,000,000 spread over a period of about three and a half years.

The influence of such an expansion of productive employment will be far-reaching. During the constructional stage of the steel plant a considerable amount of employment will be created, and many hundreds of men representative of various trades will participate in the work of site preparation, foundations, assembly of plant, and erection of buildings, &c. When the plant comes into full operation approximately one thousand five hundred men will be directly and permanently employed. In addition the indirect employment will be considerable. In the coal-mines, for instance, the additional demand for coal, amounting to nearly 200,000 tons per annum, not subject to seasonal variations, will create favourable conditions for continuous production with stable employment for the miners. It means that approximately two thousand workers will be directly engaged in production either in the steel plant or in supplying the necessary raw materials of domestic origin.

HOUSING.

Housing programme.

The Government have consistently maintained in the forefront of their programme the provision of adequate housing facilities for the people. The problem is one which requires to be approached with breadth of view and imagination. It is one of great magnitude and involves intelligent planning for the provision of the best possible environment for the people, who spend so great a proportion of their lives in their homes.

National housing survey.

In order to appreciate the full significance of the problem one of the first steps taken by the Government was to order a national housing survey. Under the provisions of the Housing Survey Act, 1935, an obligation was placed upon 119 local authorities to conduct housing surveys. To date 115 authorities have complied with the Act, and the survey discloses that no less than 6,827 houses in the principal centres of population should immediately be demolished, while 9,835 dwellings are overcrowded. In addition, there are 31,663 houses which are unsatisfactory but are capable of being repaired. It is not practicable, however, to consider an early programme of demolition until the acuteness of the present shortage of houses has been reduced to a reasonable extent. Further, it is not possible to proceed with a successful slum-clearance campaign until special empowering legislation on similar lines to that in operation in Great Britain is available. During the Government's present term of office it is hoped to submit a Housing and Slum Clearance Bill for the consideration of Parliament. I may add that the Government have also under consideration special provisions for dealing with the difficult problem of houses in rural districts.

The Government's house-building operations through the Department of Housing Construction have been expanded to the limit set by the availability of skilled labour.

In the 1936 Budget, when the Government's housing policy was announced, it was stated that it provided for the construction of 5,000 houses. It is expected that the five thousandth home will be delivered for occupation in less than three months' time, and by that date another 2,500 houses will be partially completed.

On numerous occasions since the commencement of the Government's house-building programme it has been stated by critics of the Government that private enterprise in house building would practically disappear and that therefore the Government's efforts would result in no more houses being available than in the past. How far from the truth these contentions were is disclosed by the statistics, which show that permits taken out for private dwellings numbered 4,140 for 1935–36 compared with 4,648 for 1938–39.

Results achieved.

The operations of the Department have been superimposed upon the normal work carried out by private enterprise, assisted, of course, in the usual manner by State Advances loans. During last year the Housing Construction Department commenced building 3,445 houses, while the total number of dwellings arranged for was 8,093, a figure that has broken previous records by a substantial margin. The previous highest figure for permits for dwellings was 7,179 for the year 1926–27.

The fact that such progress has been made concurrently with the most vigorous programme of other Government buildings on record, and in spite of the grave depletion in our sources of skilled labour as a result of the virtual collapse of the apprenticeship system during the depression years, is a remarkable achievement and reflects great credit on both the building industry and the workers engaged in that industry. Further, not only has the Government's policy resulted in the production of a record number of homes, but more people were enabled to own their own homes in 1938–39 than in any year for almost a decade. This fact disproves conclusively the statements which have been persistently circulated that the present Government's objective was to create a universal state tenantry.

Shortage of skilled labour.

It was realized at the commencement that the progress of the Housing Scheme would depend very largely on the availability of skilled labour. It was reported in the last Budget that the operations of the Department were being seriously delayed on account of this factor. It was also mentioned that the average number of artisans employed by the contractors on each house that was under actual construction was only 1·8. After the date of the last Budget the position grew progressively worse, until by November, 1938, there were only 1·5 artisans employed per house under construction. When the number of houses in progress was taken into consideration it was realized that the Department was relatively worse off in November than in July to the extent of the services of about six hundred artisans. The housing survey, together with the position disclosed by the inspections of the premises occupied by applicants for State rental houses, showed such an urgent need for improved accommodation for so many people that the Government decided to adopt the most prompt means of augmenting the supply of skilled labour—namely, by bringing artisans from overseas. Early in the present year Mr. J. Hodgens, M.P., was deputed to visit Australia for the purpose of selecting suitable men, and to date 384 tradesmen have been brought to the Dominion from this source. In addition, arrangements have been made to bring over a period of six months about five hundred artisans from Great Britain, and the first groups have already arrived.

Housing expenditure.

Up to the 31st July, 1939, the total expenditure on housing, purchase of land, provision of services, administration, &c., amounted to £7,106,000; while the total commitments for land purchases and contracts entered into from the inception of the scheme to the present date amounts to approximately £10,000,000.

For the financial year 1938–39, the first year during which the Department can be said to have worked to capacity, the cost of administration was only 2·67 per cent., a low figure for a construction organization.

DEFENCE.

National defence.

The alarming manner in which the international situation has deteriorated during the past year has rendered it necessary for the British Commonwealth and other peace-loving nations to accelerate their preparations for defence.

It is of tragic significance that the millions of pounds which the nations of the world are daily expending on uneconomic weapons of defence or aggression, as the case may be, would go a long way towards raising the standard of living and improving the economic security of the peoples concerned. However, so long as peace and our national security continue to be threatened, the Government will not fail in their duty to build up defence Forces adequate to protect our shores and to play a worthy part in the wider field of the general defence of the British Commonwealth of Nations.

Defence Conference.

With a view to ensuring that adequate arrangements and proper co-ordination existed for the defence of British interests in the Pacific—an area in which New Zealand is naturally more vitally interested—it was decided to invite the Governments concerned—namely, the United Kingdom and Australian Governments—to take part in a Defence Conference to be held in New Zealand. The invitation was very readily accepted, and a most successful conference was held in Wellington during May last. A useful exchange of ideas took place, and plans were prepared by the representatives concerned to ensure maximum co-ordination in the unfortunate event of hostilities breaking out. At the close of the Conference the Imperial Government very kindly agreed to allow Major-General Mackesey, one of their delegates, to remain in New Zealand in order that he might prepare a report on New Zealand's land Forces. Thus the Government have before them a clear-cut policy, and are pressing forward steadily towards its completion.

Adequate defence requires co-ordination of effort among the three fighting services—the Navy, the Army, and the Air Force—and behind them an organization to minimize possible interruptions with trade and industry by building up reserve stocks of materials and generally providing for essential supplies for both the armed Forces and the civilian population. In every required direction preparations to meet possible trouble are being pushed forward vigorously.

Navy.

In the case of the Naval Forces, action lies chiefly along the lines of completing the Naval Dockyard, building and stocking a naval armament depot and storehouses, building and equipping workshops, and the provision of adequate training facilities. In regard to the last-named, three small seagoing training-vessels are being built.

Army.

On land the fortifications of the defended ports are being modernized and strengthened. The establishment of the Territorial Army has been raised to 16,000, and recruiting for this Force, and also for the National Reserve, is proceeding satisfactorily. Training facilities in all directions are being increased correspondingly, and every effort is being made to build up stocks of equipment, armament, ammunition, and stores necessary for training and for mobilization. In general, new life has been put into the Army, which is being moulded as rapidly as possible into a force of which the people may be proud.

Air Force.

The Air Force as a fighting unit hardly existed when the Government took office in 1935. The programme announced in 1937 has recently been expanded, and great strides have been made in building up an efficient force. Efforts so far have been concentrated largely on training personnel, constructing fully-equipped military aerodromes, and generally building up an efficient ground organization.

Modern long-range bombers for two squadrons will be delivered shortly, while 250 aircraft for training and other purposes have been ordered, and a number of these have already been delivered in New Zealand. Stocks of bombs and other munitions have been obtained.

As a result of the visit of the United Kingdom Air Mission, arrangements have been made for the establishment of an aircraft factory at Wellington, and an order is to be placed with the de Havilland Aircraft Co., Ltd., for the manufacture of one hundred Tiger Moth fighting planes at a cost of £155,000. The expansion of the flying training organization in New Zealand is being undertaken in consultation with the Imperial Government, who have agreed to accept and pay for 220 New Zealand-trained pilots per annum.

During last year approval has been given to the establishment of a Flying Training School at Blenheim capable of an output of 140 pilots a year, and to an increase in size of the Flying Training School, Wigram, to ensure a similar output. Good progress has been made with the development of the station at Ohakea, with the provision of additional accommodation at Wigram and Hobsonville, and with the establishment of the new station at Blenheim. The construction of the operational station at Whenuapai is proceeding satisfactorily, and it is anticipated that the expansion programme will be complete by December, 1940.

The Railway Workshops Scheme for the training of apprentice personnel is developing in accordance with the initial programme. The Instructional School at the Hutt Workshops commenced training thirty mechanics in July, 1939, and it is anticipated that instruction will commence in the other Railway Workshops in November.

Territorial squadrons have been formed at Auckland, Wellington, and Christchurch, and it is expected that the squadron at Dunedin will be formed in January, 1940.

Defence expenditure.

Capital expenditure involved in the expanded programmes for the three Services will exceed £5,000,000, spread over the next two years. Maintenance costs will be in the vicinity of £3,000,000 per annum. For all purposes the expenditure during this financial year will be about £5,400,000.

PUBLIC ACCOUNTS.

Surplus 1938-39.

The public accounts for the year ended 31st March, 1939, closed with a surplus of £809,000, for which buoyant revenue was mainly responsible. It is satisfactory to note that, although there were no increases in rates of taxation, the revenue received from taxation exceeded the previous year's receipts by £642,000.

The following is the position :—

Revenue.		£	£
Taxation		32,306,000	
Interest		2,127,000	
Other receipts		2,149,000	
			36,582,000
Expenditure.			
Permanent appropriations—	£		
Debt services	9,311,000		
Exchange	1,422,000		
Highways	3,055,000		
Other services	545,000		
		14,333,000	
Annual appropriations—			
Social services	12,946,000		
Other services	8,494,000		
		21,440,000	
			35,773,000
Surplus			£809,000

Transfer of surplus.

It is proposed to transfer this surplus of £809,000 to the Social Security Fund, and the necessary legislation to give effect to this will be introduced later during the session. This transfer will reduce the amount of subsidy otherwise payable to the Fund for the current financial year.

Included in the expenditure ("Annual Appropriations: Other Services") is a transfer of £272,000 to the Dairy Industry Account to cancel the indebtedness in the account resulting from the deficit in the guaranteed price for dairy-produce during the 1936–37 season.

Full details of both revenue and expenditure have already been published and are shown in the Budget tables so I do not now propose to review the results in detail.

It is worthy of note, however, that practically every item of taxation other than Customs—and for this item the receipts for 1937–38 were abnormal—showed substantial increases over the previous year. This fact is a clear indication of the greater prosperity of the people generally.

PUBLIC DEBT.

Public indebtedness.

During the past financial year the provision of funds for expenditure on public works and other capital purposes resulted in a net increase in the public debt of £13,768,930.

New issues, which were all made in New Zealand, were made for the following purposes:—

	£
Public works	9,622,279
Electric supply	180,000
Main highways	2,675,600
State coal-mines	95,000
State forests	175,000
Housing	4,000,000
Raised for redemption, but not used at 31st March, 1939	1,107
	£16,748,986

Against the increase of £16,748,986 are offset redemptions totalling £2,980,056, which were made from the undermentioned accounts:—

	£
Public Debt Repayment	1,756,618
Sinking Funds..	228,030
Reparation and War Credits	5,025
Repayments of capital by other accounts	990,383
	£2,980,056

Domicile of debt.

The net increase of £13,768,930 has raised the total public indebtedness to £303,970,272, which at 31st March, 1939, was domiciled as follows:—

	£
London	156,853,016
Australia	879,600
New Zealand	146,237,656
	£303,970,272

Treasury bills.

During the year revenue Treasury bills totalling £3,575,000 were issued, but all these were redeemed out of revenue, and consequently no revenue bills were outstanding at the close of the year.

Reserve Bank credit.

The money for housing and most of the borrowing for public works and other purposes were obtained from the Reserve Bank. This method of finance has the effect of increasing internal purchasing-power, and its usefulness is conditioned by the volume of production. In present circumstances, when sterling funds are short and imports have to be restricted, this type of finance, while justifiable and beneficial under certain circumstances, has obvious limitations during the current year. In fact, it must be clear to anybody who studies the position that we are not suffering from a shortage of money in New Zealand, but from a shortage of what money will buy.

Accordingly, in May last a Government loan of £4,500,000 was offered to the public in New Zealand. The nominal rate of interest was 4 per cent., and the issue price 96 for stock maturing in 1958, but in respect of which there is an offer to redeem at par at any time after 31st May, 1954. Alternatively, investors were offered stock to mature in 1948 at an issue price of 99. **Local loan.**

The loan, I am pleased to say, was substantially oversubscribed. The proceeds are being applied, in terms of the prospectus, to public works and general developmental purposes, including capital expenditure on defence works.

The terms of issue for that loan were fixed on a basis designed to enable as large a section of the community as possible to invest. It was recognized, however, that many people of limited means, though willing to help, would not have a lump sum available for investment during the short period the loan was open for subscription.

As a corollary to the main loan, therefore, the Government proposes to inaugurate a scheme specially designed to enable the wage and salary earners and persons of small means to invest portions of their incomes.

Full particulars of this scheme will be made available at an early date, but, briefly, the proposal is to open up an avenue of investment in Government funds for sums of money, however small. The investment can be built up by small payments over a period bearing interest at a rate comparable with that of the recent loan. The term will be for a fixed period of four or five years. Each individual's contributions will be accumulated in a separate National Investment Account in his name and, if desired, will be convertible into National Savings Bonds. As the most convenient means of bringing this scheme within reach of the public the organization of the Post Office Savings-bank will probably be utilized to handle the details. Legislation will be brought down at an early date to give effect to these proposals. **National Savings Scheme.**

I have already referred briefly to the important negotiations in London in connection with the conversion of the Dominion's £17,172,000 sterling loan which falls due for repayment in January next. Applications are now being invited in London for a £16,000,000 sterling cash and conversion loan bearing interest at 3½ per cent. per annum and issued at £99 per cent. The balance of the total of £17,172,000 outstanding is held by New Zealand institutions, and other arrangements will be made for its conversion on due date. **London Conversion loan.**

Further details regarding the loan are as follows:—

(1) Holders of the £3 10s.-per-cent. stock, due to be repaid on 1st January, 1940, have the right to receive, in exchange for each £100 stock surrendered, £100 £3 10s.-per-cent. conversion-stock 1939–45 together with a cash payment of one pound.

(2) Cash applications will be accepted to an amount sufficient to make up, with the stock issued in conversion, a total of £16,000,000.

(3) The proceeds of the cash receipts will be applied towards redemption at par on 1st January, 1940, of the £3 10s.-per-cent. stock 1940, which has not been converted.

(4) The new stock will be redeemed by purchase at or under par, exclusive of accrued interest, or by half-yearly drawings at par in sums of £100, commencing 1st July, 1940.

(5) The New Zealand Government have undertaken to provide for redemption of this stock by making available in London, out of funds accruing from exports from the Dominion or otherwise, sufficient sterling to repay the whole of this issue by 1st January, 1945, by half-yearly instalments of £1,000,000 during 1940 and £1,750,000 thereafter, payable on or before 30th June and 31st December in each year.

(6) During periods 5th June to 20th June, and 5th December to 20th December in each year, commencing in 1940, holders of stock will have the option of converting such stock, in sums of £100, into one-half each of £3 10s.-per-cent. stock 1949–54 and 1955–60, at rates to be published from time to time.

To the extent that these options are exercised in any half-year the obligation to redeem in that half-year will be reduced.

(7) The New Zealand Government reserve the right on or at any time after 1st July, 1941, on giving not less than three months' notice, to redeem at par the whole or any portion of the stock, not being less than a nominal amount of £1,000,000 sterling, at any one time.

The list, for both cash and conversion applications, opened on the 26th July, and will close on the 5th August.

PUBLIC WORKS.

Public-works programme.

For the reasons I have already given, and to carry towards completion the large works already in hand, the public-works programme for the current year, apart from defence works, is approximately of the same magnitude as last year. It may be said that we have reached the peak so far as public works is concerned, and our job now is to concentrate on tapering the magnitude of the programme down to a more economic level by transfer of men to the primary and secondary industries.

Land settlement.

As a matter of fact, this year's programme includes £3,639,000 for expenditure on land-development, including settlement of new areas, improvement of existing areas, extensive assistance to the Maoris in establishing them in agricultural and pastoral pursuits, the expansion of afforestation, and the drainage of swamp lands. At 31st March last the aggregate area comprised in the numerous land-settlement projects was 1,071,000 acres, of which a large proportion is under actual cultivation or pasture. More than 2,400 settlers have been established within recent years, and 4,800 workmen are also employed on the development of general areas not yet subdivided into holdings. As some indication of the results now attained, the statistics for 1938–39 show that 101,000 dairy cows and other cattle together with 274,000 sheep were carried, while 5,260,000 lb. of butterfat and 5,540 bales of wool were produced. The cash returns from this and other produce totalled £474,000, a record amount, and this is apart from the increased production from privately-owned lands in the irrigation areas of Otago and Canterbury. With regard to the afforestation activities of the Government, a total of 8,355,000 acres is now comprised in the various forest areas, some 1,450 men are employed, and last year's cash receipts from the disposal of forest produce were £153,000, being £9,000 more than in the previous year.

Railway construction.

In regard to works in hand this year, a prominent place is occupied by construction of new railway-lines, and by improvements and additions to existing lines. Construction has been completed on the East Coast trunk line to Wairoa, and this has been opened for traffic. Further expenditure will be made on the South Island Main Trunk and other lines which were in hand last year.

The railway improvements and additions for the current year are anticipated to require £4,000,000, of which £700,000 will be provided from depreciation and renewal reserves. This expenditure will be devoted to a continuance of the enlarged scheme of rolling-stock upon which a commencement was made last year, and to further station, siding, and signalling improvements, as well as to deviations and grade easements. In this and other sections of public works careful consideration has been and is being given to the question of the call upon overseas exchange and to the relative merits of the demands of these works and of private industry.

Highways and roads.

For main highways and road operations, including maintenance of highways, a total of £7,000,000 is being provided, this being £250,000 more than was expended last year. The great volume of work now being undertaken with the aid of modern machinery upon the Dominion's road transport routes, in both densely and sparsely populated areas, has been favourably commented upon by the travelling public.

Public buildings.

Apart from State housing activities, which I have already dealt with, the various general public buildings—new offices, post and telegraph buildings, schools, &c.—are expected to require £2,150,000. Of this total £900,000 has been allocated for the various school buildings which are required. As mentioned last year, co-ordination of building activities is being maintained so that the most urgent needs are met first and the best use made of available labour and material.

Hydro-electricity.

The increased industrial activity in the Dominion is clearly reflected in the increasing demand for electricity. The Government's generating-works have been fully loaded, and substantial additions to the installations at Arapuni and Waikaremoana in the North Island and Waitaki in the South Island are in hand. The revenue receipts totalling £1,622,457 for the past year were more than £200,000 higher than for 1937–38, which was itself a peak year. The commercial accounts to be presented with the Public Works Statement will disclose a substantial profit for last year, and this will be applied to reducing, very materially, the sinking-fund arrears brought forward from earlier years. An ample supply of cheap power is essential to the expansion of industry on a large scale, so expenditure on this type of work is clearly sound business.

It is anticipated that constructional expenditure for the current year on the additions mentioned previously and on a new generating-station at Highbank, Canterbury, and numerous minor extensions throughout the Dominion will require £1,400,000, and operating expenses £440,000.

Defence.

To provide over a short period for the heavy capital expenditure on defence, a new vote has been included in the Public Works Fund estimates for an amount of £2,200,000.

Financial programme.

These details cover the principal classes of public works. The financial aspect of the whole programme for this year is shown more clearly by the following summary:—

	£
Railway construction and improvements	5,230,000
Highways and roads	7,000,000
Public buildings	2,150,000
Land settlement, development, and improvement	3,639,000
Hydro-electric development	1,840,000
Telegraph and telephone extensions	600,000
Defence	2,200,000
Other works (aerodrome extensions, lighthouse works, development of tourist resorts, plant, material, &c.)	1,258,000
Total	£23,917,000

Attention has on previous occasions been drawn to the fact that constructional and maintenance operations are so frequently interwoven that a considerable proportion properly chargeable to revenue is necessarily included in the statement of expenditure on public works. To defray this proportion, however, it is anticipated that revenue-moneys to a total of £4,855,000 will be forthcoming from taxation, disposal of produce from the land, and from electricity sales and miscellaneous sources. The balance of £19,062,000 will require to be provided from loan-money. The local loan, already raised, together with the amount to be raised under the National Saving Scheme, will provide a portion of the amount required. The £5,000,000 sterling credits for Government imports, arranged by the Hon. Mr. Nash in London, will account for a substantial portion of the balance, because the works involve the importation of a large amount of material from the United Kingdom.

1939-40 PROPOSALS.

All the various matters I have dealt with form the background of the Budget for the year and affect it in one way or another.

Debt charges.

Dealing first with the expenditure, honourable members will find that the estimates provide for a continuation of existing services. Debt charges show an increase of £741,000, of which provision for interest for a full year on new borrowing for last year and anticipated borrowing to finance this year's capital expenditure programme accounts for £535,000. The balance, for the most part, arises from the automatic increase in the item for Repayment of Public Debt.

Social security.

The coming into operation of the Social Security Act is reflected in some relatively large changes in the estimates. The items for pensions, apart from war pensions, have disappeared from the Consolidated Fund estimates, and have been replaced by a new vote providing for the transfer of £2,000,000 to the Social Security Fund.

The votes for education and health show an increase of £547,000, but, even so, for the reason stated, the aggregate for all the votes grouped under the heading of "Social Services" is approximately £2,300,000 less than for last year. Against this the disappearance of the Employment Promotion Fund has rendered it necessary to make some provision under the Consolidated Fund for promotion of employment, as these subsidies cannot be discontinued all at once. Accordingly, for that purpose, £2,500,000 has been provided under vote "Labour," and £400,000 under vote "Native." These adjustments involve a net increase of approximately £600,000 in the expenditure from the Consolidated Fund.

As I have already indicated, there is a heavy increase in the cost of defence, towards which the votes for the three Services on the Consolidated Fund have been increased by £1,114,000.

The various increases I have referred to have been offset to the extent of £185,000 by a net decrease of this amount in other votes, leaving a net aggregate increase in the estimated Consolidated Fund expenditure of £2,270,000.

On the revenue side of the account we are faced with a total net shrinkage estimated at £822,000. The importation of raw materials in preference to finished goods under the import selection policy will, it is anticipated, reduce Customs duties by £1,650,000 in comparison with last year's receipts. The yield from income-tax at the existing rates is estimated to return £705,000 less than for 1938–39, while the revenue from stamp and death duties is anticipated to be lower by £130,000. Against these reductions are offset an increase in railway interest of £500,000, while other items have been increased by £1,163,000, of which £990,000 represents the profit derived from the issue of our own silver coins. These, with other minor increases and decreases, are estimated to reduce the total revenue by the £822,000 referred to.

Estimated revenue and expenditure 1939-40.

At this stage, allowing £200,000 for supplementary estimates and contingencies, the budgetary position is:—

	£
Expenditure	38,243,000
Revenue	35,760,000
Leaving a shortage of	£2,483,000

I might explain that in arriving at these results the expenditure estimates have been carefully overhauled, while, on the other hand, every endeavour has been made to arrive at as accurate an estimate of the revenue as possible. The position therefore is that we are faced with the problem of increasing the revenue from taxation by £2,500,000. The problem is not an easy one, and the Government have given very careful consideration to various alternatives in order that the additional burden might be so placed as to bear as lightly as possible upon the people.

Revenue. To meet the position it is proposed to obtain a further £1,000,000 from income-tax, £200,000 from additional death duties, £300,000 by increasing beer duty from 1s. 3d. to 1s. 9d. a gallon, and £1,000,000 through raising the petrol-tax by fourpence a gallon. **Petrol-tax.**

Income-tax. For individuals the present rate of income-tax is 1s. 8d. in the pound, increased by 1/100th of a penny for every pound of taxable income up to £5,500, and thereafter by 1/150th of a penny up to a maximum of 8s. 2d. in the pound for earned income. On unearned income these rates are increased by one-third. To obtain the additional revenue it is proposed to increase the basic rate by fourpence, making it 2s. in the pound, and to continue the graduation beyond £5,500 at 1/100th of a penny, instead of 1/150th of a penny as at present, up to a maximum of 8s. 7d. in the pound reached at £7,900. At the same time the amount of the general exemption will be reduced from £210 to £200. This will have the effect of bringing within the scope of the tax a few more single men without dependants, and of increasing the taxable balance of all other taxpayers by £10.

I realize that taxpayers are interested not so much in the technical changes made as in the net effect on their personal assessments. To illustrate the alterations I will quote the following examples based on a typical case of the earned income of a man with a wife and two dependent children:—

Total Income.	At Present.	Amount of Tax under new Proposals.	Increase in Tax.
£	£ s. d.	£ s. d.	£ s. d.
300	Nil	Nil	Nil
365	0 8 4	1 10 2	1 1 10
400	3 8 0	5 2 1	1 14 1
600	22 8 0	27 12 1	5 4 1
1,000	70 8 0	82 12 1	12 4 1
5,000	1,283 14 7	1,365 18 9	82 4 2
8,000	2,841 13 0	3,203 8 9	361 15 9

The additional tax payable by a man with an income of £365 is only about one pound a year, while the increase on an £8,000 income is equal to approximately one pound a day.

In regard to companies, the basic rate is to be raised from 1s. to 2s. in the pound to bring it to the same level as proposed for individuals. The rate of graduation, however, is to be reduced, from the present rate of 1/100th of a penny in the pound up to £5,500 and 1/150th of a penny thereafter up to a maximum of 7s. 6d. in the pound, to a rate of 1/125th of a penny in the pound up to a maximum of 7s. 11d. reached at £8,875.

I may add that, later this session, an amendment to the Land and Income Tax Act will be introduced to correct a number of anomalies. This Bill will include a repeal of the provision exempting from income-tax the income of farmers from land in cases where the holdings do not exceed an unimproved value of £3,000. These amendments, however, will apply not to tax payable in February next, but to the tax payable in the following year.

The effect will be to place farmers upon the same basis as other sections of the community. It will generally be agreed that if a farmer makes a profit from his operations sufficient, after deduction of all the usual allowances, to bring his income within the scope of the taxation provisions he should pay tax on the same basis as any other taxpayer.

Estate, succession and gift duties.

To obtain the £200,000 from death duties, it is proposed to increase the scales for estate, succession and gift duties by approximately 20 per cent., discontinue the present exemption of £1,000 for life-insurance moneys, and slightly reduce the present exemption for estates passing to widows.

The life-insurance exemption was introduced in 1925, but experience has shown that there is no real justification for it, and it is not granted in Great Britain or in any of the Australian States. Concerning the exemption to widows, the present allowances are £5,000 in respect of estate duty and £10,000 for succession duty. The exemptions now proposed are £3,000 plus one-third of the difference between this and the amount of her succession up to £4,500, making a limit of £3,500. In the case of succession duty the proposed exemption is £5,000 plus a third of the difference between this amount and the amount of her succession up to £10,000, making a limit of £6,666 13s. 4d. Even with all these adjustments, death duties in New Zealand on estates below £5,000 are appreciably lower than those charged in Great Britain or in the Australian States. I may add that the statistics show that the great majority of estates in New Zealand are for amounts below £3,000, and if such an esate is left to a widow no duties are payable.

Beer duty.

In regard to the proposed increase in beer duty I may mention that the rate was 1s. 6d. a gallon in 1934, but was then reduced to 1s. 3d.

Defence contribution.

Most of the additional revenue required is to be obtained from income-tax on the one hand and petrol-tax on the other. The former is regarded by the Government as the appropriate field for providing for normal expansion of State activities, while the latter is considered in the light of a special contribution towards the additional heavy costs of defence. Petrol-tax has been chosen because, directly and indirectly, it reaches every section of the community, and all should share in the cost of defence. The tax has the merit of pressing much more lightly upon large families than other forms of indirect taxation and a good deal of it is in the nature of a luxury-tax. I may add that the rates of the mileage-tax imposed by section 4 of the Motor-vehicles Amendment Act, 1934–35, upon motor-vehicles using motive power other than petrol, such as Diesel oil, will be increased correspondingly.

Estimated revenue 1939-40.

Allowing for the effect of the additional taxation, the estimated budgetary position for the year is as follows:—

REVENUE.

	£	£
Taxation—		
Customs	10,000,000	
Beer duty	1,300,000	
Sales-tax	3,500,000	
Highways	3,250,000	
Stamp and death duties	3,480,000	
Land-tax	1,000,000	
Income-tax	9,600,000	
Miscellaneous	190,000	
		32,320,000
Interest recoveries	2,780,000	
Other receipts	3,160,000	
		5,940,000
		38,260,000

			£
Total revenue ..			38,260,000

EXPENDITURE.

Estimated expenditure 1939-40.

	£	£	
Permanent appropriations—			
Debt services	10,022,000		
Exchange	1,500,000		
Transfer of highways revenue ..	3,233,000		
Other permanent appropriations	376,000		
		15,131,000	
Annual votes—			
Social services	10,613,000		
Other services	12,299,000		
		22,912,000	
Supplementary estimates and contingencies ..		200,000	
			38,243,000
Estimated surplus			£17,000

In conclusion I would say that we have already made much progess in improving the general standard of living. Given the continued co-operation and whole-hearted support of the people we can so increase production as will enable us to consolidate our position on a sound economic basis. With this as a starting-point we will move forward to even higher standards in the future.

TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

Table No. 3.

REVENUE FOR THE YEAR ENDED 31ST MARCH, 1939, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1938.

—	Year ended 31st March, 1939.	Year ended 31st March, 1938.	Increase.	Decrease.
	£	£	£	£
Taxation—				
Customs	10,650,428	10,758,733	..	108,305
Beer duty	1,076,796	978,437	98,359	..
Sales tax	3,555,696	3,499,131	56,565	..
Film-hire tax	85,882	82,377	3,505	..
Gold-export duty	100,012	105,412	..	5,400
Highways	3,059,989	2,838,711	221,278	..
Stamp and death duties	3,409,440	3,240,139	169,301	..
Land-tax	1,058,499	1,038,034	20,465	..
Income-tax	9,303,495	9,078,763	224,732	..
Miscellaneous	5,535	44,693	..	39,158
Total—Taxation	32,305,772	31,664,430	794,205	152,863
Interest—				
On capital liability—				
Working railways	701,064	632,797	68,267	..
Postal and telegraph	588,000	590,000	..	2,000
On Public Debt Redemption Fund	392,486	463,866	..	71,380
On other public moneys	445,896	454,702	..	8,806
Total—Interest	2,127,446	2,141,365	68,267	82,186
Other receipts—				
Registration and other fees	290,104	271,941	18,163	..
National-endowment revenue	147,394	154,319	..	6,925
Territorial revenue	319,244	290,964	28,280	..
External affairs	196,503	238,575	..	42,072
Justice	164,117	167,921	..	3,804
Marine	167,850	163,578	4,272	..
Native	5,748	5,839	..	91
Printing and Stationery	344,402	278,719	65,683	..
Profits of Trading Institutions	202,294	378,372	..	176,078
Stamp duties	66,798	68,700	..	1,902
Tourist and Health Resorts	126,229	117,945	8,284	..
Miscellaneous	113,094	98,511	14,583	..
Recoveries on account of expenditure of previous years	4,844	18,151	..	13,307
Recoveries on account of unauthorized expenditure of previous years	206	113	93	..
Total—Other receipts	2,148,827	2,253,648	139,358	244,179
			1,001,830	479,228
			479,228	..
Totals	36,582,045	36,059,443	522,602	..

Table No. 4.

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1939.

—	Estimate for 1938–39.	Actual for 1938–39.	Difference. More.	Difference. Less.
Taxation—	£	£	£	£
Customs	10,000,000	10,650,428	650,428	..
Beer duty	1,000,000	1,076,796	76,796	..
Sales tax	3,400,000	3,555,696	155,696	..
Film-hire tax	100,000	85,882	..	14,118
Gold-export duty	100,000	100,012	12	..
Highways	3,200,000	3,059,989	..	140,011
Stamp and death duties	3,300,000	3,409,440	109,440	..
Land-tax	1,075,000	1,058,499	..	16,501
Income-tax	9,500,000	9,303,495	..	196,505
Miscellaneous	40,000	5,535	..	34,465
Total—Taxation	31,715,000	32,305,772	992,372	401,600
Interest—				
On capital liability—				
Working railways	500,000	701,064	201,064	..
Postal and telegraph	590,000	588,000	..	2,000
On Public Debt Redemption Fund ..	398,000	392,486	..	5,514
On other public moneys	467,000	445,896	..	21,104
Total—Interest	1,955,000	2,127,446	201,064	28,618
Other receipts—				
Registration and other fees	291,000	290,104	..	896
National-endowment revenue	140,000	147,394	7,394	..
Territorial revenue	290,000	319,244	29,244	..
External Affairs	235,000	196,503	..	38,497
Justice	170,000	164,117	..	5,883
Marine	155,000	167,850	12,850	..
Native	5,000	5,748	748	..
Printing and Stationery	310,000	344,402	34,402	..
Profits of Trading Institutions	259,000	202,294	..	56,706
Stamp duties	65,000	66,798	1,798	..
Tourist and Health Resorts	125,000	126,229	1,229	..
Miscellaneous	120,000	113,094	..	6,906
Recoveries on account of expenditure of previous years	10,000	4,844	..	5,156
Recoveries on account of unauthorized expenditure of previous years	..	206	206	..
Total—Other receipts	2,175,000	2,148,827	87,871	114,044
			1,281,307	544,262
			544,262	..
Total revenue	35,845,000	36,582,045	737,045	..

Table No. 5.

Estimated Revenue of the Consolidated Fund (Ordinary Revenue Account) for the Year ending 31st March, 1940, compared with the Actual Revenue received for the Year ended 31st March, 1939.

—	Estimate for 1939–40.	Actual for 1938–39.	Differences.	
			Increase.	Decrease.
Taxation—	£	£	£	£
Customs	10,000,000	10,650,428	..	650,428
Beer duty	1,300,000	1,076,796	223,204	..
Sales tax	3,500,000	3,555,696	..	55,696
Film-hire tax	85,000	85,882	..	882
Gold-export duty	100,000	100,012	..	12
Highways	3,250,000	3,059,989	190,011	..
Stamp and death duties	3,480,000	3,409,440	70,560	..
Land-tax	1,000,000	1,058,499	..	58,499
Income-tax	9,600,000	9,303,495	296,505	..
Miscellaneous	5,000	5,535	..	535
Total—Taxation	32,320,000	32,305,772	780,280	766,052
Interest—				
On capital liability—				
Working Railways	1,200,000	701,064	498,936	..
Postal and Telegraph	645,000	588,000	57,000	..
On the Public Debt Redemption Fund	480,000	392,486	87,514	..
On other public moneys	455,000	445,896	9,104	..
Total—Interest	2,780,000	2,127,446	652,554	..
Other receipts—				
Registration and other fees	300,000	290,104	9,896	..
National-endowment revenue	140,000	147,394	..	7,394
Territorial revenue	295,000	319,244	..	24,244
External Affairs	180,000	196,503	..	16,503
Justice	172,000	164,117	7,883	..
Marine	165,000	167,850	..	2,850
Native	6,000	5,748	252	..
Printing and Stationery	320,000	344,402	..	24,402
Profits of Trading Institutions	261,000	202,294	58,706	..
Stamp duties	66,000	66,798	..	798
Tourist and Health Resorts	128,000	126,229	1,771	..
Miscellaneous	1,117,000	113,094	1,003,906	..
Recoveries on account of expenditure of previous years ..	10,000	4,844	5,156	..
Recoveries on account of unauthorized expenditure ..	..	206	..	206
Total—Other receipts ..	3,160,000	2,148,827	1,087,570	76,397
			2,520,404	842,449
			842,449	..
Totals	38,260,000	36,582,045	1,677,955	..

Table No. 6.

Stamp and Death Duty Revenue for the Year ended 31st March, 1939, compared with the Year ended 31st March, 1938.

Item.	Year Ended 31st March,		Increase.	Decrease.
	1939.	1938.		
	£	£	£	£
Adhesive stamps	62,992	139,947	..	76,955
Duty on instruments.. ..	393,619	392,829	790	..
Estate and succession duty ..	1,702,681	1,576,483	126,198	..
Gift duty	115,031	103,116	11,915	..
Impressed stamps, and duty on cheques	233,430	227,326	6,104	..
Company licenses	90,451	89,404	1,047	..
Sharebrokers' licenses ..	1,862	2,092	..	230
Totalizator revenue	661,443	558,874	102,569	..
Amusements-tax	92,993	98,646	..	5,653
Lottery duty	20,389	20,883	..	494
Overseas-passenger duty ..	30,598	26,673	3,925	..
Rates, fines, and miscellaneous	3,951	3,866	85	..
			252,633	83,332
			83,332	..
Totals	3,409,440	3,240,139	169,301	..

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR ENDED 31ST MARCH, 1939, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1938.

—	1938–39.	1937–38.	Increase.	Decrease.
	£	£	£	£
Tobacco, cigars, and cigarettes	2,138,254	2,076,893	61,361	..
Spirits, wine, and beer	865,406	902,188	..	36,782
Motor-vehicles and parts*	734,964	972,574	..	237,610
Motor-spirit*	1,660,380	1,531,706	128,674	..
Tea	136,113	137,479	..	1,366
Sugar	667,176	649,409	17,767	..
Other goods	3,436,379	3,462,626	..	26,247
Primage duty	293,833	298,986	..	5,153
Surtax	717,923	726,872	..	8,949
			207,802	316,107
			..	207,802
Totals..	10,650,428	10,758,733	..	108,305

* Excluding tire-tax and petrol-tax earmarked to Main Highways.

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1939, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1938.

—	Year ended 31st March, 1939.	Year ended 31st March, 1938.	Increase.	Decrease
Permanent Appropriations :—	£	£	£	£
Under special Acts of Legislature—				
Civil List	30,127	28,802	1,325	..
Debt Services—				
Interest	7,500,515	7,673,071	..	172,556
Amortization of debt—				
Sinking fund	10,859	10,859	..	..
Repayment of Public Debt Act, 1925 ..	1,754,123	1,679,774	74,349	..
Transfers to Loans Redemption Account ..	..	51,620	..	51,620
Payments on guaranteed loans ..	Cr. 4,864	Cr. 24,633	19,769	..
Securities redeemed	..	205	..	205
Administration and management	50,311	49,888	423	..
Total—Debt Services	9,310,944	9,440,784	94,541	224,381
Other Services—				
Education	101,721	99,540	2,181	..
Other grants and subsidies	253,906	259,427	..	5,521
Salaries and honoraria	75,005	72,212	2,793	..
Pensions	45,447	44,771	676	..
Highways—				
Transfers to Main Highways Account ..	2,852,164	2,646,532	205,632	..
Paid to boroughs	176,910	163,827	13,083	..
Expenses of collecting, &c...	26,021	24,818	1,203	..
Advances	Cr. 6,750	14,255	..	21,005
Other special Acts—				
Exchange on remittances of public moneys to or from countries overseas	1,422,085	1,827,678	..	405,593
Miscellaneous	44,993	143,934	..	98,941
Transfer to Reserve Fund Account	..	853,897	..	853,897
Total—Other Services	4,991,502	6,150,891	225,568	1,384,957
Total—Permanent Appropriations ..	14,332,573	15,620,477	321,434	1,609,338

Table No. 8—*continued.*

Statement of the Actual Net Expenditure of the Consolidated Fund (Ordinary Revenue Account) for the Financial Year ended 31st March, 1939, compared with the Financial Year ended 31st March, 1938—*continued.*

—	Year ended 31st March, 1939.	Year ended 31st March, 1938.	Increase.	Decrease.
	£	£	£	£
Annual Appropriations :—				
Vote,—				
Legislative	98,791	102,268	..	3,477
Prime Minister's Department	24,644	23,167	1,477	..
Finance—				
Treasury	47,271	41,020	6,251	..
Customs	137,753	126,624	11,129	..
Land and Income Tax	135,106	165,998	..	30,892
Stamp Duties	105,537	100,042	5,495	..
Audit	39,452	39,960	..	508
Total—Finance	465,119	473,644	22,875	31,400
General Administration—				
Public Service Commissioners' Office	13,590	9,913	3,677	..
Internal Affairs	499,861	509,582	..	9,721
External Affairs	207,797	241,640	..	33,843
Printing and Stationery	302,016	275,852	26,164	..
Marine	179,406	157,803	21,603	..
Labour	134,758	142,876	..	8,118
Native	122,932	155,326	..	32,394
Valuation	49,069	52,492	..	3,423
Electoral	114,641	6,513	108,128	..
Census and Statistics	33,938	32,260	1,678	..
Total—General Administration	1,658,008	1,584,257	161,250	87,499
Law and Order—				
Justice and Prisons	337,071	336,958	113	..
Crown Law Office	8,279	7,583	696	..
Police	607,390	601,482	5,908	..
Total—Law and Order	952,740	946,023	6,717	..
Defence—				
Navy	835,331	760,529	74,802	..
Army	706,753	529,632	177,121	..
Air	557,205	313,652	243,553	..
Total—Defence	2,099,289	1,603,813	495,476	..
Maintenance of Public Works and Services	724,287	1,093,782	..	369,495
Development of Primary and Secondary Industries—				
Lands and Survey	300,241	384,974	..	84,733
Agriculture	1,078,426	845,419	233,007	..
Industries and Commerce, Tourist and Publicity	444,216	385,546	58,670	..
Scientific and Industrial Research	158,785	130,056	28,729	..
Mines	33,716	31,062	2,654	..
Transport	81,699	63,163	18,536	..
Total—Development of Primary and Secondary Industries	2,097,083	1,840,220	341,596	84,733
Social Services—				
Health	1,362,757	1,209,741	153,016	..
Mental Hospitals	417,483	394,454	23,029	..
Education	4,097,546	3,677,749	419,797	..
Pensions	6,933,819	6,466,656	467,163	..
National Provident and Friendly Societies	133,959	123,718	10,241	..
Total—Social Services	12,945,564	11,872,318	1,073,246	..
Unauthorized Expenditure—				
Services not provided for	374,580	88,652	285,928	..
Total—Annual Appropriations	21,440,105	19,628,144	2,388,565	576,604
			2,709,999	2,185,942
			2,185,942	..
Total Expenditure	35,772,678	35,248,621	524,057	..

Table No. 9.

NET EXPENDITURE.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1939.

—	Net Appropriations, 1938–39.	Actual Net Expenditure, 1938–39.	Difference.	
			More.	Less.
PERMANENT APPROPRIATIONS :—	£	£	£	£
Under Special Acts of the Legislature,—				
Civil List	30,400	30,127	..	273
Debt services—				
Interest	7,700,063	7,500,515	..	199,548
Amortization of Debt—				
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt Act, 1925	1,782,014	1,754,123	..	27,891
Securities redeemed	1,000	..	..	1,000
Administration and Management	50,450	50,311	..	139
Payments on Guaranteed Loans	*Cr.* 150	*Cr.* 4,864	..	4,714
Total—Debt services	9,544,236	9,310,944	..	233,292
Other services—				
Education	101,721	101,721	..	..
Other Grants and Subsidies	258,500	253,906	..	4,594
Salaries and Honoraria	75,665	75,005	..	660
Pensions	45,428	45,447	19	..
Highways	3,181,000	3,055,095	..	125,905
Exchange	1,800,000	1,422,085	..	377,915
Other Special Acts	28,400	38,243	9,843	..
Total—Other services	5,490,714	4,991,502	9,862	509,074
TOTAL—PERMANENT APPROPRIATIONS	15,065,350	14,332,573	9,862	742,639
ANNUAL APPROPRIATIONS :—				
Vote,—				
Legislative	105,060	98,791	..	6,269
Prime Minister's Department	24,395	24,644	249	..
Finance—				
Treasury	47,338	47,271	..	67
Customs	132,643	137,753	5,110	..
Land and Income Tax	125,606	135,106	9,500	..
Stamp Duties	101,276	105,537	4,261	..
Audit	44,950	39,452	..	5,498
Total—Finance	451,813	465,119	18,871	5,565
General Administration—				
Public Service Commissioner's Office	14,720	13,590	..	1,130
Internal Affairs	488,104	499,861	11,757	..
External Affairs	201,329	207,797	6,468	..
Printing and Stationery	292,691	302,016	9,325	..
Marine	179,214	179,406	192	..
Labour	105,802	134,758	28,956	..
Native	112,432	122,932	10,500	..
Valuation	55,607	49,069	..	6,538
Electoral	105,769	114,641	8,872	..
Census and Statistics	36,090	33,938	..	2,152
Total—General Administration	1,591,758	1,658,008	76,070	9,820
Law and Order—				
Justice and Prisons	339,641	337,071	..	2,570
Crown Law Office	8,282	8,279	..	3
Police	621,000	607,390	..	13,610
Total—Law and Order	968,923	952,740	..	16,183
Defence—				
Navy	802,196	835,331	33,135	..
Army	703,904	706,753	2,849	..
Air	493,900	557,205	63,305	..
Total—Defence	2,000,000	2,099,289	99,289	..
Maintenance of Public Works and Services	668,822	724,287	55,465	..

Table No. 9—*continued.*

NET EXPENDITURE—*continued.*

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1939—*ctd.*

—	Net Appropriations, 1938–39.	Actual Net Expenditure, 1938–39.	Difference.	
			More.	Less.
ANNUAL APPROPRIATIONS—*continued.*	£	£	£	£
Vote—*continued.*				
Development of Primary and Secondary Industries—				
Lands and Survey	314,035	300,241	..	13,794
Agriculture	966,113	1,078,426	112,313	..
Industries and Commerce, Tourist and Publicity	452,908	444,216	..	8,692
Scientific and Industrial Research	157,015	158,785	1,770	..
Mines	38,000	33,716	..	4,284
Transport	80,624	81,699	1,075	..
Total—Development of Primary and Secondary Industries	2,008,695	2,097,083	115,158	26,770
Social Services—				
Health	1,379,011	1,362,757	..	16,254
Mental Hospitals	420,960	417,483	..	3,477
Education	4,069,655	4,097,546	27,891	..
Pensions	6,911,235	6,933,819	22,584	..
National Provident and Friendly Societies ..	134,820	133,959	..	861
Total—Social Services	12,915,681	12,945,564	50,475	20,592
Unauthorized Expenditure,— Services not provided for	..	374,580	374,580	..
TOTAL—ANNUAL APPROPRIATIONS ..	20,735,147	21,440,105	790,157	85,199
			800,019	827,838
			..	800,019
TOTAL EXPENDITURE	35,800,497	35,772,678	..	27,819

Table No. 10.

Estimated Net Expenditure of the Ordinary Revenue Account for the Year ending 31st March, 1940, compared with Actual Net Expenditure for the Year ended 31st March, 1939.

——	Estimate for 1939–40.	Actual for 1938–39.	Difference.	
			Increase.	Decrease.
	£	£	£	£
Permanent Appropriations,—				
Civil List	30,200	30,127	73	..
Debt services—				
Interest	8,036,380	7,500,515	535,865	..
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt	1,907,144	1,754,123	153,021	..
Administration and Management	67,100	50,311	16,789	..
Payments of Guaranteed Loans, Redemptions, and Transfers	500	*Cr.* 4,864	5,364	..
Total—Debt services	10,021,983	9,310,944	711,039	..
Under Special Acts of the Legislature—				
Highways	3,233,000	3,055,095	177,905	..
Exchange	1,500,000	1,422,085	77,915	..
Other Special Acts	345,991	514,322	..	168,331
	5,078,991	4,991,502	255,820	168,331
Total—Permanent appropriations	15,131,174	14,332,573	966,932	168,331
Annual Appropriations,—				
Legislative	109,995	98,791	11,204	..
Prime Minister's Department	26,000	24,644	1,356	..
Finance—				
Treasury	48,200	47,271	929	..
Customs	174,958	137,753	37,205	..
Land and Income Tax	158,000	135,106	22,894	..
Stamp Duties	103,000	105,537	..	2,537
Audit	42,979	39,452	3,527	..
	527,137	465,119	64,555	2,537
General Administration—				
Public Service Commissioners' Office	14,500	13,590	910	..
Internal Affairs	609,500	499,861	109,639	..
External Affairs	214,722	207,797	6,925	..
Printing and Stationery	298,000	302,016	..	4,016
Marine	204,112	179,406	24,706	..
Labour	2,720,000	134,758	2,585,242	..
Native	529,990	122,932	407,058	..
Valuation	53,000	49,069	3,931	..
Electoral	14,000	114,641	..	100,641
Census and Statistics	36,500	33,938	2,562	..
	4,694,324	1,658,008	3,140,973	104,657
Law and Order—				
Justice and Prisons	303,000	337,071	..	34,071
Crown Law	8,449	8,279	170	..
Police	625,000	607,390	17,610	..
	936,449	952,740	17,780	34,071
Defence—				
Navy	919,970	835,331	84,639	..
Army	1,594,468	706,753	887,715	..
Air	700,000	557,205	142,795	..
	3,214,438	2,099,289	1,115,149	..
Maintenance of Public Works and Services	750,000	724,287	25,713	..
Development of Primary and Secondary Industries—				
Lands and Survey	323,996	300,241	23,755	..
Agriculture	1,002,500	1,078,426	..	75,926
Industries and Commerce, Tourist and Publicity	370,300	444,216	..	73,916
Scientific and Industrial Research	170,000	158,785	11,215	..
Mines	90,000	33,716	56,284	..
Transport	83,000	81,699	1,301	..
	2,039,796	2,097,083	92,555	149,842
Social Services—				
Health	1,537,000	1,362,757	174,243	..
Mental Hospitals	409,000	417,483	..	8,483
Education	4,470,000	4,097,546	372,454	..
War and Other Pensions	2,080,000	6,933,819	..	4,853,819
Social Security	2,000,000	..	2,000,000	..
National Provident and Friendly Societies	117,467	133,959	..	16,492
	10,613,467	12,945,564	2,546,697	4,878,794
Services not provided for	..	374,580	..	374,580
Total—Annual appropriations	22,911,606	21,440,105	7,015,982	5,544,481
	..	..	7,982,914	5,712,812
	..	..	5,712,812	..
Totals	38,042,780	35,772,678	2,270,102	..

Table No. 11.

PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1939, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1938.

Vote.	Year ended 31st March, 1939.	Year ended 31st March, 1938.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental	216,016	186,955	29,061	..
Railway-construction	1,234,646	1,120,218	114,428	..
Railways Improvement and Additions to Open Lines	2,563,436	1,292,772	1,270,664	..
Public Buildings—				
General	807,469	261,017	546,452	..
Courthouses	34,868	16,403	18,465	..
Education Buildings	660,666	546,846	113,820	..
Prison Buildings and Works ..	7,656	9,476	..	1,820
Police-stations	77,745	11,086	66,659	..
Postal and Telegraph	280,951	248,145	32,806	..
Mental Hospital Buildings	128,839	125,829	3,010	..
Health and Hospital Institutions ..	88,099	15,747	72,352	..
Lighthouses and Harbour-works ..	33,850	11,677	22,173	..
Development of Tourist Resorts ..	24,552	23,159	1,393	..
Roads, &c.	1,290,838	1,126,757	164,081	..
Telegraph Extension	575,944	312,261	263,683	..
Lands, Miscellaneous	134,977	147,436	..	12,459
Irrigation, Water-supply, and Drainage..	164,481	71,659	92,822	..
Swamp Land Drainage	5,325	19,402	..	14,077
Settlement of Unemployed Workers ..	344,684	310,665	34,019	..
Native Land Settlement	493,695	254,827	238,868	..
Dairy Industry Loans	..	4,565	..	4,565
Totals, annual appropriations	9,168,737	6,116,902	3,084,756	32,921
Unauthorized—				
Services not provided for	75	1,128	..	1,053
Totals	9,168,812	6,118,030	3,084,756	33,974
			33,974	
			3,050,782	

Table No. 12.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1939.

WAYS AND MEANS.	£ s. d.	£ s. d.
LOANS :—		
Immigration and Public Works Loan, 1870	4,000,000 0 0	
Immigration and Public Works Loan, 1873	2,000,000 0 0	
Immigration and Public Works Loan, 1874	4,000,000 0 0	
General Purposes Loan Act, 1873	750,000 0 0	
New Zealand Loan Act, 1876	750,000 0 0	
New Zealand Loan Act, 1877	2,200,000 0 0	
New Zealand Loan Act, 1879	5,000,000 0 0	
New Zealand Loan Act, 1882	3,000,000 0 0	
New Zealand Colonial Inscribed Stock Loan Act, 1882	250,000 0 0	
North Island Main Trunk Railway Loan Act, 1882	1,000,000 0 0	
New Zealand Loan Act, 1864	1,500,000 0 0	
New Zealand Loan Act, 1886	1,325,000 0 0	
District Railways Purchasing Acts, 1885 and 1886	479,487 7 11	
New Zealand Loan Act, 1888	1,000,000 0 0	
Native Land Purchase Act, 1892	149,700 0 0	
Lands Improvement and Native Lands Acquisition Act, 1894	500,000 0 0	
Aid to Public Works and Land Settlement Act, 1896	1,000,000 0 0	
Aid to Public Works and Land Settlement Amendment Act, 1897	250,000 0 0	
Aid to Public Works and Land Settlement Amendment Act, 1898	500,000 0 0	
Aid to Public Works and Land Settlement Act, 1899	1,000,000 0 0	
Aid to Public Works and Land Settlement Act, 1900	1,011,600 0 0	
Aid to Public Works and Land Settlement Act, 1901	1,250,000 0 0	
Aid to Public Works and Land Settlement Act, 1902	1,750,000 0 0	
Aid to Public Works and Land Settlement Act, 1903	997,690 0 0	
Aid to Public Works and Land Settlement Act, 1904	750,000 0 0	
Aid to Public Works and Land Settlement Act, 1905	1,000,000 0 0	
Aid to Public Works and Land Settlement Act, 1906	989,700 0 0	
Aid to Public Works and Land Settlement Act, 1907	1,000,000 0 0	
Aid to Public Works and Land Settlement Act, 1908	1,250,000 0 0	
Aid to Public Works and Land Settlement Act, 1909	1,000,000 0 0	
Aid to Public Works and Land Settlement Act, 1910	1,750,000 0 0	
Aid to Public Works and Land Settlement Act, 1911	1,500,000 0 0	
Aid to Public Works and Land Settlement Act, 1912	1,748,900 0 0	
Aid to Public Works and Land Settlement Act, 1913	1,750,000 0 0	
Aid to Public Works and Land Settlement Act, 1914	3,000,000 0 0	
Aid to Public Works and Land Settlement Act, 1921	5,061,533 0 3	
Aid to Public Works and Land Settlement Act, 1922	4,408,860 12 3	
Finance Act, 1909	1,250,000 0 0	
Finance Act, 1915, and New Zealand Loans Act, 1915	2,000,000 0 0	
Finance Act, 1916	1,000,000 0 0	
Finance Act, 1917	850,000 0 0	
Finance Act, 1918 (No. 2)	2,500,000 0 0	
Finance Act, 1919, Section 5	750,000 0 0	
Finance Act, 1920, Section 15	2,500,000 0 0	
Finance Act, 1921, Section 10	2,673,111 10 11	
Finance Act, 1923, Section 2	4,306,608 17 6	
Finance Act, 1924, Section 2	2,126,013 12 6	
Finance Act, 1925, Section 2	4,151,450 10 2	
Finance Act, 1926, Section 2	5,220,134 10 7	
Finance Act, 1927 (No. 2), Section 2	4,319,594 10 3	
Finance Act, 1928, Section 2	3,185,132 14 8	
Finance Act, 1929, Section 2	4,097,119 4 6	
Finance Act, 1930 (No. 2), Section 2	5,000,000 0 0	
Finance Act, 1931 (No. 4), Section 2	3,000,000 0 0	
Finance Act (No. 3), 1934, Section 2	4,000,000 0 0	
Finance Act (No. 2), 1936, Section 2	6,000,000 0 0	
Finance Act, 1937, Section 11	6,000,000 0 0	
Finance Act, 1938, Section 2	1,041,923 15 11	
Stock issued for Expenses of Conversion, 1930–31	360,835 18 0	
Post and Telegraph Act, 1908	200,000 0 0	
Midland Railway Petitions Settlement Acts, 1902 and 1903	150,000 0 0	
Paeroa–Waihi Railways Act, 1903	75,000 0 0	
Waikaka Branch Railway Act, 1905	50,000 0 0	
Appropriation Act, 1912	15,000 0 0	
Irrigation and Water-supply Act, 1912	100,000 0 0	
Balances transferred from Separate Accounts, 1931–32— (£ s. d.)		
Waihou and Ohinemuri Rivers Improvement Account — 5,518 10 10		
Education Loans Account — 12,867 3 9		
Railways Improvement Authorization Act 1914 Account — 420,783 17 4		
Native Land Settlement Account — 3,445 4 10		
(£ s. d.) Hauraki Plains Settlement Account — 44 10 4		
Rangitaiki Land Drainage Account — 10,797 5 0		
Swamp Land Drainage Account — 9,008 19 1		
19,850 14 5		
Utilized for redemptions — 19,850 14 5		
	442,614 16 9	
Carried forward	..	128,237,011 2 2

Table No. 12—*continued.*

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1939—*continued.*

WAYS AND MEANS—*continued.*	£ s. d.	£ s. d.
Brought forward	..	128,237,011 2 2
RECEIPTS IN AID:—		
Amount transferred from Consolidated Fund	14,555,000 0 0	
Contributions of Canterbury Province for Railways	56,000 0 0	
Proceeds of Railway Material handed over to Cook County Council	4,963 7 4	
Stamp Duties to 31st December, 1876	264,657 16 4	
Transfer from Confiscated Lands Liabilities Account	19,963 1 3	
Receipts under Section 16 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1912	21,890 4 5	
Special Receipts under Section 9 of the Railways Construction Act, 1878	60,616 3 0	
Special Receipts under the Ellesmere Lake Lands Acts, 1888 and 1893	70,838 6 11	
Special Receipts under the Railways Authorization and Management Act, 1891	2,257 1 9	
Special Receipts under the North Island Main Trunk Railway Loan Application Act, 1886	114,550 19 6	
Sinking Funds released	506,819 19 3	
Finance Act, 1932, Section 7 (4)—		
Sale of land under Hauraki Plains Act, 1926	50,905 15 1	
Settlement of Unemployed Workers	242,680 3 7	
Receipts under Section 12 of Native Land Amendment Act, 1932	40,092 12 2	
Agriculture (Emergency Powers) Act, 1934, Section 26	3,546 14 9	
Finance Act, 1932 (No. 2), Section 6—		
Transfer from Land for Settlements Account	2,704 19 6	
Finance Act, 1932 (No. 2), Section 16—		
Transfer from Land for Settlements Account	43 6 8	
Transfer from State Forests Account	14 17 1	
Receipts under the Native Housing Act, 1935	2,494 4 11	
		16,020,039 13 6
		£144,257,050 15 8
NET EXPENDITURE.		
Expenditure on—		
Immigration	3,312,661 4 5	
Public Works, Departmental	3,596,456 2 1	
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders	63,811,338 2 2	
Roads	26,317,129 10 1	
Land-purchases	2,148,248 8 2	
Settlement of Unemployed Workers	1,411,850 14 5	
Development of Mining	879,714 10 11	
Telegraph Extension	12,876,634 0 4	
Public Buildings	16,051,492 15 7	
Lighthouses, Harbour-works, and Harbour-defences	1,368,472 0 1	
Contingent Defence	1,389,488 7 10	
Rates on Native Lands	68,671 16 10	
Thermal Springs	14,599 13 2	
Development of Tourist Resorts	781,636 6 0	
Lands Improvement	1,247,341 5 7	
Swamp Land Drainage	103,008 17 4	
Plant, Material, and Services	138,655 10 7	
Charges and Expenses of raising Loans	3,828,307 3 7	
Coal-mines	10,835 8 0	
Interest and Sinking Fund	218,500 0 0	
Irrigation and Water-supply	1,550,349 2 6	
Motor Transport Service	33,635 5 3	
Transfer to Main Highways Account, Construction Fund	1,226,000 0 0	
Native Land Settlement	1,187,025 13 4	
Dairy Industry Loans	46,124 13 0	
		143,618,176 11 3
Balance on 31st March, 1939—		
Cash in the Public Account	610,029 4 5	
Investments	28,845 0 0	
		638,874 4 5
		£144,257,050 15 8

Table No. 13.

STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1929, TO 31ST MARCH, 1939.

FINANCIAL YEAR.	CONSOLIDATED FUND.—REVENUE ACCOUNT.			OTHER ACCOUNTS.	PUBLIC WORKS FUND.	TOTAL.
	Services not provided for.	Excess of Votes.	Total.			
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1929–1930	22,205 12 8	41,407 0 0	63,612 12 8	111,438 6 11	24,827 8 0	199,878 7 7
1930–1931	4,585 0 0	129,903 7 1	134,488 7 1	3,450 8 7	1,586 13 11	139,525 9 7
1931–1932	18,698 6 0	19,182 17 10	37,881 3 10	21,577 6 4	1,376 10 3	60,835 0 5
1932–1933	45,724 18 4	16,005 18 3	61,730 16 7	57,667 1 10	40,160 8 3	159,558 6 8
1933–1934	3,643 17 10	8,326 0 3	11,969 18 1	8,288 2 5	1 12 5	20,259 12 11
1934–1935	17,313 13 4	69,966 7 1	87,280 0 5	47,973 11 7	21,384 12 0	156,638 4 0
1935–1936	13,346 5 0	126,457 14 3	139,803 19 3	108,641 5 3	13 18 5	248,459 2 11
1936–1937	36,790 15 3	113,473 1 4	150,263 16 7	81,170 9 10	2,002 19 6	233,437 5 11
1937–1938	88,651 10 2	138,382 16 1	227,034 6 3	6,100 2 8	14,120 10 9	247,254 19 8
1938–1939	374,579 19 8	415,576 1 5	790,156 1 1	143,575 7 1	165,951 12 8	1,099,683 0 10

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1939, AS COMPARED WITH THE 31ST MARCH, 1938.

Account.	1939. Balance on 31st March, 1939.	1939. Liabilities on 31st March, 1939.	1939. Unexhausted Authority for raising Loan on 1st April, 1939.	1938. Balance on 31st March, 1938.	1938. Liabilities on 31st March, 1938.	1938. Unexhausted Authority for raising Loan on 1st April, 1938.
	£	£	£	£	£	£
Consolidated Fund—						
Ordinary Revenue	2,539,854	664,306	..	1,769,487	469,016	500,000
Public Works Fund—						
General Purposes	638,874	719,016	6,958,076	153,861	565,011	8,580,355
Electric Supply	15,927	131,174	1,127,590	63,055	133,788	1,517,590
Electric Supply Sinking Fund ..	10,321	..	..	11,680	..	..
Bank of New Zealand Shares ..	1,859,375	..	..	1,859,375	..	..
Employment Fund Promotion ..	207,544	178,516	..	1,158,890	139,075	..
Iron and Steel Industry Account ..	..	2,348	5,000,000	..	..	5,000,000
Land for Settlements	905,782	1,901	6,278,000	668,714	1,564	6,278,000
Loans Redemption	24,399	..	..	859,624	..	..
Main Highways Account	164,788	395,886	1,200,000	62,265	316,135	2,375,600
Public Debt Repayment	3,263	..	..	5,757	..	..
Reserve Fund	1,272,494	..	..	1,241,075	..	..
Samoan Loan Suspense	..	..	4,800	..	..	4,800
State Coal-mines	7,625	27,891	60,000	11,956	21,421	105,000
State Coal-mines Sinking Fund ..	11,767	..	..	9,526	..	..
State Forests	52,724	19,137	985,225	92,891	11,390	210,225
Working Railways	270,096	427,834	..	1,057,235	435,014	..
Housing Account	..	..	4,550,000	..	..	4,550,000
Additional Unexhausted Authorities for raising Loans.						
Government Accident Insurance Act, 1908	..	..	23,000	..	..	23,000
State Fire Insurance Act, 1908 ..	..	..	98,000	..	..	98,000
Totals	7,984,833	2,568,009	26,284,691	9,025,391	2,092,414	29,242,570

Table No. 15.

PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH FROM 1935 TO 1939.

—	Year ended 31st March, 1935.	1936.	1937.	1938.	1939.
	£	£	£	£	£
War	1,264,110	1,349,447	1,483,345	1,597,524	1,616,248
Old-age	1,519,889	1,718,601	2,413,103	3,235,057	3,577,129
Widows'	296,565	311,864	412,280	471,287	487,216
Miners'	58,740	67,834	83,253	88,167	87,094
Maori War	3,607	2,577	1,972	1,806	1,338
Epidemic	1,983	907	253	14	..
Civil Service Act, 1908 ..	5,211	4,676	4,106	3,632	3,256
Defence Act, 1909	2,084	2,127	2,067	1,991	1,905
Judicature Act, 1908 ..	2,682	3,222	2,753	2,111	1,852
Police	1,449	1,575	1,849	1,820	1,783
Blind	21,227	22,991	6,181	..	..
Family Allowance	152,818	149,043	130,730	106,402	84,436
War Veterans' Allowances ..	..	16,544	110,667	161,267	158,584
Sundry	7,989	8,256	9,290	8,623	8,755
Invalidity	..	..	278,579	632,829	750,748
Totals	3,338,354	3,659,664	4,940,428	6,312,530	6,780,344

Table No. 16.

EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING PRIMARY, SECONDARY, HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, AND CHILD WELFARE, 1913–14 TO 1938–39.

Year.	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	Vote, Education (excluding Superannuation Subsidies).	Revenue from Reserves.	Subsidies to Teachers' Superannuation Fund.	Public Works Fund.	Education Loans Account.		
	£	£	£	£	£	£	£	£	£ s. d.
1913–14 ..	27,742	50,681	1,131,756	71,808	17,000	121,954	..	1,420,941	1 5 3
1914–15 ..	26,128	55,139	1,207,983	70,802	17,000	122,940	..	1,499,992	1 6 2
1915–16 ..	46,874	64,858	1,329,166	84,390	17,000	97,972	..	1,640,260	1 8 6
1916–17 ..	58,408	60,180	1,406,264	90,535	17,000	70,367	..	1,702,754	1 9 8
1917–18 ..	59,362	70,345	1,511,256	90,518	17,000	63,082	..	1,811,563	1 11 5
1918–19 ..	57,716	76,177	1,602,995	92,095	43,000	115,656	..	1,987,639	1 14 1
1919–20 ..	79,747	78,988	2,031,825	99,352	43,000	195,500	..	2,528,412	2 1 10
1920–21 ..	101,972	70,313	2,460,116	100,758	43,000	244,722	214,571	3,235,452	2 11 8
1921–22 ..	96,217	71,737	2,580,562	105,448	43,000	2,469	563,411	3,462,844	2 13 10
1922–23 ..	90,393	66,610	2,514,991	112,378*	68,000	..	361,976	3,214,348	2 9 0
1923–24 ..	96,506	77,788	2,604,508	116,808*	68,000	..	295,681	3,259,291	2 8 11
1924–25 ..	128,844	86,746	2,752,271	118,973*	68,000	..	462,212	3,617,046	2 13 2
1925–26 ..	111,389	87,512	2,854,719	119,978*	70,952	..	564,946	3,809,496	2 14 9
1926–27 ..	115,499	88,545	2,954,597	119,073*	71,452	..	550,954	3,900,120	2 14 11
1927–28 ..	127,289	90,518	2,974,615	123,247*	71,497	..	369,134	3,756,300	2 12 1
1928–29 ..	137,233	94,934	3,067,296	127,444*	71,749	..	375,423	3,874,079	2 13 1
1929–30 ..	140,561	87,420	3,193,828	129,531*	146,781	..	428,764	4,126,885	2 15 10
1930–31 ..	125,331	94,506	3,230,200	106,405*	46,907	..	491,974	4,095,323	2 14 8
1931–32 ..	82,163	79,375	2,851,922	88,207*	46,935	259,148	..	3,407,750	2 4 11
1932–33 ..	..	51,938	2,574,929	85,716*	47,043	52,623	..	2,812,249	1 16 9
1933–34 ..	..	53,221	2,480,055	107,129	57,294	51,435	..	2,749,134	1 15 8
1934–35 ..	..	87,207	2,550,100	128,738	165,306	51,289	..	2,982,640	1 18 5
1935–36 ..	..	95,968	2,747,582	118,883	170,026	121,424	..	3,253,883	2 1 4‡
1936–37 ..	..	95,526	3,348,449†	88,713	169,362	268,884	..	3,970,984	2 10 3
1937–38 ..	..	99,540	3,629,906§	159,955	177,178	546,434	..	4,613,013	2 17 1
1938–39 ..	..	101,721	4,052,582‖	107,559	167,064	660,480	..	5,089,406	3 6 9

* Net revenue after deducting expenses and cost of collection. † Includes £80 charged to "Unauthorized." ‡ On census results. § Includes £11 charged to "Unauthorized." ‖ Includes £3,072 charged to "Unauthorized;" £3,149 Miscellaneous Revenue not taken into account.

Additional amounts are available from revenue from reserves vested in post-primary schools and University colleges as follows:—

	£
Post-primary schools	41,489
University colleges	16,211
	£57,700

The following amounts were paid out of the Government Fire Insurance Fund for rebuilding school buildings destroyed by fire:—

	£
1916–17	2,127
1917–18	2,658
1919–20	15,682
1920–21	16,162
1921–22	27,103
1922–23	8,542
1923–24	12,490
1924–25	32,829
1925–26	4,938
1926–27	10,337
1927–28	12,474
1928–29	12,197
1929–30	6,357
1930–31	6,671
1931–32	7,768
1932–33	6,424
1933–34	3,846
1934–35	8,541
1935–36	5,149
1936–37	6,831
1937–38	7,952
1938–39	13,266

Table No. 17.

PUBLIC DEBT.

STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF £27,532,164 ADVANCED BY THE IMPERIAL GOVERNMENT AND FUNDED IN TERMS OF THE AGREEMENT DATED 6TH SEPTEMBER, 1922.

Date Instalments paid.	Interest.	Principal.	Balance of Debt outstanding.
	£	£	£
1st December, 1922	684,794	141,171	27,390,993
1st June, 1923	681,282	144,683	27,246,310
1st December, 1923	677,684	148,281	27,098,029
1st June, 1924	673,996	151,969	26,946,060
1st December, 1924	670,216	355,749*	26,590,311
1st June, 1925	661,367	164,598	26,425,713
1st December, 1925	657,274	168,691	26,257,022
1st June, 1926	653,078	172,887	26,084,135
1st December, 1926	648,778	177,187	25,906,948
1st June, 1927	644,370	181,595	25,725,353
1st December, 1927	639,854	186,111	25,539,242
1st June, 1928	635,225	190,740	25,348,502
1st December, 1928	630,481	195,484	25,153,018
1st June, 1929	625,618	200,346	24,952,672
1st December, 1929	620,635	205,330	24,747,342
1st June, 1930	615,528	210,437	24,536,905
1st December, 1930	610,294	215,671	24,321,234
1st June, 1931	604,930	221,035	24,100,199
1st December, 1931†	..	..	24,100,199

* Includes £200,000 paid off the Naval Defence Loan in terms of the clause by which New Zealand has the right, on giving three months' notice, to repay at par any part of the principal.

† Following on the "Hoover" moratorium, the Imperial Government agreed to postpone the instalments of principal and interest due in December, 1931, and June, 1932, only one half-yearly payment was therefore made in 1931–32. Further postponements from 1st July, 1932, were agreed to by the Imperial Government. No payments were therefore made from 1932–33 to 1938–39.

Table No. 18.

PUBLIC DEBT.

MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1939.

Date of Maturity.		Due in				Total Debt.
From 1st April,	To 31st March,	London.	Australia.	New Zealand. Public.	New Zealand. Departmental.	
		£	£	£	£	£
Overdue ..	..	..	..	4,265	..	4,265
Treasury bills	..	..	..	16,100,000	425,000	16,525,000
1925† ..	1946 ..	2,090,909*	..	..	..	2,090,909
1938‡ ..	1942 ..	..	..	2,812,380	357,176	3,169,556
1939 ..	1940 ..	17,173,191	..	266,241	8,900	17,448,332
1939‡ ..	1942 ..	..	..	4,613,505	..	4,613,505
1939‡ ..	1943 ..	..	..	13,678,870	..	13,678,870
1940 ..	1941 ..	..	..	500,010	..	500,010
1941 ..	1942 ..	..	17,300	37,000	..	54,300
1942‡ ..	1946 ..	..	..	9,211,315	631,155	9,842,470
1942† ..	1963 ..	10,505,989	..	378,639	..	10,884,628
1943 ..	1944 ..	7,339,656	..	..	..	7,339,656
1944 ..	1945 ..	7,780,408	..	..	..	7,780,408
1945 ..	1946 ..	22,543,590	..	2,500	..	22,546,090
1946 ..	1947 ..	..	..	469,340	1,192,743	1,662,083
1946‡ ..	1950 ..	..	..	8,322,900	642,885	8,965,785
1947 ..	1948 ..	11,341,609	83,300	1,676,650	2,301,600	15,403,159
1947† ..	1958 ..	19,225,465	..	..	..	19,225,465
1948 ..	1949 ..	..	..	..	10,500	10,500
1948† ..	1954 ..	5,000,000	..	..	..	5,000,000
1949 ..	1950 ..	7,500,000	..	..	..	7,500,000
1949‡ ..	1953 ..	..	..	12,484,910	..	12,484,910
1950 ..	1951 ..	1,250,000	779,000	250,000	..	2,279,000
1952 ..	1956 ..	12,000,000†	..	7,979,000‡	1,424,265‡	21,403,265
1952‡ ..	1957 ..	..	..	6,810,060	2,183,565	8,993,625
1955 ..	1956 ..	..	..	750	461,700	462,450
1955† ..	1961 ..	3,989,100	..	..	..	3,989,100
1956 ..	1957 ..	12,900	..	2,710	2,439,204	2,454,814
1956† ..	1972 ..	5,000,000	..	..	..	5,000,000
1957 ..	1958 ..	..	..	10,550	21,199,195	21,209,745
1958 ..	1959 ..	..	..	2,000	17,799,947	17,801,947
1959 ..	1960 ..	..	..	..	9,546,226	9,546,226
§	1946 ..	577,446§	..	..	..	577,446
§	1958 ..	23,522,753§	..	..	..	23,522,753
Totals ..	..	156,853,016	879,600	85,613,595	60,624,061	303,970,272

* Advances by Imperial Government for State Advances purposes. † Government has option to redeem at par on or after the earlier date on giving notice in the *London Gazette*. ‡ Government has option to redeem on or after the earlier date on giving three months' notice in the *New Zealand Gazette*. § Imperial Government advances funded in terms of section 8, Finance Act, 1922. Payments at present suspended

Table No. 19.

EXTERNAL TRADE.

Statement showing the Recorded, Sterling, and New Zealand Currency Values of Imports and Exports of the Dominion in each Financial Year ended 31st March, from 1931 to 1939 (excluding Specie).

Year ended 31st March,	Exports.		Imports.		Excess of Exports.	
	New Zealand Currency.	Sterling Equivalent.	New Zealand Currency Equivalent.	Full Sterling Equivalent.	On New Zealand Currency Basis.	On Sterling Basis.
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
1931	39,527	37,198	39,833	37,656	−306*	−458*
1932	33,943	30,857	24,761	22,510	9,182	8,347
1933	37,510	32,677	25,059	22,049	12,451	10,628
1934	46,043	36,834	26,136	20,908	19,907	15,926
1935	44,918	35,985	32,568	26,082	12,350	9,903
1936	49,676	39,900	37,440	30,072	12,236	9,828
1937	60,234	48,381	47,621	38,250	12,613	10,131
1938	65,008	52,215	58,065	46,638	6,943	5,577
1939	57,867	46,415	54,408	43,657	3,459	2,758

* Excess of imports.

Table No. 20.

IMPROVEMENT IN ECONOMIC CONDITIONS.

Table of Miscellaneous Statistical Information (on a March Year Basis) showing the Most Recent Figures compared with 1934–35, 1935–36, and the Lowest Point in the Depression.

—	Unit.	Lowest Figure.		1934–35.		1935–36.		Latest Figure.	
		Year ended 31st March,	Amount.	Year ended 31st March,	Amount.	Year ended 31st March,	Amount.	Year ended 31st March,	Amount.
Value of total production	£(m.)	1932*	83·6	1935*	97·0	1936*	114·2	1938*	135·6
Value of farm production	,,	1932*	49·2	1935*	59·2	1936*	72·5	1938*	83·1
Value of factory production† ..	,,	1933*	17·7	1935*	20·7	1936*	23·2	1938*	30·0
Aggregate private income	,,	1933	91·2	1935	104·4	1936	121·3	1938	167·0
Salaries and wages payments ..	,,	1933	58·9	1935	65·7	1936	72·5	1939	109·5
Gross farming income	,,	1933*	37·9	1935*	46·1	1936*	57·8	1938*	67·8
Exports (excluding specie)	,,	1932	33·9	1935	44·9	1936	49·7	1939	57·9
Imports (excluding specie)	,,	1932	24·8	1935	32·6	1936	37·4	1939	54·4
Bank deposits (excluding Government)	,,	1932	51·0	1935	62·3	1936	62·1	1939	64·1
Bank debits (excluding Government)	,,	1933	539·7	1935	660·3	1936	732·8	1939	937·5
Net bank-note circulation	,,	1932	5·8	1935	6·3	1936	6·6	1939	10·4
Building permits issued in larger centres—									
Total value	,,	1933	2·1	1935	3·1	1936	5·0	1939	10·0
Dwellings	Number	1933	997	1935	2,173	1936	3,181	1939	6,322
Mortgages registered	£(m.)	1934	7·8	1935	11·8	1936	16·2	1939	20·1
Mortgages discharged	,,	1933	8·1	1935	13·7	1936	17·6	1939	16·6
Land transfers	,,	1934	9·6	1935	12·2	1936	15·6	1939	23·7
Totalisator investments	,,	1933	3·3	1935	3·9	1936	4·5	1939	7·8
Radio-receiving licenses	(000)	..	..	1935‡	152·8	1936‡	192·3	1939‡	317·5
Post Office Savings-bank—									
New deposits	£(m.)	1933	16·9	1935	24·2	1936	25·6	1939	30·4
Amount to credit of depositors ..	,,	1933	42·0	1935	49·4	1936	52·9	1939	60·7
Sales-tax collected	,,	1934	1·8	1935	2·2	1936	2·5	1939	3·6
Electric-power units supplied ..	Million	1932	361·6	1935	591·3	1936	649·6	1939	1,029·2
Railways: Net ton-miles run ..	,,	1933	363·4	1935	419·7	1936	443·6	1939	574·5
Shipping: Manifest tonnage ..	,,	1934	5·7	1935	6·3	1936	6·7	1939	8·2
Motor-vehicles licensed	Number	1933‡	195,019	1935‡	209,462	1936‡	228,247	1939‡	307,931
Consumption of motor-spirit (gallons)	Million	1932§	55·4	1934§	62·1	1935§	69·3	1938§	96·9
Total factory employees	(000)	1934	86·0	1935	93·6	1936	102·3	1939	123·7
Index-numbers of—									
Export prices (1909–13 = 1000) ..	Number	1932§	892	1934§	1109	1935§	1102	1938§	1367
Wholesale prices (1909–13 = 1000)	,,	1932§	1297	1934§	1330	1935§	1385	1938§	1514
Retail prices—									
Food groups (1926–30 = 1000) ..	,,	1933§	732	1934§	774	1935§	835	1938§	991
All groups (1926–30 = 1000) ..	,,	1933§	795	1934§	808	1935§	837	1938§	951
Wage-rates—									
Nominal (1926–30 = 1000) ..	,,	1933§	833	1934§	839	1935§	858	1938§	1081
Effective (1926–30 = 1000) ..	,,	1932§	1031	1934§	1038	1935§	1025	1938§	1137
Share prices (1926 = 1000) ..	,,	1932§	703	1934§	960	1935§	1026	1938§	916

* Year ended 30th June. † Does not include factory processing of primary products. ‡ As at end of March. § Calendar year.

Copy of Prospectus of 1939 Internal Loan.

Dominion of New Zealand.

NEW ZEALAND GOVERNMENT LOANS.

Interest payable 31st May and 30th November.

ISSUE OF £4,500,000 IN EITHER OF THE FOLLOWING FORMS :—

£4% STOCK REPAYABLE 31ST MAY, 1954/1958.

First interest payment 30th November, 1939, on—

Fully-paid allotments ..	£2 0s. 0d.%
Instalment allotments ..	£1 10s. 6d.%

Price of issue : £96 per cent.

Payable as follows :—

1. For fully-paid allotments—	
On application	£96%
2. For instalment allotments—	
On application	£10%
On Friday, 30th June, 1939 ..	40%
On Friday, 4th August, 1939 ..	46%
	£96%

£4% STOCK REPAYABLE 30TH NOVEMBER, 1948.

First interest payment 30th November, 1939, on—

Fully-paid allotments ..	£2 0s. 0d.%
Instalment allotments ..	£1 10s. 6d.%

Price of issue : £99 per cent.

Payable as follows :—

1. For fully-paid allotments—	
On application	£99%
2. For instalment allotments—	
On application	£10%
On Friday, 30th June, 1939 ..	40%
On Friday, 4th August, 1939 ..	49%
	£99%

Authorized to be raised in accordance with the provisions of the New Zealand Loans Act, 1932, whereby the interest and principal are a direct charge upon the public revenues of the Dominion.

Trustees may invest in either of the above-mentioned Loans under the powers of the Trustees Act, 1908, unless expressly forbidden in the instrument (if any) creating the Trust.

The RESERVE BANK OF NEW ZEALAND gives notice that, on behalf of the Minister of Finance, it is authorized to receive applications for New Zealand Government Loans as above.

If not previously redeemed, the £4 per cent. Loan, 1954/1958, will be paid off at par at the Reserve Bank of New Zealand on the 31st May, 1958 ; but the Minister of Finance reserves the right to repay at par at any time on or after the 31st May, 1954, on giving three months' notice, in the *New Zealand Gazette*, of his intention to repay.

If the market selling price of the £4 per cent. Loan, 1954/1958, falls below the price of issue, namely £96 per cent., sums will be made available annually, as required, up to a total of 5 per cent. of the amount of the Loan outstanding at the end of the previous financial year, for the purchase for cancellation of such stock on offer below that price.

If not previously redeemed, the £4 per cent. Loan, 1948, will be paid off at par at the Reserve Bank of New Zealand on the 30th November, 1948.

Stock of the £4 per cent. Loan, 1948, which has been in the beneficial ownership of a holder for a period of at least six months prior to death, will be accepted at par at any time before maturity in payment of death duties in respect of that person's estate.

The proceeds of the issue are to be utilized for Public Works and general developmental purposes, including capital expenditure on defence works.

The ultimate repayment of the Public Debt of the Dominion is, in the main, provided for under the Repayment of the Public Debt Act, 1925, in pursuance of which New Zealand's Debt reduction resources shall be applied in the purchase and redemption of New Zealand Government securities at or before maturity. For this purpose there is issued annually out of the Consolidated Fund a sum equal to ½ per cent. of the Debt affected, and to this is added a sum equal to interest at 3½ per cent. per annum of the Debt paid off under this scheme. The Repayment of the Public Debt Act applies to the major portion of the Dominion's Debt, certain loans for which adequate sinking fund provisions are specifically provided, and also the portion of New Zealand's War Debt funded with the Imperial Government, having been excluded from the Debt Repayment Scheme.

Securities.—On surrender of fully-paid Allotment Letters on or after the 4th August, 1939, New Zealand Government Stock will be issued in either of the following forms as applicants may direct :—

(1) Registered Stock transferable by Memorandum of Transfer.

(2) Stock Certificate(s) to bearer with coupons annexed.

Registered Stock will be convertible into Stock Certificates to bearer, and Stock Certificates will be convertible into Registered Stock, *without payment of any fee.*

Transfers.—The Register of Stock will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered *without payment of any fee.* Stock will be transferable in amounts of £5 or multiples thereof.

Stock Certificates (until the name of some person is inserted therein as the holder) are transferable by delivery.

Certificates of Title.—Certificates of Title evidencing ownership of the stock to which they relate will be issued, *without payment of any fee*, to holders of Registered Stock in either the £4 per cent. Loan, 1954/1958, or the £4 per cent. Loan, 1948.

Interest.—Interest will be payable half-yearly on the 31st May and the 30th November.

A full half-year's interest will be paid on the 30th November, 1939, on fully-paid allotments of both Loans.

A first payment of £1 10s. 6d. per cent. on instalment allotments will be made on the 30th November, 1939.

Interest on Registered Stock will be paid free of inland exchange by means of interest warrants, which will be transmitted by post at the risk of the stockholder. The Reserve Bank of New Zealand will accept directions from stockholders for payment of interest to any agent in the Dominion; existing instructions for the payment of interest in the Dominion on New Zealand Government Stock will obtain in respect of these Loans.

Interest on Stock Certificates to bearer will be paid free of inland exchange by means of coupons annexed to the Certificates. Interest coupons may be presented at the Reserve Bank of New Zealand, Wellington; at any branch of the Bank of New Zealand in the Dominion; or at any Postal Money-order Office in New Zealand.

Stamp Duty.—Stock of this issue will be exempt from Stamp Duty on the transfer thereof otherwise than by way of gift.

Minors.—Any person of the age of ten years or upwards may be registered as the holder of Stock and may execute transfers thereof.

Exchange on Remittances.—Cheques in payment of allotments will be accepted free of inland exchange.

Applications.—Applications, on the prescribed form, will be received at the Reserve Bank of New Zealand, Wellington; at any branch of the Bank of New Zealand in the Dominion, or at any Postal Money-order Office in New Zealand.

Applications must be for sums of £10 or for a multiple thereof.

Applications for Fully-paid Allotments of the £4 per cent. Loan, 1954/1958, must be accompanied by a remittance of £96 per cent. of the nominal amount applied for, and applications for Fully-paid Allotments of the £4 per cent. Loan, 1948, by a remittance of £99 per cent. of the nominal amount applied for.

In the event of partial allotment, the balance of the amount paid on application will be refunded to the applicant on allotment.

Applications for Instalment Allotments must be accompanied by a deposit of £10 per cent. of the nominal amount applied for.

If partial allotment is made, the balance of the deposit paid on application will be applied towards the payment of the instalment due on the 30th June, 1939; any surplus remaining after making that payment will be refunded to the applicant on allotment.

In case of default in the payment of any instalment at its proper date, the deposit and any sum previously paid will be liable to forfeiture and the relative allotment to cancellation.

Commission at the rate of 5s. per £100 stock will be allowed to bankers and registered sharebrokers on allotments made in respect of applications bearing their stamp.

Copies of this Prospectus and forms of application may be obtained at the Reserve Bank of New Zealand, Wellington; at any branch of any Bank in the Dominion; at any Postal Money-order Office in New Zealand; or from members of any Stock Exchange in the Dominion.

The list of Applications will be opened forthwith and will be closed on or before Wednesday, the 31st May, 1939.

Reserve Bank of New Zealand, Wellington, 15th May, 1939.

By Authority: E. V. PAUL, Government Printer, Wellington.—1939.

Explanatory Note on Omission of B.–7 and B.–7a (Appropriations chargeable on Consolidated and Public Works Funds and other Accounts).

THE appropriations chargeable on the Consolidated Fund and on the Public Works Fund and other accounts have prior to the year 1939–40 been published in the Appendices under the description B.–7 and B.–7A respectively. The appropriations are compiled from the estimates of expenditure chargeable on the respective funds or accounts which have been submitted to and passed by the House. The estimates consist of the main estimates and the supplementary estimates. For reasons of economy the appropriations have not been printed separately. If it is desired to ascertain the amount appropriated for any particular item of the estimates, there must be added to the amount shown on the main estimates the amount, if any, for the same item shown on the supplementary estimates. The total amount appropriated for each vote on the estimates as opposed to the separate items of the vote (*e.g.*, Vote "Legislative") is shown in the summary published in the supplementary estimates. For the separate items, however, both main and supplementary estimates must be consulted. The estimates for the Consolidated Fund and for the Public Works Fund are shown separately. The same relative order is maintained in the supplementary estimates as in the main estimates.