

## EXPENDITURE

## Permanent appropriations—

## Debt services—

	£	£	£
Interest and management ..	18,483,000		
Repayments ..	3,939,000		
		22,422,000	

Other special acts ..		2,574,000	
			24,996,000

## Annual appropriations—

Social services ..		21,092,000	
Other votes ..		10,445,000	
			31,537,000

56,533,000

Supplementary estimates and contingencies..			761,000
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£57,294,000

## Receipts.

In the revenue estimates, taxation at existing rates is estimated to bring in £1,642,000 more than last year, the only item of any moment being income-tax which last year produced £1,686,000 over the Budget estimate and a further increase of £1,314,000 has been allowed for this year. Interest receipts in total are set down at approximately the same as last year. Interest on railway capital is less by some £400,000 due to lower net revenue but this is more than offset by increases under other items. Under the heading "Other Receipts" there is an increase of £1,365,000, due mainly to a change in accounting procedure involving the bringing in as revenue of certain credits previously shown as a deduction from expenditure. In these cases the revenue shows an apparent increase but the expenditure is up by a similar amount being now shown as gross instead of net.

## Transfers to War Expenses Account.

It has been the practice over the past four years to make substantial transfers to the War Expenses Account. Last year £4,000,000 was provided under this heading as a charge against that year's Budget. Originally an annual transfer of £1,500,000 was provided for and was intended to cover subsidies which were transferred from the Consolidated Fund to War Expenses Account, but as the total transfers from Consolidated Fund are far in excess of the subsidies so transferred, there is ample justification for now discontinuing these transfers, particularly as the Consolidated Fund has been carrying the total increase in debt charges due to war borrowing totalling over £7,000,000 annually, as well as the increase in war pensions arising from the present war. The total transfers from the Consolidated Fund to War Expenses Account over the four-year period amount to £24,298,000 made up as under:—

	£
Consolidated Fund annual surpluses ..	9,798,000
Four annual transfers at £1,500,000 per annum ..	6,000,000
Additional transfers in 1943-44 ..	6,000,000
Additional transfer in 1944-45 ..	2,500,000
	<u>£24,298,000</u>

In addition, at the outbreak of war, the unexpended balances of the appropriations for 1939-40, for the three Service votes totalling £2,288,000 were transferred to War Expenses Account.

## Expenditure.

The elimination of the transfer this year to War Expenses Account has had the effect of reducing the expenditure under permanent appropriations.

The major item under the permanent appropriations is, of course, debt services which at £22,422,000 shows an increase of over £1,000,000 compared with the previous year, this increase being due in the main to last year's borrowing for war purposes. The only other item of major importance under these statutory appropriations is the transfer of highways revenue to the Main Highways Account, which accounts for £2,126,000, the balance of the permanent appropriations being £448,000, details of which are set out in the estimates.

Expenditure under votes at £31,537,000 shows an increase of £6,493,000. This is accounted for in part by the improvement in incomes which, as regards State employees, was reflected in part only in last year's accounts. In addition, other State expenditure is increased under numerous headings for the same reason, where the indirect effect of increases by contractors, local bodies, &c., is reflected in Government expenditure.