

SESSION I.
1921.
NEW ZEALAND.

FINANCIAL POSITION OF THE DOMINION.

MEMORANDUM BY THE RIGHT HON. THE MINISTER OF FINANCE.

Laid on the Table of the House of Representatives by Leave.

I HAVE the honour to submit, for the information of honourable members, brief statements showing (a) revenue and expenditure for the eleven months ended 28th February, 1921; (b) statement showing the position of the Public Works Fund on the 28th February, 1921; (c) statement of the actual revenue and expenditure for the twelve months ended 28th February, 1921.

REVENUE.

For the eleven months ended 28th February, 1921, the revenue collected under the various headings was £26,880,887, as follows:—

Ordinary Revenue Account—	£
Customs	7,861,731
Stamp and death duties	3,384,482
Postal and Telegraph	2,283,964
Land-tax	1,657,587
Income-tax	3,541,974
Beer duty	326,192
Railways	6,098,572
Registration and other fees	194,522
Marine	50,199
Miscellaneous	1,135,182
Territorial revenue	178,110
National-endowment revenue	100,448
Other receipts	67,924
	£26,880,887
	£26,880,887

EXPENDITURE.

The expenditure brought to charge for the eleven months as above was as follows :—

Ordinary Revenue Account—	£
Civil List	25,495
Interest and sinking fund	7,544,140
Under special Acts of the Legislature	3,396,652
Legislative Departments	59,055
Departments of Finance	490,956
Post and Telegraph Department	2,120,516
Working Railways Department	5,061,998
Public buildings, domains, and maintenance of roads	153,087
Cook Islands	11,729
Native Department	31,426
Justice Department	587,760
Mines Department	34,498
Department of Internal Affairs	570,958
Mental Hospitals, Public Health, Hospitals and Charitable Aid Departments	422,884
Tourist Department	78,655
Defence Department	459,134
Customs, Marine and Harbours, and Inspection of Machinery Departments	238,251
Department of Labour	40,655
Department of Lands and Survey	287,998
Valuation and Electoral Departments	70,091
Department of Agriculture	252,078
Education Department	2,256,062
Services not provided for	16,663
	<u>£24,210,741</u>

PUBLIC WORKS FUND.

On the 31st March, 1920, the available ways and means for public-works purposes were	£	219,502
And additional funds have been received as under :—		
Finance Act, 1918 (No. 2), section 29	200,000	
Finance Act, 1919, section 5	750,000	
Finance Act, 1920, section 15	1,590,000	
Transfer from the Consolidated Fund	360,000	
Miscellaneous receipts	21,008	
Making a total for the eleven months of	3,140,510	
A further transfer will be made from the Consolidated Fund of	140,000	
And further sums are being raised under the Finance Act, 1920	250,000	
Making a gross total available for the year 1920–21 of	3,530,510	
The expenditure under appropriations for the eleven months (excluding separate accounts having ways and means of their own) was	£2,160,669	
Estimated expenditure for the remainder of the year is	1,099,715	
	<u>3,260,384</u>	
Estimated balance on the 31st March, 1921	£270,126	

It will thus be seen that a large sum has been found for public works during the past eleven months, but it will be necessary to confine the expenditure during the coming year under this heading to urgent and pressing works only.

STATEMENT OF THE REVENUE AND EXPENDITURE FOR THE TWELVE MONTHS ENDED
28TH FEBRUARY, 1921.

Revenue.	Amount.	Expenditure.	Amount.
	£		£
Customs	8,485,965	Permanent Charges—	
Stamp and death duties	3,797,473	Civil List	31,275
Postal and Telegraph	2,811,743	Interest and sinking fund	7,991,812
Land-tax	1,669,884	Special Acts	4,388,142
Income-tax	6,308,994		12,411,229
Beer duty	368,418		
Railways	6,934,904	Annual Appropriations—	
Registration and other fees	233,319	Class Legislative	64,550
Marine	55,662	" Finance	520,559
Miscellaneous	1,361,248	" Post and Telegraph	2,786,387
Territorial	223,498	" Railways	5,642,185
National-endowment revenue	100,448	" Public Buildings	199,174
Other receipts.. .. .	68,000	" Native	34,963
		" Justice	721,503
		" Mines.. .. .	41,074
		" Internal Affairs	1,200,580
		" Defence	546,426
		" Customs and Marine	279,739
		" Labour	45,188
		" Lands and Survey	374,354
		" Agriculture	483,789
		" Education	2,362,920
		Services not provided for	80,153
			15,383,544
	32,419,566		27,794,773

REVENUE.

The increase in Customs revenue is due largely to the fact that overseas manufacturers were able to fulfil outstanding and current orders with a rapidity which was not anticipated by importers, many of whom are now overstocked. It is therefore certain that imports will be greatly reduced during the coming year, and that the Customs revenue will be reduced in proportion.

The Post and Telegraph and the Railway revenues show increases on account of the additional charges imposed in order to meet the payment of higher wages and bonuses arising out of the increased cost of living.

EXPENDITURE.

A close oversight has been maintained over the expenditure, which is within the appropriations, but with the prospect of reduced revenues it is necessary that the utmost economy should be practised in connection with all State activities and administration.

ACCUMULATED SURPLUS.

At the 31st March last the accumulated surplus amounted to £17,500,000. This surplus is being utilized for discharged soldiers settlement and other purposes for which loans would otherwise have been necessary. The public debt has thus been saved a very large increase and the taxpayer has been relieved of annual interest and sinking-fund charges which would amount to, roughly, £1,000,000 per annum. The allocation of the accumulated surplus in this manner also provides an investment which produces interest at the rate of 4 per cent. per annum.

SURPLUS FOR CURRENT YEAR.

I anticipate there will be a surplus at the 31st March next, but the excess Customs revenue will to a great extent account for this. It is certain that the Customs revenue will show a large drop next year.

I propose to carry as much as possible of the surplus forward to assist in tiding over that portion of the year when even under normal conditions the expenditure usually largely exceeds the revenue.

ECONOMIES AND SAVINGS.

Heads of Departments have been instructed that they must make savings wherever possible.

Large savings have already been made, and further economies are being effected. For instance, the temporary staff, which at 1st April, 1919, totalled 1,069, had been reduced to 388 at the 31st December, 1920, while as a result of the legislation passed last session, which authorized the transfers from the accumulated surplus referred to above, our annual interest and sinking-fund charges will be considerably reduced.

The investment of floating cash balances held in London and the banking legislation of last session also provide an addition to our revenues.

A Board consisting of the permanent heads of Departments has been established to co-ordinate and standardize the whole system of purchasing and issuing Government stores and supplies, and in this connection I anticipate being able later to announce a substantial reduction in expenditure.

CONCLUSION.

In the last Budget I issued a warning as to the necessity for caution in both public and private finance, and pointed out that we must be prepared to face the troubles and difficulties with which an inevitable reduction in the volume of money would be attended.

Conditions have changed as anticipated and the position has to be faced. I do not, however, regard the outlook as a cause for discouragement, but rather as an opportunity to exercise the virtues of prudence and good judgment.

The figures I have placed before you indicate that the financial position of the Dominion is quite sound, and our ability to meet all obligations is unquestioned.

Special measures are not so much required as the practice of economy, hard work, and co-operation. If all classes of society co-operate intelligently in maintaining the productive activities of this country, the temporary difficulties to which I have referred will I feel sure be easily overcome.

W. F. MASSEY,
Minister of Finance.

Table No. 1.

STATEMENT OF THE REVENUE FOR THE ELEVEN MONTHS ENDED 28TH FEBRUARY, 1921, COMPARED WITH THE ELEVEN MONTHS ENDED 29TH FEBRUARY, 1920.

	Eleven Months ended 28th February, 1921.	Eleven Months ended 28th February, 1920.	Increase.	Decrease.
	£	£	£	£
Customs	7,861,731	4,206,090	3,655,641	..
Stamp and death duties	3,384,482	2,931,942	452,540	..
Postal and Telegraph	2,283,964	1,568,978	714,986	..
Land-tax	1,657,587	1,545,606	111,981	..
Income-tax	3,541,974	3,602,745	..	60,771
Beer duty	326,192	313,177	13,015	..
Railways	6,098,572	4,929,683	1,168,889	..
Registration and other fees	194,522	136,949	57,573	..
Marine	50,199	37,193	13,006	..
Miscellaneous	1,135,182	978,801	156,381	..
Territorial	178,110	173,369	4,741	..
National-endowment revenue	100,448	112,840	..	12,392
Other receipts	67,924	5,288	62,636	..
Totals	26,880,887	20,542,661	6,411,389 73,163	73,163
			6,338,226	

Table No. 2.
CONSOLIDATED FUND.
ORDINARY REVENUE ACCOUNT.

STATEMENT SHOWING THE EXPENDITURE FOR THE ELEVEN MONTHS ENDED 28TH FEBRUARY, 1921,
COMPARED WITH THAT FOR THE ELEVEN MONTHS ENDED 29TH FEBRUARY, 1920.

					Eleven Months ended 28th February, 1921.	Eleven Months ended 29th February, 1920.	Increase.	Decrease.
					£	£	£	£
Permanent Charges—								
	Civil List				25,495	20,769	4,726	..
	Interest and Sinking Fund				7,544,140	6,801,754	742,386	..
	Under special Acts				3,396,652	3,121,596	275,056	..
					10,966,287	9,944,119	1,022,168	..
Annual Appropriations —								
Class	I.—Legislative				59,055	39,005	20,050	..
	II.—Finance				490,956	159,459	331,497	..
	III.—Post and Telegraph				2,120,516	1,275,623	844,893	..
	IV.—Railways				5,061,998	3,725,778	1,336,220	..
	V.—Public Buildings, &c.				153,087	118,055	35,032	..
	VI.—Cook Islands				11,729	10,704	1,025	..
	VII.—Native				31,426	24,920	6,506	..
	VIII.—Justice				587,760	455,272	132,488	..
	IX.—Mines				34,498	30,061	4,437	..
	X.—Internal Affairs				570,958	286,410	284,548	..
	XI.—Mental Hospitals				422,884	533,401	..	110,517
	XII.—Tourists				78,655	56,992	21,663	..
	XIII.—Defence				459,134	415,173	43,961	..
	XIV.—Customs and Marine				238,251	185,986	52,265	..
	XV.—Labour				40,655	35,483	5,172	..
	XVI.—Lands and Survey				287,998	218,602	69,396	..
	XVII.—Valuation and Electoral				70,091	156,967	..	86,876
	XVIII.—Agriculture				252,078	586,856	..	334,778
	XIX.—Education				2,256,062	1,924,967	331,095	..
	Services not provided for				16,663	13,660	3,003	..
					13,244,454	10,253,374	3,523,251	532,171
Totals					24,210,741	20,197,493	4,545,419	532,171
							4,013,248	

Table No. 3.

PUBLIC WORKS FUND.

STATEMENT SHOWING EXPENDITURE UNDER APPROPRIATIONS FOR THE ELEVEN MONTHS ENDED
28TH FEBRUARY, 1921, COMPARED WITH THAT FOR THE ELEVEN MONTHS ENDED 29TH
FEBRUARY, 1920.

					Eleven Months ended 28th February, 1921.	Eleven Months ended 29th February, 1920.	Increase.	Decrease.
					£	£	£	£
Class	XX.—Public Works, Departmental				145,675	117,649	28,026	..
	XXI.—Railways				930,396	550,174	380,222	..
	XXII.—Public Buildings				406,641	342,545	64,096	..
	XXIII.—Lighthouses, Harbour-works, and Harbour-defences				4,572	3,011	1,561	..
	XXIV.—Tourist and Health Resorts				15,487	3,873	11,614	..
	XXV.—Immigration				Cr. 64,552	Cr. 64,954	402	..
	XXVI.—Construction, Maintenance, and Supervision of Roads, Bridges, and other Public Works				337,181	209,164	128,017	..
	XXVII.—Development of Mining				2,153	1,173	980	..
	XXVIII.—Telegraph Extension				215,307	125,335	89,972	..
	XXIX.—Contingent Defence				6,480	7,520	..	1,040
	XXX.—Lands Improvement				1,473	2,023	..	550
	XXXI.—Irrigation and Water-supply				37,726	17,799	19,927	..
	XXXII.—Plant, Material, and Stores				121,887	49,442	72,445	..
	Services not provided for				243	..	243	..
							797,505	1,590
Totals					2,160,669	1,364,754	795,915	..

G. F. C. CAMPBELL,
Secretary to the Treasury.
J. J. ESSON,
Accountant to the Treasury.

The Treasury, Wellington, 10th March, 1921.

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SESSION II.
1921.
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Supply, 3rd November, 1921.)

BY THE RIGHT HONOURABLE W. F. MASSEY, P.C., MINISTER OF FINANCE.

MR. MALCOLM,—

I have the honour to submit the annual statement of the finances of the Dominion as at the 31st March, 1921, also my proposals for the current financial year.

The total revenues of the Consolidated Fund for the year 1920–21 amounted to £34,260,962, whilst the expenditure for the same period totalled £28,128,730, the excess of revenue over expenditure being £6,132,232, more than half of which is due to the extraordinary increase in the value of imports for the twelve months ended 31st March, 1921.

TREASURY DEPARTMENT.

REVENUE.

The revenue for the year was estimated at £27,712,700, but the amount collected was £34,260,962, being £6,548,262 in excess of the estimate, or £8,179,622 over the revenue of the previous financial year, as indicated hereunder:—

Revenue for the Year ended 31st March, 1921, compared with the Year ended 31st March, 1920.

—	Year ended 31st March, 1921.	Year ended 31st March, 1920.	Increase.	Decrease.
	£	£	£	£
Customs	8,408,726	4,830,324	3,578,402	..
Stamp and death duties	3,745,902	3,344,933	400,969	..
Postal and telegraph	2,640,158	2,096,757	543,401	..
Land-tax	1,688,978	1,557,903	131,075	..
Income-tax	8,248,945	6,369,765	1,879,180	..
Beer duty	360,525	355,403	5,122	..
Railways	6,918,492	5,766,016	1,152,476	..
Registration and other fees	220,085	175,756	44,329	..
Marine	56,540	42,646	13,894	..
Miscellaneous	1,584,995	1,204,866	380,129	..
Territorial	219,193	218,757	436	..
National-endowment revenue	100,448	112,840	..	12,392
Other receipts	67,975	5,374	62,601	..
			8,192,014	12,392
			12,392	..
Totals	34,260,962	26,081,340	8,179,622	..

EXPENDITURE.

The expenditure of the year, which was estimated at £26,893,497, reached £28,128,730, or £4,346,806 in excess of the expenditure of the financial year 1919–20.

The details of this excess are as follow:—

Expenditure for the Year ended 31st March, 1921, compared with the Year ended 31st March, 1920.

	Year ended 31st March, 1921.	Year ended 31st March, 1920.	Increase.	Decrease.
	£	£	£	£
Permanent Appropriations,—				
Civil List	31,346	26,549	4,797	..
Interest and Sinking Fund	7,831,593	7,249,426	582,167	..
Under special Acts	1,294,911	1,101,289	193,622	..
Subsidies paid to Local Authorities	164,290	161,085	3,205	..
Territorial Revenue	<i>Cr.</i> 13,100	24,275	..	37,375
Endowments	112,934	134,991	..	22,057
Old-age Pensions	699,789	698,570	1,219	..
Widows' Pensions	187,101	136,730	50,371	..
Military Pensions	40,198	45,000	..	4,802
War Pensions	1,885,663	1,811,146	74,517	..
	12,234,725	11,389,061	909,898	64,234
Annual Appropriations,—				
Legislative Departments	65,462	44,500	20,962	..
Departments of Finance	639,784*	189,061	450,723	..
Post and Telegraph Department	2,588,360	1,941,494	646,866	..
Working Railways Department	6,211,001	4,305,965	1,905,036	..
Public Buildings, Domains, and Maintenance of Roads	225,165	164,142	61,023	..
Cook Islands	13,789	16,498	..	2,709
Native Department	35,913	28,457	7,456	..
Justice Department	725,972	571,492	154,480	..
Mines Department	39,634	36,637	2,997	..
Department of Internal Affairs	632,660	336,356	296,304	..
Mental Hospitals, Public Health, and Hospitals and Charitable Aid Departments	464,071	556,899	..	92,828
Tourists Department	93,620	68,858	24,762	..
Defence Department	531,042	502,465	28,577	..
Customs, Marine, and Inspection of Machinery Departments	292,041	227,474	64,567	..
Department of Labour	44,540	40,016	4,524	..
Department of Lands and Survey	292,542	238,365	54,177	..
Valuation and Electoral Departments	81,979	196,242	..	114,263
Department of Agriculture	290,800	818,567†	..	527,767
Education Department	2,460,116	2,031,825	428,291	..
Services not provided for	105,514	77,150	28,364	..
	15,834,005	12,392,463	4,179,109	737,567
Transfer to Loans Redemption Account of Sink- ing Funds set free to redeem Debentures	..	400	..	400
Advances to Southland Electric-power Board ..	60,000	..	60,000	..
Totals	28,128,730	23,781,924	5,149,007 802,201	802,201 ..
Grand totals	28,128,730	23,781,924	4,346,806	..

* Includes Industries and Commerce Department, formerly shown in Department of Agriculture.

† Includes Industries and Commerce, now with Department of Finance.

SURPLUS FOR THE YEAR 1920-21.

The surplus for the year amounted to £6,132,232, made up as follows :—

	£	£
Revenue	34,260,962	
Expenditure	28,128,730	
	<hr/>	6,132,232
Add accumulated surplus at the end of the financial year 1919-20		17,538,977
		<hr/>
Total		23,671,209
Deduct transfers to other accounts—	£	
Discharged Soldiers Settlement	13,330,000	
Discharged Soldiers Settlement (Depreciation Fund)	50,000	
Reserve Fund, London	1,200,000	
Public Works Fund	500,000	
	<hr/>	15,080,000
		<hr/>
Balance at 31st March, 1921		£8,591,209
		<hr/> <hr/>

The balance is made up as follows :—

	£
Cash	4,920,294
Imprests in the Dominion and advances on account of other Governments	185,189
Imprests in London	632,236
Investments	2,853,490
	<hr/>
Total	£8,591,209
	<hr/> <hr/>

PUBLIC WORKS FUND.

The expenditure upon public works amounted to £3,141,197, or £1,120,044 over the expenditure of the year 1919-20.

Statement showing the Position of the Public Works Fund as at the 31st March, 1921.

	£
Balance brought forward on 1st April, 1920	219,502
Receipts,—	
Loan-money—	
Finance Act, 1918 (No. 2), section 29 (aid to public works)	200,000
Finance Act, 1919, section 5	750,000
Finance Act, 1920, section 15 (public works)	1,940,000
Transfer from Consolidated Fund (section 33, Appropriation Act, 1920)	500,000
Other receipts	21,184
	<hr/>
	3,411,184
Expenditure,—	3,630,686
Under appropriation	3,140,574
Other expenditure	439
Charges and expenses of raising loans	184
	<hr/>
	3,141,197
	<hr/> <hr/>
Balance at 31st March, 1921	£489,489*
	<hr/> <hr/>

* NOTE.—The balance on 31st March, 1921, is made up as follows :—

	£
Cash in Public Account	180,911
Imprests in the hands of officers of the Government	308,578
	<hr/>
	£489,489
	<hr/> <hr/>

REDEMPTIONS AND RENEWALS.

During the year loans amounting to £10,136,657 fell due. Offers of renewal were made in all cases, with the result that £8,358,457 was renewed in debentures and £261,760 in inscribed stock: total renewed, £8,620,217. The amount actually paid off in cash was £1,474,700, leaving a balance of £41,740 unrepresented debentures. Funds for redemption were provided by the Treasury out of various accounts, and the liability was taken over later by the Consolidated Fund.

CONVERSIONS.

During the year one hundred and eighty investors took advantage of the conversion scheme authorized by the New Zealand Inscribed Stock Act, 1917. The total sum of £499,650 was converted into inscribed stock, maturing as follows: £9,000 at 5 per cent., 15th November, 1927; £324,950 at 4½ per cent., 15th November, 1938; £165,700 at 4½ per cent., 20th April, 1939.

LOANS FALLING DUE.

The loans falling due during the seven years ending with the year 1928 are as follow:—

Year ending 31st March,	London.	Australia.	New Zealand.	Total.
	£	£	£	£
1922	313,000*	953,300	5,398,440	6,664,740
1923	55,300	639,450	8,167,406	8,862,156
1924	1,747,200	...	7,768,615	9,515,815
1925	37,000	...	11,451,876	11,488,876
1926	200	...	14,356,712	14,356,912
1927 ... ..	...	...	415,370	415,370
1928 ... ..	...	...	2,568,910	2,568,910
Totals	2,152,700	1,592,750	50,127,329	53,872,779

* Includes £300,000, New Zealand Consolidated 3½-per-cent. stock maturing 1940, repurchased from Bank of New Zealand at par on 15th August, 1921.

COST OF RAISING LOANS.

The percentage cost of raising the respective loans issued in New Zealand is shown in the following table:—

Authority.	Amounts raised to 31st March, 1921.	Charges and Expenses.	Cost per Cent. of raising Loans.
	£	£	s. d.
Finance Act, 1915 (Aid to Public Works)	2,005,030	5,030	5 0¼
Finance Act, 1916	11,572,450	54,667	9 5½
War Purposes Loan Act, 1917	23,273,500	103,540	8 10¾
Finance Act, 1918	13,420,520	20,552	3 0½
Finance Act, 1918 (No 2)	4,838,070	14,843	6 1¾
Two Million Public Works Loan, 1920—			
Electric Power Works Loan Act, 1919	1,387,510	} 306	0 3¾
Finance Act, 1919, section 5	600,000		
Railways Improvement Authorization Act, 1914	12,490		
Discharged Soldiers Settlement Loans Act, 1920	4,450,000*	11,688	5 3

* Amount applied for: includes instalments falling due after 31st March, 1921.

TREASURY LODGMENTS AND PAYMENTS.

The following tables indicate the volume of the business dealt with by the Treasury:—

Lodgments to Credit of Public Account.

	£	Increase over 1913-14.
	£	£
1913-14	17,120,240	....
1919-20	87,098,113	69,977,873
1920-21	75,789,719	58,669,479

Payments from Public Account.

	Number of Vouchers.	Increase over 1913-14.	Amount. £	Increase over 1913-14. £
1913-14	196,455	....	17,106,489	....
1919-20	377,859	181,404	87,596,662	70,490,173
1920-21	352,319	155,864	73,275,613	56,169,124

The administrative work connected with payment of Imperial pensions, the care and treatment of disabled Imperial soldiers, and matters relating to the pay and allowances of members of the Naval, Military, and Civil Services from all parts of the Empire, which has grown considerably, has now been taken over by the Pensions Department. As the result of the change a considerable economy will be effected.

CUSTOMS DEPARTMENT.

The estimated revenue from Customs duties, including excise beer duty, for the year ended 31st March last, as compared with the amount actually realized and with the amount collected for the previous year, is as set forth hereunder, viz. :—

	Estimated Revenue, 1920-21. £	Amount realized, 1920-21. £	In Excess of Estimate. £	Amount collected, 1919-20. £
Customs	6,000,000	8,408,726	2,408,726	4,830,324
Excise beer	360,000	360,525	525	355,403
Totals	<u>£6,360,000</u>	<u>£8,769,251</u>	<u>£2,409,251</u>	<u>£5,185,727</u>

When the estimate for 1920-21 was made it was anticipated that many delayed orders would come to hand and that there would be a revenue greatly in excess of that of any previous year. The estimate was accordingly fixed at £6,360,000 for Customs and Excise beer duty, being over £1,000,000 in excess of the amount realized for 1919-20.

As will be seen from the figures, this generous estimate was greatly exceeded, and it is now evident that the quantity and value of the delayed orders have been much in excess of what was expected. The delay was so great in some cases that the delivery of goods was not desired, owing to the fall in prices since the orders were placed.

The number of gallons of beer brewed during the financial year 1920-21 was 14,926,626 gallons, and the average duty per gallon was 5·796d. This is an increase of 376,550 gallons over the year 1919-20.

The values of imports and exports during the past four financial years are as follows :—

	Imports. £	Exports. £
1917-18	20,983,612	31,298,270
1918-19	26,437,284	32,263,792
1919-20	32,162,029	50,776,650
1920-21	67,463,269	48,219,672

The import values represent the fair market value in the country of exportation, plus 10 per cent. Owing to high freights, the actual landed cost considerably exceeds these values. The export values are the f.o.b. values. It will be noted that during the last financial year the value of imports has, for the first time in many years, exceeded that of our exports, and to the extent of over £19,000,000.

An analysis of the imported goods shows that the proportion received from Great Britain is 46·4 per cent. of the total value, as against 37·5 per cent. last year and 51·5 per cent. in 1914.

The United States has increased from 11·6 per cent. in 1914 to 19·1 per cent. in 1920, while the trade with Japan has dropped from 4·3 per cent. in 1919 to 2·5 per cent. in 1920.

It is evident from these percentages that the imports from Great Britain have been inflated by the fulfilment of delayed orders already referred to.

ESTIMATED CUSTOMS REVENUE FOR 1921-22.

To enable an estimate to be made of the revenue to be expected from Customs duties during 1921-22, inquiries have been made from merchants in all branches of trade. The consensus of opinion is that, in quantity, the imports will be considerably less than last year's, and that in prices there will be an all-round decline of from $17\frac{1}{2}$ to 25 per cent. In practically all branches of trade it is estimated that in stock lines of manufactured goods there is a sufficient quantity in the Dominion to meet the requirements of the current year.

The comparative shortage of money in circulation will have the effect of causing those requiring goods to purchase, as occasion demands, from stocks held in New Zealand, thereby reducing the amount of imported goods.

The revenue for the first two quarters of the current year is £1,577,287 less than that of the first six months of last year, and this may be taken as an indication of the diminished returns expected for the balance of the year. Taking all the foregoing circumstances into consideration, the Customs duties are estimated to produce £4,900,000, and Excise beer duty £500,000; bonded-warehouse duty, timber-export duty, and other receipts, £7,000: total, £5,407,000.

				£
<i>Summary.</i>				
Customs duties	..	..	..	4,900,000
Excise beer duty	..	..	..	500,000
Bonded-warehouse duty, timber-export duty, and other receipts	..	..	..	7,000
Total	..	..	..	<u>£5,407,000</u>

During the recess a departmental Commission was employed revising the Customs tariff, and resolutions affecting the tariff will be submitted for your consideration this evening.

LAND AND INCOME TAX DEPARTMENT.

The net receipts in this Department for the past year amounted to £9,937,923 (land-tax, £1,688,978; income-tax, £8,248,945); and compared with the collection for the previous year show an increase of £2,010,255.

LAND-TAX.

The land-tax receipts compared with those of 1919-20 show an increase of £131,075. The comparison is as follows:—

				£
1920-21	....	....	....	1,688,978
1919-20	....	....	....	1,557,903
Increase of	....	....	....	<u>£131,075</u>

This increase is due principally to the increased value of land in districts revised under the provisions of the Valuation of Land Act.

INCOME-TAX.

The income-tax receipts compared with those of 1919-20 show an increase of £1,879,180. The comparison is as follows:—

				£
1920-21	....	....	....	8,248,945
1919-20	....	....	....	6,369,765
Increase of	....	....	....	<u>£1,879,180</u>

The increase is due mainly to the large growth in both the number and the incomes of taxpayers brought about by the increased value of business during the income year ended 31st March, 1920, and in part to the investigation work and closer inspection of taxpayers' returns.

MENTAL HOSPITALS.

The total expenditure for the year under this heading was £377,643, but the credits, mainly receipts for maintenance and sales of produce and stock, amounted to £115,905, leaving a net expenditure of £261,738, an increase of £70,934 over the previous year. Of this increase £31,721 was due to the advance in salaries and wages, and £39,213 is accounted for by the increased cost of supplies.

The average number of patients was one hundred more than for the previous year, and the last item divided by the average number in residence gives a cost-of-living increase of £8 8s. 5d. per head.

PUBLIC HEALTH, HOSPITALS, AND CHARITABLE AID.

CHILD WELFARE.

An important step has been taken in the creation of the Division of Child Welfare. This branch has mainly for its object the dissemination of useful information regarding the health of the community, by means of suitable propaganda, lectures, and demonstrations. It will enforce the lessons of preventive medicine. So many diseases and physical ills may be avoided by early knowledge and simple treatment that it is obvious that the new division has a wide and important field of endeavour before it. Already 35,000 copies of a pamphlet containing instructions to prospective mothers have been distributed throughout the Dominion, and lectures, having for their object the instruction in mothercraft and child welfare, are being given in all the principal centres and in the schools.

Closely related to the work of the new division are the activities of the Royal New Zealand Society for the Health of Women and Children. This society has been substantially assisted by the Government, the grant for 1920-21 amounting to £10,920, as against £4,774 in 1918-19.

Under the provisions of the Health Act of 1920 the Division of School Hygiene and the Division of Dental Hygiene have been brought within the Department's activities.

The Act provides for the co-ordination of the Department and the local authorities in sanitary inspection and the prevention of infectious diseases. The quarantine stations have been put upon a much more efficient basis during the past year, and only a small expenditure will now be required for upkeep.

MEDICAL AND NURSING SERVICES FOR THE BACKBLOCKS.

Hospital Boards are being urged to make better provision for maternity work for the outlying portions of their districts, and to provide facilities in connection with cottage hospitals for maternity patients. The Act of last session gives the power to call upon Hospital Boards to provide the necessary medical and nursing services in the outlying portions of their districts, a matter which many Boards were inclined to neglect. Any expenditure in the above direction is contributed to by way of subsidy.

The better co-ordination of the nursing services, which are undertaken by various departmental, Hospital Board, or voluntary organizations is receiving attention. Such co-ordination is required to prevent overlapping of functions, particularly in the larger towns, also to enable nurses to be spared for outlying country districts where they are needed.

The necessity of securing a substantial decrease in the figures of maternity mortality is fully recognized, and measures are being undertaken in this direction.

CONSUMPTIVE SANATORIA.

The Pukeora Military Sanatorium has been taken over by this Department, and will provide ample accommodation for all male cases in the North Island. Steps are accordingly being taken to close Te Waikato Sanatorium, which is badly situated and expensive to administer. The Otaki Sanatorium has for some time been devoted to the treatment of female patients. In the South Island the North Canterbury Hospital Board Sanatorium can accommodate all cases from Canterbury and the northern parts of the South Island; and an endeavour is being made to establish, with the co-operation of the various Boards concerned, a sanatorium in Central Otago for the southern part of the Island.

HOSPITAL AND CHARITABLE AID.

An increase of about £20,000 is estimated this year for subsidies to Hospital Boards. The increase is due entirely to a large number of outstanding claims, which were not received until after the close of the last financial year, and consequently require to be provided for on this year's estimates.

HOSPITALS.

Details of hospital expenditure are now being subjected to a much closer scrutiny than formerly, and increased efficiency and economy should be the result.

A scheme has been initiated whereby crippled children, and especially those suffering from infantile paralysis, are able to obtain treatment at the Military Hospitals at Rotorua and Trentham. At the present time upwards of 140 children, in addition to this special medical treatment, are being educated in the special schools that have been established by the Education Department at the hospitals mentioned.

A Hospital Commission sat during the recess to consider certain hospital matters which were referred to them, and especially the question of subsidies to Hospital Boards. The report has been submitted, and amending legislation will be introduced dealing with many of the recommendations.

DEPARTMENT OF INTERNAL AFFAIRS.

DOMINION LABORATORY.

The receipts during the year were as follows: For analyses, £94; for licenses under the Explosive and Dangerous Goods Act, 1908, £687; charges for storage of explosives in Government magazines, £978.

CENSORSHIP OF CINEMATOGRAPH-FILMS.

Films to the number of 3,146, containing 4,920,000 ft., have been examined by the Censor. Of these, thirty-eight were rejected, while excisions were made in 240. "A" certificates—*i.e.*, recommending the picture as being more suitable for adults than for children—were issued in 105 cases.

The revenue amounted to £1,544, which is in excess of the expenditure.

REGISTRAR-GENERAL'S OFFICE.

The revenue of this Office for the last financial year amounted to £19,569, being an increase of over £1,000 on the revenue for the previous year. This is a record for the Department.

WEIGHTS AND MEASURES.

The fees collected in connection with the administration of the Weights and Measures Act, 1908, amount to £379.

PASSPORTS.

Fees collected for the issue of passports amount to £2,078. The total for renewals is £35.

WAR FUNDS OFFICE.

The following are particulars of the funds:—

	£
In the hands of approved incorporated societies ..	1,100,000
New Zealand War Relief Fund	661
Convalescent Home Account	1,280
War Expenses Account	1,437
New Zealand Comforts Account	1,475
Sundry small accounts	86
New Zealand National War Funds Council ..	38,000
On transfer to New Zealand National War Funds Council	55,000
In the hands of the High Commissioner, now the subject of reallocation	29,806
	£1,227,745
	£1,227,745

PRISONS DEPARTMENT.

The building operations of this Department were somewhat restricted for the greater part of the year owing to the general shortage of cement and timber. To meet the difficulty experienced in housing married officers the erection of a number of residences has been commenced on the prison reserves in the different centres, and with increasing supplies of material it is hoped that some will soon be ready for occupation. Farming operations on the Department's properties have been carried on vigorously, with the result that it has been found possible to build up the dairy herds, and thus increase very materially the total yield of butterfat. The gross receipts obtained from this source for the financial year were £4,293. Sales of stock and farm-produce realized £8,746. Prison industries, including the manufacture of concrete blocks, tiles, flagstones, &c., sale of crushed metal and similar material, brought in a total of £11,652, while for prison labour employed upon various prison buildings and other works a further credit of £6,856 was obtained.

The total cash earnings of the Department for the financial year amounted to £46,863, but as moneys due from other Departments to the amount of £7,727 were not credited to the Prisons vote until after the 31st March the revenue for the year will be shown as £39,136, an increase of £7,959 over the total earnings of the previous year. The total expenditure for the year was £88,309.

The estimated value of prison labour employed upon various works for which no payment of any kind was received was £20,243, while the net value of the labour required to carry on the ordinary prison industries, such as the making of boots and clothing for officers and prisoners, domestic work, and gardening, at the various institutions was £26,029. The total value of prison labour for the twelve months may therefore be assessed at £85,048.

The increased earning-power of the Department has enabled it to meet without difficulty the additional expenditure caused by the payment of wages to prisoners. The new system which constitutes a complete departure from the methods followed by the majority of Prisons administrations, came into operation on the 1st January last. The monetary payments have been of great assistance to a number of those who had been deprived of their breadwinners. The total amount expended under this head for the three months ended 31st March was £451. This expenditure is somewhat below the estimate, but it is essential that the system should be carefully administered and that the greatest care should be exercised to prevent abuses.

POST AND TELEGRAPH DEPARTMENT.

The amount of revenue collected by the Department during the year was £2,640,158. The benefit of the increased rates affected the revenue for only eight months of the year. The principal items were—Postage, £1,253,513; telegrams, £691,484; telephone-exchange receipts, £533,535.

The Post Office Savings-bank business for the year ended 31st March shows marked expansion, the deposits totalling £35,031,244. The withdrawals were £32,803,888, leaving an excess of deposits over withdrawals of £2,227,356. The balance standing to the credit of depositors on the 31st March, 1921, was £43,352,031, compared with £19,048,029 at the end of 1914. The interest credited to depositors for the year 1920 and the first quarter of 1921 was £1,818,534.

From the 1st January, 1921, an important alteration was made in providing depositors in the Savings-bank with greater benefits in regard to the interest credited to their accounts. Prior to the 1st January interest was not paid on the amount of an account exceeding £1,000. Now interest is paid up to £5,000. Four per cent. is now paid on an account up to £500, instead of only up to £300 previously, and $3\frac{1}{4}$ per cent. is now paid on so much of an account as exceeds £500 but does not exceed £5,000, instead of on so much as exceeded £300 but did not exceed £1,000 previously. The change has been fully appreciated by the public.

The aggregate number of money-orders and postal notes issued was 2,958,326, and the amount paid out, £5,468,260.

The sale of war-loan certificates by the Post Office has reached the sum of £4,613,203. These certificates have been withdrawn from sale, and Post Office investment certificates substituted; the sales of the latter up to the 31st March amounted to £160,636.

Full details of the Department's finances and particulars of its business will be found in the Annual Report.

Owing to the non-arrival of a large quantity of material essential for the carrying-on of telegraph and telephone construction and maintenance works, a sum of about £200,000 will have to be carried forward to the vote for 1921-22. This material is now coming to hand, and will somewhat inflate the vote "Telegraph extension" for the year 1921-22. The total amount expended for the year out of vote "Telegraph extension" for the construction of telegraph and telephone lines was £336,468; and the sum of £143,526 was expended in maintaining in efficient and working order the existing telegraph and telephone lines and cables.

The difficulty in obtaining adequate supplies during the last few years has resulted in the Department being considerably in arrear with its telegraph and telephone extension programme, as well as with important maintenance works. The year closed with a waiting-list of 7,374 applications for telephone-exchange connections, and twenty-five exchanges awaiting erection. In spite of the conditions now prevailing, it is hoped that with the arrival of the material referred to the arrears of work may be overtaken.

The number of subscribers to the telephone-exchange system has, even under the difficulties referred to, increased by 8,785. Of these 1,753 were connected on the party-line system, involving the erection of 447 party-line circuits, many of which provided much-needed telephone service in scattered rural districts. The telephone-exchange system has increased by 335 miles of poles, 4,067 miles of open aerial wire, and 58 miles of telephone cable of various sizes, each cable containing from 52 to 1,200 wires, and comprising in the aggregate 15,499 miles of wire. Five new telephone exchanges were opened during the year, and fifty-five exchanges were provided with additional switchboard accommodation. An automatic telephone exchange, having a capacity of 2,000 lines, was opened at Hamilton, replacing, with the very latest product of modern telephone engineering, an obsolete manual switchboard. Extensions to existing automatic or manual apparatus were made at all the principal centres, in order to relieve the situation as far as possible until those centres can be converted wholly to automatic working, which has been delayed to a large extent by the non-completion of buildings and the non-arrival of suitable automatic-switchboard apparatus. The installation of automatic exchanges is now proceeding at Auckland, Palmerston North, Wanganui, Kelburn (Wellington), and Oamaru. New central automatic exchanges are being considered for Dunedin and Wellington; and a central exchange building is in course of erection at Christchurch. Owing to the shortage of materials, the development of the telephone system has necessarily been handicapped in this, as in other countries. Every effort is being made to provide for all requirements as speedily as conditions will permit.

The telegraph and interurban toll circuits were supplemented by the erection of 266 miles of poles and 1,121 miles of wire, in addition to which 3,361 miles of line were overhauled or reconstructed.

The installation of automatic printing telegraphs has been delayed owing to the non-arrival of the greater part of the apparatus, which is long overdue. A portion of the necessary material has now been received, and staffs are being trained in anticipation of the early introduction of this up-to-date system.

The Chief Telegraph Engineer has returned from a visit abroad, during which he made a careful investigation into the telegraph and telephone systems, methods, and rates in operation in other parts of the world. A report embodying his principal recommendations will be submitted to Parliament, from which it will be seen that considerable improvements in both telegraph and telephone methods,

combined with economies in various directions and increased efficiency, may be expected.

STAMP DUTIES DEPARTMENT.

This Department has, from a revenue-producing point of view, made rapid progress during the last ten years; the net revenue for 1910–11 was £819,839, whereas for the year 1920–21 it reached £3,745,902.

The sources of revenue include stamp duties, death duties, totalizator-tax, amusements-tax, bank-note tax, land transfer and deeds registration, registration of companies, building societies, industrial and provident societies, Sharebrokers Act, Dairy Industries Act, Mining Companies Act, &c.

Very soon after hostilities ceased an abnormal wave of speculation in landed property took place. This had the immediate effect of increasing the revenue derived from conveyancing. Now that the buying of land has become so greatly reduced in volume the revenue is expected to show a sharp decline during the current year.

LAND-SETTLEMENT.

During the year 57,927 acres were acquired by the Land for Settlements Department under the provisions of the Discharged Soldiers Settlement Act, 1915, at a cost of £843,162, and 22,023 acres for individual soldiers at a cost of £434,809, under section 3 of the Discharged Soldiers Settlement Amendment Act, 1917.

There has been a considerable falling-off in the demand by discharged soldiers for rural and pastoral lands, and a number of blocks regarded as being very suitable for soldier-settlement have met with little or no demand. This has been more noticeable in the South Island than in the North, where there is still a fair demand for first-class dairying-lands.

A large area was proclaimed for selection by discharged soldiers, but as it has been lying open for some considerable time without inquiry the Government decided that such lands should be withdrawn from selection by discharged soldiers only, and opened for application by the general public, preference being given to any discharged soldier who may apply. It is probable that most of these lands will be offered for general application within the next few months.

Land has been acquired for returned soldiers either under the Discharged Soldiers Settlement Act or the Land for Settlements Act, and ordinary Crown lands have also become available from time to time. In many cases the soldiers have been granted loans to enable them to purchase private lands.

The total area proclaimed under the Discharged Soldiers Settlement Act, 1915, up to the 31st March, 1921, was 1,321,091 acres, of which 437,790 were proclaimed during the past year; and during the same period seventy estates, comprising 171,898 acres subdivided into 6,430 holdings, were opened for selection, the bulk of the sections being disposed of.

Owing to the adverse conditions which have been ruling lately a number of tenants have been considerably embarrassed financially, and in order to tide them over the present troublesome times the Government found it necessary to grant postponement of rent in cases where sufficient reason could be shown for so doing. The result of this policy is that the tenants have been enabled to carry on, and it is hoped that they will be able to meet their liabilities with the return of better prices for stock and produce.

At the present time six acquired estates, totalling 7,124 acres, are being prepared for selection by discharged soldiers, and will be offered within the next few months.

WASTE-LANDS DEVELOPMENT.

Two large blocks have been prepared for settlement under the waste-land development system—one, near Riverhead, containing some 10,000 acres, subdivided into sixty-five sections, and another area between Rotorua and Taupo, but owing to the financial stringency their settlement is being delayed.

DISCHARGED SOLDIERS SETTLEMENT ACCOUNT.

The following statement shows the extent of the financial operations in regard to loans authorized and advances made under the Discharged Soldiers Settlement Act up to the end of the financial year:—

	Authorized.	Advances made.
	£	£
Section 6, Discharged Soldiers Settlement Act, 1915 : Advances on current account :—		
3,326 returned soldiers	3,206,674	2,390,740
Section 2, Amendment Act, 1917 : Advances towards purchase of farms, market-gardens, orchards, &c., and the discharge of mortgages :—		
5,331 returned soldiers	8,512,874	8,280,037
Section 2, Amendment Act, 1917 : Advances towards the purchase and erection of dwellings, and discharge of mortgages thereon :—		
9,196 returned soldiers	6,222,432	5,586,009
<hr/>		
17,853 returned soldiers	£17,941,980	£16,256,786
Repayment of principal	£904,313	
Transfers to Realization and other Accounts—securities in course of realization	15,996	
		<hr/>
		920,309
Balance out on mortgage		<hr/> <hr/> £15,336,477

The gross receipts for the year amounted to £1,229,492. Of this sum £726,172 represents repayments of loans, while receipts in respect of interest and sundries total £503,320.

Owing to the large number of applications received last year from returned soldiers for loans to assist them either to purchase and farm their properties or provide them with residences on easy terms, the financial authority under section 3 of the Discharged Soldiers Settlement Loans Act became exhausted, and Parliament passed legislation enabling the Government to raise an additional amount if required.

In order that funds might be conserved the granting of loans for the purchase of single farms was restricted to cases where the withholding of the same would have caused serious financial embarrassment, with possible loss of capital to soldiers.

In order that the Government might afford relief in the matter of house-shortage, loans were granted to applicants for the erection of dwellings and, where necessary, the purchase of building-sites. In a few cases of distress loans were also granted to assist in purchase of dwellings.

Where it is abundantly clear that soldier settlers are deliberately evading payments under their mortgages and are neglecting their properties, steps are taken to either arrange for transfers to other suitable returned soldiers or to realize by exercise of power of sale.

SWAMP-DRAINAGE RECLAMATION.

Considerable progress has been made with the various operations necessary to adequately drain and road the various schemes in hand, and as soon as areas were prepared for settlement they were opened for selection.

Continued attention is being paid to the improvement of the areas selected in the past, this being necessary as consolidation takes place.

Active work will be undertaken shortly in connection with reclamation of Hiku-rangi Swamp, as the plant is arriving from overseas.

The possibilities of reclaiming large areas in Southland and Westland are being now examined by field parties.

In accordance with the policy of the Government, standard-type machines, comprising floating dipper dredges, dry-land dippers, walking and caterpillar

traction, drag-line excavators, and steam-navvy, together with petrol locos. and rock-drilling plant, were purchased by the Chief Drainage Engineer during his visit to America. The acquisition of these plants will considerably expedite operations.

KAURI-GUM INDUSTRY.

Early in the year the manufacturers found themselves with orders but no stocks of raw materials. The result was that orders for kauri-gum poured in and prices rose with the demand. In October and November the highest prices ever paid for kauri-gum were freely offered. Then came the trade depression abroad, and the demand at once ceased. At the beginning of 1921 prices had receded in some cases to the extent of 50 per cent., and there were few buyers even under those conditions.

Owing to the general depression the large buyers and exporters have been virtually out of the market, and it has remained for the Government to purchase heavily throughout the various gum-digging centres so as to help the industry. As a result purchases for the year exceed £33,000, an amount far in advance of previous figures. Sales of gum, a fair proportion of which went to London, amounted to £39,205.

Everything possible should be done to put this industry on a more stable footing. The question is one that received very careful consideration by the Royal Commission set up to inquire into the industry, and much good is likely to result from the investigation then made.

STATE FOREST SERVICE.

During last year the preliminary organization of the State Forest Service was undertaken, as outlined in the Director's report to the Commissioner of State Forests and which has been presented to Parliament. This important work has involved the subdivision of the country into conservation regions, the appointment of the necessary preliminary skeleton staff, and the securing of office accommodation and equipment.

Under the authority of the State Forests Amendment Act, 1919, 1,518,756 acres of national-endowment lands have during the year been proclaimed provisional State forests, and under section 34 of the War Legislation and Statute Law Amendment Act, 1918, 269,252 acres of Crown land have been similarly proclaimed. With areas previously proclaimed the total area of provisional State forests is now 5,134,651 acres.

These provisional State forests will be carefully examined by Forestry officers, and areas found to be more suitable for settlement will, after disposal of the timber, be withdrawn from reservation and made available for settlement. Proposals to ensure the future efficient management of permanent State forests are now being prepared by the Director of Forestry.

At the plantations the total area planted with exotic timber-trees during the year was 1,381 acres. This area is the smallest planted for some years, and this is accounted for by the fact that the plantations had not received proper attention during the war. Work was therefore largely devoted to replanting and consolidating the area previously planted.

The net expenditure for the year was £79,551, an increase of £12,732 on the previous year's figures. The increase is due mainly to the increased rate of wages, the purchase of technical instruments, materials, office fittings, and the building operations at the plantations. Much of this expenditure will, however, be non-recurring. The revenue was £19,697, an increase of £11,183, and was derived mostly from royalties. The borrowing-powers under the Finance Acts of 1916 and 1918 were increased under section 16 of the Finance Act, 1920, by £250,000, the total authority now being £500,000. The unexpended balance of the total authority at the end of the financial year was £300,000, which at the present rate of expenditure will be sufficient for three years, but this does not allow for the purchase of timber-bearing lands. To allow the carrying-out of predesigned plans for systematic forest management over a number of years it is advisable that suitable financial provision should be made.

In order that men with full technical training in forestry may be available for employment as officers in the State Forest Service it is essential that a School of Forestry be established at the earliest possible date in connection with one of the University Colleges.

DEPARTMENT OF AGRICULTURE.

The 1920-21 financial year marked the end of the Imperial Government purchases of wool, frozen meat, and dairy-produce. The wool market has unfortunately been very depressed, but there are present evidences of an improvement in prices which are encouraging.

The frozen-meat market after the termination of the Government purchase proved less satisfactory than was anticipated. While all classes of exportable produce have been heavily burdened by high shipping-freight charges, it may be said that frozen meat has suffered to the greatest extent. It had been thought that an additional market for our frozen meat would have been found in America, but this market proved a disappointment; and, moreover, a large quantity of lamb and mutton sold by the Imperial Government to American buyers was reshipped to London, where it naturally affected the market for privately owned meat shipped direct from New Zealand. Notwithstanding this temporary drawback, selling-prices of lamb at the market end have remained good, and there seems reason for being hopeful as to the outlook for lamb for the coming season.

Dairy-produce maintained a high standard of values throughout the year, and the monetary return accruing constituted a marked feature of the Dominion's income.

Markets for some subsidiary products—tallow, pelts, hides, canned meats—fell heavily, but those of dairy origin (casein, dried and preserved milks, &c.) maintained good values. It is anticipated that the fall in values of tallow, pelts, hides, and canned meats will be succeeded by gradually improving markets as accumulations are disposed of and consumption becomes normal.

In connection with exports of primary products mention must be made of the shipments of fruit sent to England. These were under a guarantee from the Government of a minimum price to the shipper (either a *bona fide* grower or a growers' co-operative organization), and sold at prices which rendered any guaranteed payment unnecessary. Some small shipments of fruit were also made to Honolulu, where about three thousand cases of apples were sold at satisfactory prices. Another useful export industry, in a restricted degree, is that of honey.

The flax industry has not been encouraging. To ensure the future of this industry flax-millers must, if possible, raise the standard of quality of their output.

The quantities and assessed values of the principal primary products exported during the year were as follows (it should be noted that a considerable proportion of the wool and meat, and almost the whole of the butter, were shipped on Imperial Government account):—

	Quantities.	Values. £
Wool	155,519,094 lb.	10,297,340
Frozen meat—		
Mutton	2,720,000 cwt.	6,444,213
Lamb	1,342,193 cwt.	3,994,398
Beef	810,322 cwt.	1,834,113
Mutton and lamb joints	20,493 cwt.	55,450
Canned meats	114,039 cwt.	523,759
Butter	476,730 cwt.	6,114,464
Cheese	1,208,263 cwt.	6,514,519
Casein	36,310 cwt.	134,085
Dried milk	14,635,675 lb.	876,833
Tallow	31,626 tons	1,853,753
Pelts	24,451,045 lb.	2,661,517
Hides	272,213 number	845,873
Other animal by-products	.. .. .	395,819
Flax	16,232 tons	553,246
Fruit	1,400,369 lb.	15,082
Honey	854,918 lb.	30,962
Total .. .. .	.. .. .	<u>£43,145,426</u>

The value of the total exports from all sources was £48,219,672.

In regard to cereal crops, a larger area has been sown in wheat than in the previous year, the comparison being—1919–20, 142,000 acres; 1920–21, 213,900 acres (estimated); or an approximate increase of 71,900 acres. There has been a decrease in the area under oats, the acreage being—1919–20, 576,000 acres; and 1920–21, 468,700 acres (estimated). The yields for both crops so far have been good, the latest figures available showing 32·96 bushels per acre for wheat and 36·71 for oats.

Prices for oats and barley have shown a marked decline, on account of the considerable carry-over of both these lines from the previous season.

As regards the live-stock in the Dominion, the 1919–20 sheep returns show a decrease of 1,914,048, thus bringing our aggregate number of sheep back to the level existing in the year 1912; and the interim returns for 1920–21 show a still further decrease. One point to be borne in mind in connection with this is the increased area devoted to dairying and to cereals, which has considerably reduced the amount of grazing-country available for sheep.

A further increase in the number of cattle has taken place.

The fruit industry continues to develop in spite of the serious handicap brought about by war conditions, which, amongst other things, caused a cessation of shipments to South American ports, where a good market was being built up. It is satisfactory to note that there is every probability of shipping being again available for this trade. The principle of co-operation is extending among fruitgrowers, and, given all-round wise and businesslike management, this movement will prove of material advantage in building up this industry.

The poultry industry is making good progress, and if it continues to develop as at present it will become an increasingly valuable asset to the Dominion.

In view of present-day conditions it is obvious that our volume of exports must be kept up to the highest possible standard, both as regards quantity and quality. Farming-methods in the Dominion are good; yet there are many matters in connection with them in which the application of technical knowledge to everyday farming practice can be of material aid in increasing and improving the output.

During the year the services of the Department's expert and instructional officers have been freely availed of by the farming community. In conjunction with the technical branch of the Auckland Education Board, farm schools for teachers and farmers have been successfully held at Ruakura Farm of Instruction. The demand for vacancies as learners, and from returned soldiers for tuition in farming, is still very marked.

Including the gross returns from the State farms, but excluding the wool produced which is still held on the premises, the revenue to the Department amounted in the aggregate to £67,770, to which must be added £26,355 which has to be paid into special accounts, thus making a total of £94,125.

Details of the receipts are as follows :—

1. Sales of stock and produce from experimental farms and areas, also horticultural and poultry stations	£
2. Quarantine-stations sustenance fees, &c., for imported live-stock	38,782
3. Sale of poison for destruction of rabbits	2,452
4. Fees for semi-official testing of pure-bred dairy cows and cow-testing associations	9,164
5. Dairy-produce-grading fees	3,587
6. Sales of <i>Journal of Agriculture</i> and photographic material.. .. .	695
7. Fees for testing of seeds	3,109
8. Fees for fumigation and destruction of imported diseased fruit	533
9. Miscellaneous	323
	9,125
	<hr/>
	£67,770
	<hr/>

To enable the Department to meet the shortage of winter supplies of butter by purchases for local consumption, a vote of £300,000 was taken. The total actual expenditure under this item was £331,872, while the total proceeds of sales by the Department amounted to £332,763. In addition, the undermentioned revenue, totalling £26,355, was received. These sums are not credited to the Department's

vote, but are treated as credits to the various Acts named which are administered by the Department:—

10. Slaughtering and Inspection Act: Meat and inspection fees	..	..	..	£	19,364
11. Dairy Industry Act: Dairy registration fees	..	..	..	..	1,928
12. Orchard and Garden Diseases Act: Nursery registration fees	..	..	..	..	480
13. Stock Act—				£	
Brand registration fees	..	..	..	..	2,298
Proceeds from sale of condemned stock	..	..	..	..	2,285
					4,583
					£26,355

Owing to the depreciation in values of farm-produce, credits to the vote may be expected in the current financial year to be less than in the preceding year.

A large proportion of the expenditure was incurred in the inspection of stock, dairies, rabbits, and noxious-weeds. Whilst giving no direct monetary return, these services are of indirect value to the Dominion, in enabling its output of exportable primary products to be maintained to the best advantage. With the hearty co-operation of farmers this expenditure could be reduced and the services of capable officers diverted to development work.

An additional responsibility has been entrusted to the Department in the handling of business in connection with phosphate from Nauru and Ocean Islands. The preliminaries in connection with the transfer of the Pacific Phosphate Company's interests in the phosphate deposits on these islands to the Governments of Great Britain, Australia, and New Zealand were rather lengthy, but the Commissioners appointed by the three Governments concerned have now full control of the undertaking.

Abnormal conditions have prevailed in the fertilizer-market, which have militated against the full use of this source of supply. In the early part of 1920 supplies of fertilizers were short, and eagerly sought in every market. The same factors which operated in respect of other commodities applied in the case of the fertilizer trade, and the world-wide depression found importers with heavy stocks of high-priced fertilizers in the face of a reduced demand and falling values. This restricted dealings in the Nauru and Ocean Islands product, but orders are now coming in. The price at which the Government is able to offer the rock is much below the price previously ruling. It is anticipated that from now onwards the volume of business will steadily increase.

In terms of the Nauru agreement the phosphate business purchased is required to pay interest and sinking fund on the amount advanced for the purchase, and a first payment on account of interest and sinking fund has been received by the Government from the undertaking.

The decrease in the aggregate vote of the Department is due to the removal to another account of the expenditure incurred in connection with the Board of Trade and the Industries and Commerce Department, which previously had been included in the vote for the Department of Agriculture.

STATE ADVANCES OFFICE.

It will be seen from the annual report and balance-sheet presented to Parliament that this Department is still lending money to settlers, workers, and local bodies for their various purposes at $4\frac{1}{2}$ per cent., a rate of interest which, under existing conditions, is extraordinarily low.

Although the financial stringency has caused very heavy demands to be made on the funds of the Office, honourable members will be pleased to learn that owing to the exercise of care by the Board during the war period the Office has been able to continue its operations without interruption.

During the past year 2,077 settlers have been assisted to the extent of £1,105,430, under those provisions of the Act which authorize the granting of loans to settlers.

Workers also continue to take advantage of the Act, and loans were granted to 1,560 applicants, amounting to £718,550, during the year.

The rate of interest to both settlers and workers is 5 per cent., less $\frac{1}{2}$ per cent. if payment is made within fourteen days of the due date, and it is a noteworthy fact that despite the financial stress the half-yearly payments have been paid as promptly as usual. This is due, no doubt, to the provision for granting $\frac{1}{2}$ per cent. rebate for prompt payment.

The total sum lent to local bodies during the year was £689,225 at $4\frac{1}{2}$ per cent.

A very large amount of money has been lent by this Department during the past two years to assist persons in the purchase or erection of homes, as will be seen from the following table :—

LOANS AUTHORIZED FROM 1ST APRIL, 1919, TO 31ST MARCH, 1921.

	£
To build houses or purchase homes—	
To settlers	2,269 1,129,990
To workers	2,641 1,139,185
To release mortgages on home properties—	
To settlers	561 205,905
To erect workers' dwellings—	
To local authorities	59 317,700
	£2,792,780
	£2,792,780

It will thus be seen that for housing purposes this Office has within a period of two years loaned the large sum of £2,792,780.

From the date the Department first commenced business (March, 1895) to the 31st March, 1921, the amount paid over is as follows :—

	£
To settlers	19,826,040
To workers	4,446,685
To local authorities	3,856,570
	£28,129,295
	£28,129,295

After deducting the repayments from this total, the amount of mortgages outstanding on the 31st March last was £13,876,165.

The record of this Department since its inception in 1895 is worthy of notice.

NAVAL DEFENCE.

THE "CHATHAM."

The light cruiser "Chatham," presented as a free gift to the New Zealand Government, commissioned at Chatham on the 1st October, 1920, and left England on the 21st idem, arriving in New Zealand waters three months later, having visited certain of the Pacific islands, including British Samoa, *en route*. She is commissioned with a reduced complement of 353 instead of a full complement of 495, in order to avoid expense and to admit of absorption of the New Zealand recruits when trained.

After a short stay at Auckland the "Chatham" visited Wellington and assisted in getting the "Philomel" ready for service as a training-ship. She has since successfully carried out annual gunnery and torpedo exercises in the Hauraki Gulf, on completion of which she visited the principal east coast ports of the Dominion.

After docking at Devonport in July she left on a cruise, which included the principal ports of the various groups of islands in the Pacific. This is in accordance with a request from the Admiralty that the "Chatham" should be employed in the general work of the station as well as H.M.S. "Veronica." This latter vessel is an Imperial unit employed on this station, but has twice visited British Samoa and the Island of Niue. She was employed in New Zealand waters as far as possible during the "Chatham's" visit to the islands. The "Chatham" will visit other principal ports of the Dominion during the summer months.

THE "PHILOMEL."

H.M.S. "Philomel," which was paid off after service during the war, has been fitted out as a training-ship, and is now moored near the Admiralty reservation at Devonport. The reservation provides ample facilities for the necessary recreation of the boys under training, without incurring expense for rent of grounds. Training commenced in May, and when the "Chatham" left on her island cruise thirty seamen (boys and youths) and twenty-four stokers had been recruited, of which numbers half were drafted to the "Chatham" before sailing. The first entry was limited, as accommodation in the "Philomel" did not admit of her receiving larger numbers. The recruiting of boys at a younger age, requiring a more intensive and longer course of training, was commenced on the 1st August.

Ratings are being entered in twelve-year engagements, on a system of deferred pay in lieu of pension, as in the Royal Australian Navy, with the option of re-engaging for Naval service at the expiration of such term. Ratings on discharge are required to join the Reserve until reaching the age of forty years, for service in time of war.

NEW ZEALAND ROYAL NAVAL RESERVE.

The wording of the Naval Defence Act, 1913, precludes the possibility of forming a Reserve of other than ex-Naval ratings, and you will be asked to pass an amending Bill to remove this obstacle and to admit of the proper formation of this very necessary arm of a Naval Division. Meanwhile, action is being taken to get into touch with the personnel who served in the Navy during the late war and are domiciled in New Zealand, and with the various departments, clubs, and organizations from whose members it is hoped to recruit a Reserve.

NAVY OFFICE, WELLINGTON.

A small administrative staff has been established with headquarters at Wellington, and a Naval Board constituted by Order in Council of the 14th March, 1921, to deal with or advise on the more important matters that may arise.

COAL RESERVES.

Reserves, each of about 1,500 tons, of Westport coal have been established for naval use at Devonport (Auckland) and Suva.

SUMMARY AND ESTIMATE.

A base for stores, repairs, and docking is an essential. Owing to the Admiralty subsidy to the Auckland Harbour Board for the priority use of the Calliope Dock, workshops, &c., and the courtesy of that Board, such a base has been established at a minimum of cost, as will be seen from the very small amounts asked for docking and repairing of ships and storage of essentials.

With the exception of the establishment of the "Philomel" as a training-school for seamen and stoker ratings for the New Zealand Division, the commencement on a small scale with a Reserve of officers and wireless ratings, and the establishment of coal-stocks at Auckland and Suva, no new work—such as building of magazines or defence of the base—has been provided for.

With these exceptions, the estimates are purely for maintenance and upkeep of the "Chatham" and "Philomel," the payment, victualling, &c., of the personnel, and for administrative charges. The sum required for the financial year is estimated to amount to £249,310, in addition to which the sum of £86,472 is, for the reasons given in the estimates, required to be revoted out of the amount unexpended last year (which amounted to £211,383), making a total sum asked for of £335,782.

DEFENCE DEPARTMENT.

The expenditure out of the Consolidated Fund for Defence administration during the year ended 31st March, 1921, amounted to £531,042, or £108,211 less than the amount appropriated. This saving has been effected chiefly by the tem-

porary abolition of the annual training in camp of Territorial units and by the closest attention to economy in all branches of the Department.

Included in the past year's expenditure is the cost of the following activities : Civil aviation, £12,700 ; rifle clubs, £16,620 : total, £29,320 — leaving the sum of £501,722, which was devoted to the training and preparation for war of the New Zealand Military Forces. This represents a *per capita* cost for purely land defence of 7s. 11d. for the population of the Dominion.

The New Zealand Military Forces have been reorganized during the past year. This reorganization has, unfortunately, entailed the abolition or amalgamation of a number of the old regiments and units of the Territorial Force, but this was found to be necessary to facilitate economy in administration.

Sufficient supplies of military equipment and ordnance stores have now been received from England to enable the whole of the Territorial Force to be rearmed and re-equipped with modern equipment.

WAR EXPENDITURE.

The activities arising from the war are rapidly diminishing, and are now limited almost entirely to repatriation, the issues of medals and other awards to individual members of the New Zealand Expeditionary Force, payments in connection with war expenses, and the administration of hospitals and after-care of disabled soldiers requiring medical treatment.

The War Accounts and Records Branch, which comprised a staff of 417 on the 1st April, 1920, is now reduced to 70, showing a reduction of 347 for the year.

The expenditure from the vote "War Expenses" for the past year was £3,170,118.

It was not found practicable to hand over the military hospitals to civil administration as early as originally intended, but arrangements have now been made to relieve the military authorities of the administrative responsibility connected with the after-care of ex-soldiers. It is anticipated that this change will enable economy to be effected without in any way prejudicing the interests of the soldiers.

REPATRIATION.

The Repatriation Department was set up for the purpose of re-establishing discharged soldiers in civil life, and up to the 31st March, 1921, assistance totalling £1,859,310 had been rendered to 50,181 men. Of this amount £1,524,352 is by way of loan, and it is gratifying to be able to report that repayments already total £508,592, or one-third of the amount advanced. The Department is now receiving repayments at an average rate of £35,000 per month.

SUMMARY OF ASSISTANCE RENDERED.

Nature of Assistance.	Number assisted.	Amount.
Loans :—		£
Established in business	5,516	1,019,066
Household furniture	10,367	484,798
Tools of trade	1,003	20,488
Grants—		
Training facilities, subsidies, &c.	6,858	324,762
Transportation to employment, &c... .. .	2,462	4,922
Unemployment sustenance	1,073	5,274
Placed in employment	22,902	..
Totals	50,181	£1,859,310

MINING.

The value of minerals entered for exportation and of the coal produced in the Dominion during 1920 amounted to £3,431,391, as against £4,424,689 during the previous year.

With the exception of mixed minerals, manganese, and kauri-gum, a decline was experienced in the production, the net decrease being £993,298. The decline was due mainly to the increased cost of labour and of materials, to shortage of labour, and to the lower grade of minerals won.

The State collieries produced 147,421 tons of coal, as against 167,595 tons during the preceding year. The decrease was due to the closing-down of the Point Elizabeth Colliery on the 31st March, 1920. The profit of winning coal at the mines was £11,203, and the loss made by the depots was £4,310. With the aid of several recoveries and interest received the net profit on the year's transactions was £13,140.

The total output of coal from the mines of the Dominion for the year 1920 was 1,843,705 tons, a decrease of 4,143 tons as compared with the previous year. For the year 1919 the decrease was 186,402 tons as compared with 1918. The decrease in the coal-output may be attributed to shortage of labour and to industrial and other troubles.

Considerable financial assistance has been afforded to the mining industry during the past year by way of loans and subsidies under the Mining Acts. Further monetary assistance was also granted towards the expense of boring for oil.

Extensive use was made of the Government prospecting-drills. During the year six parties hired the drills, and an aggregate of 6,822 ft. was bored in search of coal, alluvial gold, and cinnabar lodes. A working-area of coal was thereby proved in Canterbury, and the continuation of a cinnabar lode was proved in North Auckland. A discovery of interest was made about the end of the year upon an outlying portion of the Inangahua Goldfield by two Government-subsidized prospectors. More development will, however, have to be carried out before a definite opinion can be expressed as to the future prospects of such discovery.

LABOUR DEPARTMENT.

During the early part of the year a great deal of difficulty arose in connection with the problem of the increase in the cost of living, but it is pleasing to record that in the majority of cases amicable settlements were arrived at. Towards the end of the financial year further difficulties resulting in some unemployment obtruded themselves in consequence of the pressure on the country's finances. The position was relieved as far as practicable by the establishment of relief works. Compared with the conditions experienced in the United Kingdom, America, and even Australia, however, the amount of unemployment in the Dominion was light and little in excess of that which naturally occurs during the winter months, but which was not experienced during the war period owing to the abnormal circumstances then existing.

It is proposed, during the present session, to consolidate the Shops and Offices Acts and introduce amendments for the removal of anomalies which have created difficulties in administration. The Industrial Conciliation and Arbitration Act will also be consolidated and amended.

The difficulty which has arisen in connection with the position of the unions' nominated member of the Court of Arbitration has necessitated several amendments in the procedure for filling such vacancies.

It is hoped to complete this year the consolidation and amendment of the Factories Act and the Workers' Compensation for Accidents Act.

HOUSING.

The erection of workers' dwellings was retarded very much during the earlier portion of the year owing to builders being unwilling to tender at a satisfactory and fixed price, and also to the difficulty in obtaining materials; consequently it was impossible in many cases to arrange for contracts for dwellings at a price

within the statutory limit of £1,000. Every effort was made to proceed with the dwellings by other means, such as by employing day labour or by letting small contracts to workmen or groups of workmen for labour only, the Department supplying the materials and advancing the money as the work proceeded.

The total number of dwellings built or otherwise provided, including those still in course of erection, is 508, and their estimated total cost is £466,000 (including land and administration charges).

These figures include ninety-six houses purchased by the Department for applicants.

Local authorities have taken advantage of the provisions of Part V of the Housing Act, enabling them to obtain loans for the erection of dwellings in their respective districts. Up to the 22nd June applications were entertained for a total sum of £333,380, whilst £106,000 had been actually paid over.

A few applications have been made by employers under Part III of the Act for loans to enable them to provide dwellings for their employees, and loans for thirteen houses have been granted.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

The Department of Industries and Commerce has extended its organization and operations since the last Financial Statement was submitted to the House. The Department now deals with economic and accountancy investigations, overseas trade and shipping, New Zealand industries, business methods and price-control, and has offices at Auckland, Wellington, Christchurch, and Dunedin.

In the past the Department's activities have been concerned mainly with price-fixation, rationing of commodities, and the suppression of "profiteering." In March, 1920, price-investigation tribunals were formed in each of the main centres, and these bodies conducted a large number of investigations into complaints made by the public. For the period ended 31st March, 1921, the tribunals investigated 1,479 complaints, as follows: Auckland City and country districts, 566; Wellington City and country districts, 421; Canterbury, Marlborough, Nelson, and Westland, 260; Otago and Southland, 232.

Returns show that 902 cases were dismissed, the investigations showing that the prices were not unreasonable, and 189 complaints were dropped owing to insufficient evidence. In a further 222 cases the tribunals arranged refunds and adjustments. In all, twenty-seven cases were brought before the Courts for charging prices which were deemed to be unreasonably high, and convictions were obtained in seventeen cases, fines amounting to £4,545 being inflicted. The work of the tribunals assisted the Board in its general supervision of prices, and resulted in considerable savings to the consumers. Now that prices are tending to decline there is not the same necessity for the work of these tribunals, and they have accordingly been disbanded. In future the investigations will be conducted by the permanent officers of the Department.

During the past twelve months the Department has controlled the whole of the distribution of sugar for the Dominion. On the 1st July, 1920, the Board of Trade entered into an agreement with the Colonial Sugar-refining Company to buy raw sugar f.o.b. Fiji, to pay transportation charges to Chelsea and actual cost of refining, and to distribute the resulting refined sugar and by-products to the ultimate consumers. Under the agreement just expired the Government bought raw sugar at £35 10s. per ton f.o.b. Fiji, and the maximum retail price of the refined sugar was fixed at 6½d. per pound. Full particulars of the work done in this connection will be laid before Parliament in the annual report of the Department.

Owing to the acute demand for building-materials, mainly timber, bricks, and cement, regulations were gazetted on the 29th June, 1920, providing that construction works might proceed only by permit from the Board of Trade. These regulations were administered so as to ensure that the available supplies of such materials were used for essential purposes only. Immediately supplies became normal the restrictions were relaxed.

For the purpose of ensuring sufficient wheat being grown for the Dominion's requirements the Government again guaranteed the prices to be paid to farmers for

the season 1920–21. Co-relative prices were fixed for flour, bran, pollard, and bread. The purchase, sale, and distribution of wheat is conducted by the Government through the agency of the Wheat-control Office at Christchurch.

COAL-CONTROL.

In consequence of largely increased importations from overseas during the year under review it has been possible to make larger allocations to public services, industries, and trade generally, and also to build up reserve stocks.

The organization set up under the Coal-trade Regulations, 1917, enabled the best possible distribution of available supplies to be made in the national interests, and in addition has adequately protected the interests of all consumers of coal.

The total output of the Dominion mines for the year amounted to 1,843,705 tons, as against 1,847,848 tons for 1919, a decrease of 4,143 tons. Importations reached a total of 647,077 tons as compared with 455,494 tons imported last year—an increase of 191,583 tons.

In order to supplement local and Australian supplies the Railway Department arranged for a considerable quantity of coal from other sources, and this has permitted larger allocations to be made for essential industries and other public services.

The following table shows the output of bituminous and semi-bituminous coal from 1914 to 1920 inclusive, also importations for the same period :—

Year.				New Zealand Mines.	Importations.
				Tons.	Tons.
1914	..	..	..	1,494,315	518,070
1915	..	..	..	1,404,400	353,471
1916	..	..	..	1,422,074	293,956
1917	..	..	..	1,247,989	291,597
1918	..	..	..	1,122,308	255,332
1919	..	..	..	961,107	455,494
1920	..	..	..	923,575	647,077

The falling-off in output (as shown above) for last year when compared with the previous year amounted to 37,532 tons, but it will be observed that there has been a steady decline from 1914 onwards, with the exception of the year 1916, which showed an increase of 17,674 tons over the preceding year.

The figures for the current year show an improvement in the production of bituminous coal, and if work continues uninterruptedly at the various mines on the West Coast the Dominion in the near future will be less dependent on outside sources of supply.

About July last the Commonwealth authorities, in view of the prevailing shortage of coal in the principal States, inaugurated a system of control over the export of Maitland coals from Newcastle. Inter-State shipping under this system received first preference, New Zealand and foreign vessels ranking next in order for permits. As the Dominion depends largely on regular supplies of Maitland coal for maintaining railway services, gasworks, and other essential industries, this restriction seriously affected the supply and resulted in delaying vessels engaged in the Newcastle–New Zealand trade, in some cases for periods varying from six to eight weeks.

Frequent representations have been made to the Commonwealth authorities to treat New Zealand vessels on a parity with inter-State shipping, but without securing any modification in our favour. However, further negotiations are in progress, which may lead to some improvement.

I have been very glad to notice that our coal-mines are practically all at work, and that a very fine spirit prevails among our miners, who are anxious to supply New Zealand industries and homes with New Zealand coal. In a very short time the contracts which have been made for the supply of coal from other countries will have come to an end, and I trust we shall then be producing enough for our requirements.

PENSIONS.

The amounts issued during the year under this head are as follow :—

	Total Pensions.
	£
War pensions	1,886,952
Old-age pensions	731,236
Widows' pensions	187,402
Epidemic pensions	72,437
Military (Maori War) pensions	40,200
Miners' pensions	26,971
Police widows' pensions	436
	<u>£2,945,634</u>

Against this amount must be credited the sum of £32,637, representing £30,134 received from national endowments on account of old-age pensions, and £2,503 from gold duty in respect of miners' pensions.

Under the amending legislation of last year the allowance of £13 per annum by way of bonus granted under the Finance Act, 1917, was incorporated in the old-age and Maori War pensions, making the maximum now £39 and £49 per annum respectively.

Miners' pensions were increased to £1 15s. a week for married men and £1 5s. a week for single men.

Miner and Maori War pensioners are now permitted to be absent from New Zealand for a period not exceeding two years without loss of pension.

Epidemic pensions represent payments made from the vote provided to relieve distress arising out of the influenza epidemic of 1918; formerly this service was administered by the Public Health Department through the Hospital Boards.

The total number of pensions in force at close of year, the annual values thereof, and the amount of the average pension are as follow :—

	Number.	Annual Value.	Average Pension.
		£	£
War pensions	31,764	1,748,865	55
Old-age pensions	19,837	737,378	37
Widows' pensions	3,421	198,767	58
Maori War pensions	811	39,739	49
Miners' pensions	474	29,686	63
Epidemic pensions	849	71,486	84
Police widows' pensions	5	390	78
	<u>57,161</u>	<u>£2,826,311</u>	<u>..</u>

WAR PENSIONS.

The payment for war pensions shows a slight increase during the year; the figures compared with those of the previous year are as follow :—

	1919-20.	1920-21.
	£	£
Payments made in New Zealand	1,752,900	1,754,382
Payments made in London	58,447	72,994
Payments made in Australia .. .. .	..	30,849
Payments made in Canada	474	..
Other foreign payments	258	252
Allotments paid after casualty .. .. .	..	28,475
Lump-sum payments	340	..
Totals	<u>£1,812,419</u>	<u>£1,886,952</u>

The annual values of the pensions in force at the 31st March, 1921, are as set out hereunder :—

Class of Pension.	Number.	Annual Value. £	Average. £
Soldiers (permanent)	3,215	183,032	57
Soldiers (temporary)	19,133	1,044,821	55
Dependants (temporary)	1,371	91,149	66
Widows of soldiers	2,034	226,932	112
Other dependants of deceased soldiers.. .. .	6,011	202,931	34
	<u>31,764</u>	<u>£1,748,865</u>	<u>£55</u>

The actual payments made to war pensioners since the inception of the war-pensions legislation in August, 1915, total £5,608,870.

The amending legislation of last year provided for the setting-up of a Medical Appeal Board to deal with cases where the pensioner was not satisfied with the amount of pension allotted, and also cases where pensions had been refused owing to the fact that death or disablement had not been due to or aggravated by war service. This Board has been appointed, and has already held sittings in various parts of the Dominion.

Power was also given to the War Pensions Board to expend an additional sum of £50,000 per annum among totally disabled soldiers. The full amount has been disbursed between soldiers in hospital, totally blinded soldiers, soldiers suffering from double amputations, and soldiers otherwise totally disabled.

NATIONAL PROVIDENT FUND AND FRIENDLY SOCIETIES.

The operations of the National Provident Fund during the last year indicate a substantial rate of progress. The number of new entrants was 6,000, which is a record for any year since the initiation of the scheme. The total contributors at the 31st December, 1920, was 19,724. The contribution income showed a substantial increase, amounting to £110,594, whilst the gross income from all sources amounted to £158,474, compared with £73,872 and £105,498 respectively for the previous year. The total of the fund increased from £338,729 to £473,360. The amount paid out in allowances to annuitants and for widows and children during the year amounted to £5,890. The sum of £31,972 was expended through the fund for maternity allowances—£6,654 to contributors and £25,318 to members of approved friendly societies. The payment of this allowance to the members of approved friendly societies has proved a valuable aid in raising the membership of these institutions. The percentage rate of increase is the highest since 1908.

TOURIST AND HEALTH RESORTS.

This Department has had an exceptionally busy year, and the accommodation at the various resorts was taxed to the utmost. The revenue from all sources amounted to £51,038, an increase of £8,820 over the previous year.

A large number of visitors was attracted from overseas. The expenditure for the year, which was estimated at £88,474, amounted to £93,619 net.

MARINE DEPARTMENT.

LIGHTHOUSES.

New cranes have been erected at Cuvier Island and Stephen Island lighthouses, much facilitating the work of landing stores. New dwellings are now in course of erection at Cape Maria van Diemen lighthouse, and steps are being taken to erect new ones at Cape Campbell.

The automatic lights for Gable End Foreland, Ohena Island, Ninepins, and Taiaroa Head have been received, and the necessary steps will be taken to install them, and also the one ordered for Tiritiri, as opportunity offers.

HARBOURS.

A large number of plans of works to be carried out by Harbour Boards have been approved. Buoys and beacons have been overhauled, cleaned, and painted, and new moorings put down where required.

FISHERIES.

Regulations under the Fishing Industry Promotion Act, 1919, have been prepared, and applications for advances are now being received and dealt with, a number of advances having already been made for the purchase of fishing-vessels.

The acclimatization of the quinnat salmon, which has been engaging the attention of the Department for some years, is now successfully established, and very large numbers of big fish are each year "running" in the southern rivers.

GOVERNMENT STEAMERS.

S.S. "Hinemoa."—This vessel has carried out the work of attending to the various lighthouses and coastal buoys and beacons controlled by the Department.

Training-ship "Amokura."—This vessel has had a full complement of boys during the year, but has been unable to proceed to sea owing to her condition. She has therefore been kept in Wellington Harbour, and the boys have received as much training, without the actual sea experience, as it has been possible to give them.

The Government has not yet obtained a suitable vessel to replace the "Amokura." H.M.S. "Diamond" was offered by the Admiralty, but the cost of converting her to suit the requirements of the training scheme would have been so great that it was considered inadvisable to proceed with the work.

S.S. "Tutanekai."—This vessel has been engaged during the year in relieving the "Hinemoa," and in other services on behalf of the Government.

PUBLIC WORKS DEPARTMENT.

Public works of various types, principally consisting of railway construction, building, improving and maintenance of roads, development of hydro-electric power, erection and maintenance of public buildings, river control, and irrigation of arid lands, have been proceeded with

On those railways which are considered of special importance construction has been accelerated, and others, which on account of the state of advancement of construction could not reasonably be discontinued, have been proceeded with at the average past rate. As these minor lines are finished it will be possible to further advance the policy of concentration, under which the works on any chosen line will be completed more economically and rapidly, and under which all lines will probably be completed sooner than would be the case if an attempt were made to construct them simultaneously.

Legislation dealing with the construction and maintenance of main roads has been prepared and will be submitted to Parliament. Roads to open up the undeveloped portion of the Dominion have been constructed as in the past, and this work will be continued in order to promote the productivity of the lands still awaiting settlement. Assistance in roadmaking of the partially developed regions will be accorded on the principle that those who help themselves are entitled to recognition and encouragement.

As with railways, so with hydro-electric works. The easing of the world's markets has enabled the purchase of plant and material to be proceeded with, and the works in hand have been vigorously pushed on. The Department now has in hand the increasing of the Lake Coleridge scheme, the developing of Mangahao scheme to its ultimate capacity, the extension of the Horahora scheme up to the maximum power available at that site, the installation and the first stage at Lake Waikaremoana, and in addition has been rendering substantial assistance to the Southland Electric Power Board, also making arrangements to assist the Dunedin City Corporation to duplicate its present plant, if such assistance be needed. The reason for the latter action is that arrangements

are in train whereby it is hoped that the State system will be linked with the Dunedin plant and draw power-supply therefrom for a period of years until the demand of Dunedin itself equals the power which can be economically generated at its Waipori Station. By that time the Government will have developed one of the several available sources of power which have been investigated, or which may later on be found suitable.

The work of improving the streams of the Waihou and Ohinemuri Rivers and building levees along their banks to protect the adjacent low-lying lands against flood-overflow and thereby permitting their draining, and to prevent further damage from mining-silt and other debris which is emptied into these streams by mining companies and drainage and other operations further up, has been vigorously proceeded with, and fresh plant which has recently been obtained will enable better progress to be made in the future.

The construction of waterworks to lead water on to arid and semi-arid lands in Central Otago has made substantial progress, and during this year water will be supplied to a large additional area. The utilization of water on lands already commanded is steadily increasing, and the revenue while far from the maximum to be ultimately received already renders the scheme self-supporting. It is proposed to proceed with this important work which, in addition to being practically profit-earning, will greatly increase the productivity of Central Otago, and consequently the Dominion as a whole.

A considerable amount of the most up-to-date machinery has been procured and is now mostly at work. The result so far has been good, and as the men working in connection with the machinery become more accustomed to the new conditions further improvement may be confidently looked for. Ample labour has been available, and in view of unemployment considerable work has been opened up which would not otherwise have been commenced. Purchases of material which had been held over during the war were proceeded with, and old orders were filled as the world's markets became easier. As a result of these combined factors the expenditure has been greater than ever before. Financial proposals in connection with the prosecution of public works will be submitted for your consideration in due course.

IMMIGRATION.

The Government immigration policy of "open nomination," together with the extra facilities offered under the "applied passages" scheme for special classes of skilled labour and the Imperial Government scheme of "overseas settlement within the Empire," have had the effect of showing a healthy expansion of the immigration movement during the past twelve months. Large numbers have been absorbed without disturbing the industrial conditions of the country, which is evidence of the capacity of the Dominion for absorbing immigrants of the right type.

INSURANCE OF PUBLIC BUILDINGS.

On the 31st March, 1921, the balance at credit of the special sinking fund established in 1913 for the purpose of covering losses on public buildings destroyed by fire was £59,727. In addition to the annual contribution of £10,000 out of the Consolidated Fund, a further sum of £3,496, representing interest and bonus, was added to the fund by the Public Trustee, whilst claims amounting to £16,187 were paid, the whole of which, with the exception of £25, represented expenditure on rebuilding and restoring school-buildings destroyed by fire.

STATE FIRE INSURANCE.

The State Fire Insurance Office has again had a most successful year, and the previous year's figures have been greatly exceeded. After providing £9,510 for reserve for unearned premiums, £3,000 for investment fluctuation reserve, and £15,567 for income-tax, the surplus for the year amounted to £47,210—over £10,000 more than last year.

The total sum underwritten amounted to £32,770,954, representing an increase over the previous year's figures of over £6,500,000; and the total net income for the year exceeded that of the previous year by £25,105.

The accumulated funds at the end of the year totalled £316,057, an increase of over £59,000 for the period.

PRINTING AND STATIONERY DEPARTMENT.

There has been a considerable drop in the prices of paper and stationery within the past few months, and the cost of printing-materials is also a little easier.

New machines have been installed during the year. Of the £10,000 voted last year for machinery, £7,000 has been expended, and commitments made for a further £6,000, so that it is necessary to ask for £8,500 to be again voted under this head.

In the past, though credit has been taken for work done for individual Departments for such publications as the *Gazette*, Statutes, *Kahiti*, Journals and Appendices, Bills, Order Papers, &c., the relative votes have not been debited; but in future the cost of printing-work executed for Departments will be recovered by transfer.

The total value of printing for the year (exclusive of stamps) was £196,838; and the value of the stationery supplied to Departments was £28,415 6s. 4d.

EDUCATION.

The expenditure during the last financial year out of the Consolidated Fund on education, including £102,972 under special Acts and £171,071 from education-reserve and national-endowment revenue, was £2,734,159. To this has to be added expenditure on school buildings, £244,722, out of the Public Works Fund, and £214,571 out of the education-purposes loan, making a total from Government sources of £3,193,452—or, if the expenditure from income from reserves held by the University colleges and the secondary schools, amounting to approximately £75,000, is included, a total of nearly £3,300,000. This expenditure exceeds that for the previous financial year by about £678,000, of which £300,000 represents increases in teachers' salaries, about £264,000 increased payments for new buildings, and £13,500 increased grants to the universities. The total of £3,300,000 is the highest expenditure yet incurred in any year upon education.

The increases provided last year in the salaries of all teachers in public, secondary, and technical schools, and the more liberal provision made for the training of young teachers with the view of attracting a greater number of entrants to the teaching profession, have already had an appreciable effect upon the supply of teachers, and, though in some districts it is still difficult to obtain suitable applicants, the numbers now offering are larger. There are 917 students in the training-colleges as against 500 three years ago. As these trainees complete their course Boards will be able to provide more efficient teachers, and the supply should soon become sufficient to remedy the difficulties experienced in the staffing of the larger schools.

Among other important changes introduced recently is the provision for exchange of teachers with other countries. In order to give our teachers better opportunities of becoming familiar with other education systems arrangements have been made for giving a number of teachers experience in other parts of the Empire, and already several are engaged temporarily in the schools of Canada and Great Britain, while teachers from abroad are similarly employed in New Zealand.

During last financial year the expenditure on new school buildings amounted to nearly £500,000, and was in excess of that of any previous year, and the commitments at the end of the year were also very large. Though in this way much has been done to provide school accommodation, it is recognized that much still remains to be done.

The work of the Department in connection with children committed to the care of the State, and with the feeble-minded, the deaf, and the blind, was further developed during the year by the extension of the probation and boarding-out

systems of dealing with the first-named class, by placing the feeble-minded boys in an institution separate from the older boys of the same type, and by the establishment in the large centres of special classes for the instruction of children who are partially deaf or whose speech is defective. For some time the Department has had under consideration the amendment of the Acts regarding child welfare, with the view of making better provisions for dealing with children requiring aid and protection, and it is proposed to submit legislation on the matter this session.

Reforms of curricula and improvements in the instruction will be of little value unless first of all the physical well-being of the children is secured. Steps have accordingly been taken to improve and extend the medical and dental services, which during the year were transferred to the control of the Health Department. The numbers of School Medical Inspectors and nurses have been increased, and arrangements are being made with the Hospital Boards for free treatment of children in necessitous cases—treatment that is being gradually more and more availed of. School dental clinics are already in operation; and a number of dental nurses are being specially trained in the treatment of children's teeth, and as these nurses complete their training the school dental system will be extended to other districts. It is hoped to develop gradually the school medical and dental work until it reaches all the schools, and the health of every child will be specially cared for.

VALUATION DEPARTMENT.

During the financial year ended 31st March, 1921, district valuation rolls for forty-eight districts were revised under the Valuation of Land Act, the number of separate properties inspected and revalued being one hundred and fifty thousand. The number of special valuations made for stamp-duty and death-duty assessment, for determining the prices paid for acquiring the freehold of Crown lands under the Land Laws Amendment Act, for assessing the value of Native lands in connection with applications for alienation, and for the purpose of advances on mortgage from the State lending Departments, approximated ten thousand.

The provisions of the Valuation of Land Amendment Act, 1920, relating to the constitution of the Assessment Court, became operative on the 31st March, 1921. A permanent President of the Court has been appointed. It is believed that the new Court will be able to keep in touch with the rapidly changing conditions which affect land-values, and will ensure consistency in valuations throughout the Dominion.

PUBLIC SERVICE SUPERANNUATION FUND.

The total number of contributors to the fund on the 31st December last was 15,387, and the total revenue for the year was £406,715, including members' contributions, £227,620; interest, £71,949; Government subsidies, £106,000. The total amount expended during the year was £192,007, which comprised retiring and other allowances, £132,073; refunds of contributions, £56,113; cost of administration, £3,790. The total number of superannuation allowances in force at the end of the year was 1,826, representing an annual aggregate payment of £142,719. The amount of the total fund invested on the 31st December last was £1,388,968.

TEACHERS' SUPERANNUATION FUND.

This fund amounted on the 31st December, 1920, to £599,303, an increase of £72,601 for the year. The amount invested was £583,572. The revenue for the year was £160,821, including contributions, £87,310; interest, £30,295; and Government subsidy, £43,000. The expenditure was £88,220, including retiring-allowances, £66,589, and refund of contributions, £19,590. The experience of the past few years has shown that there are many anomalies connected with the administration of the fund, and it is proposed to submit this session the legislation necessary to remove hardship and to improve the working and administration.

RAILWAYS SUPERANNUATION FUND.

This fund amounted on the 31st March, 1921, to £464,491, as compared with £408,232 on the 31st March, 1920.

The contribution from the Consolidated Fund for the year was £75,000.

GOVERNMENT INSURANCE DEPARTMENT.

In the Life Branch of this Department the past year has been a most successful one. New business amounting to £1,659,660 has been effected, which brings the total number of policies in force at the 31st December, 1920, to 57,321, representing a total insurance, with bonus additions, of £16,259,310. This is the largest new business the Department has transacted in any one year since its establishment.

The funds at the end of the year amounted to £5,542,552. Notwithstanding that claims arising out of the war and the influenza epidemic, amounting to £228,465, were paid during the triennium, an actuarial valuation of the Department's liabilities and assets as at the 31st December last disclosed a surplus of £238,704, of which £217,706 has been divided amongst the policy-holders, representing additions of £339,388 to the sum assured given above.

It is a matter of satisfaction that the Department's financial position has been maintained on so strong a basis as to enable it to meet the severe test imposed by the war and the influenza mortality, and yet show a large surplus upon a stringent valuation.

The operations of the Accident Branch have also been very successful, both the premium income (£29,852) and the interest income (£4,954, after deducting taxes) being greater than in any previous year. As a result of the year's operations the funds show an increase of £9,325, which, with one exception, is the largest increase for any one year.

During the year legislation was passed amending the law relating to workers' compensation. The amendments, which include an extension of the definition of a "worker," an increase in the maximum death payment, an increase in the rates of compensation from 50 to 55 per centum of the wages, and the granting of compensation from the date of the accident where the incapacity lasts three days or over, came into force on the 1st February last. As these amendments provide for substantial increases in the benefits, an increase in the rates of premium as from that date has been made necessary. In this connection it may be stated that the Department's careful tabulation of the whole of the New Zealand statistics relating to workers' compensation upon a scientific actuarial basis not only enabled it to furnish valuable and reliable data to the Legislature as to the cost of the increased benefits, but also placed it in a position to effectively regulate the rates to be charged in connection with workers' compensation insurance throughout New Zealand.

PUBLIC TRUST OFFICE.

The work of this Department has been further decentralized during the past year, and the administration of estates is now largely carried out by the Local Deputy Public Trustees controlling the districts where the assets of estates and the persons interested are located. This alteration in the system of control has been fully justified by results, and there is every reason to believe that the change has been fully appreciated by the public.

The organization of the Office has been further extended by the appointment of officers to the permanent charge of districts where the business warranted such a course, and it is confidently expected that by bringing the benefits of the Office under the immediate notice of the public in the remoter localities a further increase of business will result.

The value of the funds and assets under administration on the 31st March, 1921, was £22,364,319. The new estates placed in the Office during the year numbered 2,803. The amount advanced to local bodies and private mortgagors during the year amounted to £2,869,075, and the total funds invested are £13,636,815. The sum of £147,800 was invested in the Discharged Soldiers' Settlement Loan.

During the period of financial stringency preference has been given as far as possible to applications for loans from local bodies for the purpose of completing necessary public works. This policy will be continued.

The year's operations show a result appreciably lower than in any recent year. This is accounted for by two main factors—the increase in the salaries of the officers, and the granting of a higher rate of interest to the estates under administration. The bonus granted to officers led to an increase in the salary-list of £30,000, and the higher rate of interest granted to estates absorbed a further £45,000, so that provision had to be made for an additional sum of £75,000.

The reserve funds, consisting of investments in trustee securities, buildings, furniture, and equipment, now total £486,350—an amount which gives a feeling of security for the future. The Department is guaranteed by the State, but its success justifies the belief that the possibility of a call upon the Consolidated revenue is exceedingly remote.

The number of persons who deposit wills in the Office for safe custody continues to increase.

DEPARTMENT OF IMPERIAL GOVERNMENT SUPPLIES.

During the year under review the purchase of wool, sheep-skins, frozen meat, cheese, and butter on behalf of the Imperial Government was terminated.

The requisition of frozen meat ceased in respect of meat killed after the 30th June, 1920. The shipments since the purchase commenced on the 3rd March, 1915, total 3,456,527 quarters beef, 17,342,177 carcasses mutton, and 17,667,803 carcasses lamb.

The wool requisition terminated with wool of the 1919–20 clip delivered into store up to the 30th September, 1920. The contract with freezing companies for the purchase of slipe wool applied only to wool produced by them up to the 30th June, 1920. The purchase of sheep-skins terminated with skins delivered into brokers' stores up to the same date.

The total purchases of greasy wool amounted to 2,086,951 bales. In addition 261,652 bales of slipe wool have been purchased from freezing companies. The number of sheep-skins purchased on behalf of the Imperial Government and felled in the Dominion totals 7,666,864.

The requisition of cheese on behalf of the Imperial Government ceased with deliveries into store to the 1st July, 1920, and the number of crates shipped under the requisition was 3,137,769.

A contract was completed between producers and the Imperial Government in respect of the 1920–21 season's butter delivered into grading-store up to the 31st March, 1921, and the total purchases made under this contract amounted to 1,202,717 boxes. The total shipments of butter since the commencement of the requisition up to the 31st March last amount to 2,897,481 boxes.

WOOL PROFITS.

An amount of £1,619,069 was made available by His Majesty's Imperial Government, representing this Dominion's share of profits to the 31st March, 1919, on sales of wool by the Imperial Government for civilian use. This has been distributed through woolbrokers by cheques made out to the order of individual growers.

BUTTER EQUALIZATION FUND.

The arrangement made by the New Zealand Government, under which manufacturers of butter for household use within New Zealand were subsidized so as to ensure supplies of creamery butter to Dominion consumers at a reasonable price and at the same time give to the manufacturers of such butter a price on a parity with that obtained for butter requisitioned by the Imperial Government, has been concluded.

TOTAL PAYMENTS.

The total payments made by the Department from the 3rd March, 1915, to the 31st March, 1921, amounted to £158,576,644, as follow:—

	£
Wool	60,407,888
Sheep-skins	3,279,499
Frozen meat	53,039,535
Cheese	21,160,884
Butter	16,571,130
Hides	741,208
Scheelite	178,481
Other business	3,198,019
	£158,576,644
	£158,576,644

WESTERN SAMOA.

Civil government has been in operation in Western Samoa since the 1st May, 1920, although the mandate, as explicitly defined and confirmed by the Council of the League of Nations at its first assembly at Geneva, only reached the Dominion in April last. The mandate for Western Samoa does not differ in any respect from the principles embodied in the Treaty of Peace. It is now possible to make permanent provision for the government of the mandated territory, and the proposed legislation to take the place of the present Samoa Constitution Supplementary Orders has been circulated.

I regret that the meeting of the Imperial Conference at London prevented me from visiting Samoa during the recess and meeting the Samoan and European residents, but I will take the first opportunity that offers to pay my promised visit. The Minister of External Affairs recently paid a visit to the Group, and was impressed with the progress that has been made since the visit of the parliamentary party in March, 1920, notwithstanding the great difficulty experienced during this period in obtaining labour and supplies of all kinds. Many important questions affecting the Administration and the Crown estates were discussed with the Administrator and his officials, and settled during the visit. The Minister of External Affairs hopes to lay on the table this session a copy of the first report on Western Samoa, to be sent to the Council of the League of Nations pursuant to Article 6 of the mandate.

I regret to say that the sudden collapse of the copra and cocoa markets about December last, and the subsequent stagnation of trade, have seriously affected the revenues of the Samoan Treasury and Samoan Crown Estates Account for the current financial year. Fortunately, the copra-market is steadily recovering, and the future, therefore, can be faced with confidence.

With the advent of civil administration the New Zealand Government approved a programme of public-works services and utilities, at a total estimated capital cost of £160,400, to be spread over a period of five years. This total comprises (a) productive works, £104,250, and (b) non-productive works, £56,150. It was intended to provide the whole of the sum required out of the accumulated funds of the Crown Estates, but the collapse of the markets already referred to has forced the Crown Estates Department to fall back on these funds to meet wages and other current expenses. These expenses include the cost of coolie transport, which, however, is recoverable by regular instalments spread over the contract periods. It may be necessary, therefore, this year to assist the Samoan Treasury by a loan to meet the expenditure on account of productive works. This money will be made available as required in accordance with the loan provisions of the Samoan Constitution Order.

COOK ISLANDS.

Mr. J. G. L. Hewitt, S.M., was appointed to succeed Mr. Platts as Resident Commissioner at Rarotonga, and took up duties in February.

The trade and revenue of the islands during the year has been satisfactory.

The loss of the auxiliary schooner "Jubilee," with all on board, on her voyage to Niue, is very much regretted. Search was made by the "Tutanekai," but no trace of the schooner could be found.

Educational matters are receiving attention. A new school has been built at Rarotonga, and another school opened at Hapuku, Niue Island.

The hospital at Niue, towards the erection of which £1,000 was granted by the New Zealand Government and £1,000 by the Red Cross Society, is in course of erection, but its completion has been delayed on account of loss of material in the "Jubilee."

Additions are to be made to the hospital at Rarotonga, and a new operating-theatre provided, but this work and other necessary public works have been delayed on account of the shortage in building-material.

NATIVE DEPARTMENT.

NATIVE TRUSTEE.

A new and important departure in the policy affecting the administration of Native trust lands has been decided upon; and during last session an Act was passed providing for the appointment of a Native Trustee to take over the administration of Native reserves hitherto dealt with by the Public Trust Office; and to deal with other matters affecting Native trust land a Native Trust Office Board has been constituted, which is empowered to lend money on Native freehold and leasehold lands and other securities. The Act came into force on the 1st April, and a senior Judge of the Native Land Court has been selected to be the first Native Trustee. An extension of the functions of the Native Trustee, in the direction of the administration of lands now vested in the Maori Land Boards, is in contemplation.

NATIVE-LAND SETTLEMENT.

The amount expended, £263,109, was the largest for any similar period, but this included the amount expended on the purchase of a number of blocks in the West Coast Settlement Reserves to enable the lessees to acquire the freehold of their leaseholds, and this amount will be repaid to the Native Land Settlement Account as the purchases are completed.

PUBLIC DEBT.

The gross public debt at the 31st March, 1921, was £206,324,319, and, as indicated by the following table, shows an increase of £5,153,564 during the year.

PUBLIC DEBT FOR THE FINANCIAL YEAR 1919-20 COMPARED WITH THE FINANCIAL YEAR 1920-21.

—	1919-20.	1920-21.	Increase.	Decrease.
	£	£	£	£
Ordinary public debt ..	97,341,780	103,373,446	6,031,666	..
Discharged soldiers ..	11,120,000	8,792,354	..	2,327,646
War debt ..	80,089,025	81,538,569	1,449,544	..
State Advances debt ..	12,619,950	12,619,950	..	..
	201,170,755	206,324,319	7,481,210	2,327,646
			5,153,564	

Under section 8 of the Discharged Soldiers Settlement Loans Act, 1920, the sum of £12,330,000 was transferred direct to the Discharged Soldiers Settlement Account; this included securities to the value of £11,996,250 originally advanced out of the accumulated surplus, which have been cancelled and discharged from the public debt, thus converting what appeared as a liability into an asset and relieving the ordinary revenue of the annual payment of sinking-fund contributions

on that amount. The Consolidated Fund will continue to receive interest at the rate of 4 per cent. per annum on the capital amount so transferred.

During the year £17,149,789 was raised for the following purposes :—

	£	£
Discharged-soldiers settlement	8,560,554	
Land for settlement (discharged soldiers)	1,108,050	
	<hr/>	9,668,604
Public works	2,890,000	
Electric supply	1,407,510	
	<hr/>	4,297,510
War expenses .. .. .	..	1,449,545
Education loans .. .. .	..	270,000
Fishing industry .. .. .	..	1,490
Hauraki Plains settlement .. .. .	..	54,000
Housing	270,000	
Loans for employers for workers' dwellings	3,150	
	<hr/>	273,150
Land for settlements .. .. .	..	10,000
Mining advances .. .. .	..	10,000
Native-land settlement .. .. .	..	225,000
Nauru and Ocean Islands .. .. .	..	600,000
Railways-improvement .. .. .	..	47,490
Rangitaiki land-drainage .. .. .	..	30,000
State forests .. .. .	..	70,000
Swamp-drainage .. .. .	..	55,000
Waihou and Ohinemuri Rivers improvement .. .. .	..	88,000
Issue of inscribed stock for redemption purposes .. .. .	..	25
	<hr/>	273,150
Total .. .. .	..	<u>£17,149,814</u>

Full details of the debt transactions will be found in B.-1, Part II; but for the convenience of honourable members they may be briefly summarized as under :—

	£
Gross debt at 31st March, 1920	201,170,755
Less transferred to Discharged Soldiers Settlement Account	11,996,250
	<hr/>
	189,174,505
Increase by borrowing as above	17,149,814
	<hr/>
	206,324,319
Less sinking funds accrued—	£
Public Trustee	5,630,887
State Advances	3,109,950
Ordinary Revenue Account	2,207
State Coal-mines Account	20,028
	<hr/>
	8,763,072
	<hr/>
Net public debt	<u>£197,561,247</u>

The public debt of New Zealand at the 31st March, 1921, was held as follows :—

	£
New Zealand	104,977,354
Australia	1,655,450
London	99,691,515
	<hr/>
	£206,324,319
	<hr/>

The annual charge for interest and sinking fund on the above amounts to £10,108,414, and is payable as follows :—

					£
In New Zealand	..	..	..	..	4,685,712
In London	..	..	..	..	4,294,239
In Australia	..	..	..	..	69,359
					<hr/>
					9,049,310
Sinking fund	..	..	..	..	1,059,104
					<hr/>
Total	..	..	..	..	<u>£10,108,414</u>

Of the interest, £1,792,432 will be recouped to the Consolidated Fund.

Against the public debt tangible assets to the amount of £47,535,124 are held, while the total amount expended on railways, public buildings, telegraphs, and settlement lands amounts to £84,314,003, for which the Dominion holds good value. The estimated value of Crown lands is £25,000,000, whilst a sum of £19,033,007 has been expended on directly and indirectly productive services, which may be set off against the debt.

WAR LOANS.

At the end of the financial year the loans arranged by the Treasury on account of war expenditure amounted to £81,538,570, of which £55,198,325 was raised in New Zealand, and £25,840,000 was advanced by the Mother-country mainly for the maintenance of our troops in the field. The following statement shows the amounts borrowed under the various authorizing Acts :—

STATEMENT OF WAR LOANS AUTHORIZED, AND THE TOTAL AMOUNTS RAISED IN NEW ZEALAND AND LONDON RESPECTIVELY, WITH CHARGES AND EXPENSES THEREON, AS AT 31ST MARCH, 1921.

Authorizing Act.	Amount authorized.	Raised in New Zealand.	Advanced by Imperial Government.	Total Amount raised.*
	£	£	£	£
Public Revenues Amendment Act, 1914	.. 2,000,000	..	2,067,411	2,067,411
Public Revenues Amendment Act, 1915	.. 10,000,000	2,093,750	8,105,992	10,199,742
Finance Act, 1916	.. 16,000,000	11,572,450	4,736,842	16,309,292
War Purposes Loan Act, 1917	.. 28,000,000	23,273,535	4,830,000	28,103,535
Finance Act, 1918	.. 20,000,000	13,420,520	6,600,000	20,020,520
Finance Act, 1918 (No. 2)	.. 10,000,000	4,838,070	..	4,838,070
Totals	.. 86,000,000	55,198,325	26,340,245†	81,538,570

* Including charges and expenses.

† Actual amount advanced 25,840,000
The capital liability thereon 500,245

£26,340,245

A sum equal to 1 per cent. of the total capital moneys borrowed for war purposes, and outstanding on the 31st March in the preceding year, is paid to the Public Trustee to hold and invest the same with all accumulations of interest thereon; 4½ per cent. per annum is received on the investments of the sinking funds, under which it is calculated that each war loan will be extinguished within forty years.

The annual charge for interest and sinking fund on these loans amounts to £4,615,200, made up as follows :—

ANNUAL INTEREST AND SINKING FUND CHARGEABLE AGAINST THE CONSOLIDATED FUND ON MONEYS
BORROWED FOR WAR PURPOSES AS AT 31ST MARCH, 1921.

Annual interest charges—

	£					£
On 2,810 at 3 per cent.	..	..	..	..	..	85
On 1,168,421 at 3½ per cent.	..	..	..	..	..	40,895
On 3,044,750 at 4 per cent.	..	..	..	..	..	121,790
On 53,242,118 at 4½ per cent.	..	..	..	..	..	2,395,895
On 14,180,471 at 5 per cent.	..	..	..	..	..	709,024
On 9,900,000 at 5½ per cent.	..	..	..	..	..	532,125
						<hr/>
£81,538,570						£3,799,814
Sinking fund—						
1 per cent. on £81,538,570	..	..	..	..	..	815,386
						<hr/> <hr/>
						£4,615,200

STATEMENT OF AMOUNTS OF WAR LOANS RAISED IN NEW ZEALAND AND LONDON TO THE 31ST
MARCH, 1921, WITH RATES OF INTEREST PAYABLE THEREON.

In London.

Authorizing Act.	At 3½ per Cent.	At 4½ per Cent.	At 5 per Cent.	At 5½ per Cent.	Total.	Capital Liability.
	£	£	£	£	£	£
Public Revenues Amendment, 1914	1,110,000	890,000	..	..	2,000,000	2,067,411
Public Revenues Amendment, 1915	..	3,200,000	4,710,000	..	7,910,000	8,105,992
Finance, 1916 .. ..	..	..	4,500,000	..	4,500,000	4,736,842
War Purposes Loan, 1917 .. ..	..	..	1,530,000	3,300,000	4,830,000	4,830,000
Finance, 1918 .. ..	..	..	..	6,600,000	6,600,000	6,600,000
	1,110,000	4,090,000	10,740,000	9,900,000	25,840,000	26,340,245

In New Zealand.

Authorizing Act.	At 3 per Cent.	At 4 per Cent.	At 4½ per Cent.	At 5 per Cent.	Total.	Capital Liability.
	£	£	£	£	£	£
Public Revenues Amendment, 1915	..	393,750	1,700,000	..	2,093,750	2,093,750
Finance, 1916, and Appropriation Act, 1917	..	1,120,000	10,452,450	..	11,572,450	11,572,450
War Purposes Loan, 1917 ..	2,810	..	20,978,265	2,292,460	23,273,535	23,273,535
Finance, 1918 (section 10) ..	..	1,531,000	11,169,080	720,440	13,420,520	13,420,520
Finance, 1918 (No. 2) ..	..	..	4,811,010	27,060	4,838,070	4,838,070
	2,810	3,044,750	49,110,805	3,039,960	55,198,325	55,198,325

GERMAN REPARATION.

I am pleased to be able to inform honourable members that this Dominion's share of the reparation money will amount to about £26,000,000. This amount will be payable in instalments, but I am advised that the priority of costs of occupation and of Belgian reparation will postpone any receipts by the British Empire until the middle of the year 1922 at the earliest. Although it is satisfactory to know that there is a good prospect of our obtaining from Germany a proportion of the large amount which we expended on the war I need not emphasize the importance of not relying upon this money too much, as it may be a long time before it will come in.

RESERVE FUND IN LONDON.

The Reserve Fund in London now stands at £2,000,000, having been increased during the year by the transfer of £1,200,000 from the accumulated surpluses.

The annual income from the Reserve Fund, which is invested as under, amounts to £90,845, and owing to the present high rate of exchange is of great assistance towards meeting interest and other charges payable in the United Kingdom.

RESERVE FUND SECURITIES HELD IN LONDON.

Name of Stock.	Nominal Value.
	£
3-per-cent. Transvaal stock	230,000
3-per-cent. Egyptian guaranteed bonds	59,000
3½-per-cent. India stock	153,010
3-per-cent. India stock.. .. .	357,766
2½-per-cent. India stock	65,340
5-per-cent. British war-loan stock	20,000
5-per-cent. British war-loan stock	1,263,158
Totals	2,148,274

DEPARTMENTAL ACCOUNTS.

The public accounts are compiled on a cash basis, and relate generally to actual payments and receipts within the year, and do not show the profit or loss to the State on each service.

Great diversity of practice exists in Departments, and a greater measure of uniformity is necessary. This involves a complete change in the system of compiling the annual departmental statements of accounts. I have been giving this matter considerable attention since I assumed control of the Department of Finance, with the result that several Departments have this year submitted their accounts in commercial form, whilst others are co-operating with the Treasury in making such arrangements as will enable this necessary reform to be instituted during the current year. Balance-sheets in commercial form relating to Departments will be laid on the table in due course.

STATE SERVICES.

Certain State services have hitherto been conducted at an annual loss, which has to be met by the general taxpayers instead of by the users. These services should be self-supporting and should be conducted upon a proper business basis.

With this object expenditure has been reduced in several cases, whilst in others a rearrangement of certain fees and charges is being made which will largely reduce the charges at present borne by the Consolidated Fund.

BANKING.

The legislation passed in the 1920 session in connection with the Bank of New Zealand has had the effect of producing increased revenue to the Crown in the distribution of profits earned by the bank during the financial year ended 31st March, 1921.

The shares originally held by the Crown were 75,000 "A" preference shares (£6 13s. 4d. called up), £500,000; 37,500 "B" preference shares (£6 13s. 4d. called up), £250,000, but for which the Crown paid a premium of £3 6s. 8d. per share, the capital invested being £375,000, or £10 per share on the "B" shares. In the recent reconstruction of the capital of the bank all shares were cancelled, in lieu of which shares of £1 each were issued. The present holding of the Crown is

now 500,000 "A" preference shares of £1 each, fully paid up, and 625,000 "B" preference shares of £1 each, fully paid up, or £1,125,000 in all.

The dividend received for the financial year 1919-20 was 10 per cent. on the "A" preference shares, amounting to £50,000, and 17½ per cent. on £250,000 "B" preference shares, amounting to £43,750, which equalled 11⅔ per cent. on the capital invested. For the financial year 1920-21 the dividend received on the "A" preference shares was the same as that of the previous year, but the dividend on the "B" preference shares amounted to £62,500, being £18,750 in excess of that of the previous year, or 16⅔ per cent. on the capital invested.

FIVE-MILLION LOAN.

During my recent visit to England I was successful in arranging the flotation of a loan of £5,000,000 at 6 per cent. for public works, electric-supply development, and railways improvements. The principal is repayable at par in 1951, but I reserved the right to redeem the stock at any time after the 1st August, 1936, on giving three calendar months' notice.

The price of issue was £96 per cent. The loss on issue price of £4 per cent., with the loan expenses, estimated at £3 7s. 6d. per cent., makes a net return of £92 12s. 6d., which gives a rate of interest of £6 9s. 6d. per cent., or interest with redemption in fifteen years, £6 16s. 1d., or in thirty years, £6 11s. 3d.

The full amount has been subscribed, and has been allocated in the following proportions: Public works, £2,250,000; electric supply, £1,750,000; railways improvement, £1,000,000.

The loan was so favourably commented upon by the Press that it was somewhat surprising to find that the underwriters were at the time of closing left to find 58½ per cent. It not infrequently happens, however, that investors withhold or withdraw their applications, expecting that the loan will, after closing, be quoted at a discount, in which case they hope to be able to purchase at a lower figure than the issue price. As evidence of the strong position New Zealand holds in the London market, the loan was quoted at a small premium shortly after issue, and some of the stock which was recently sold to cover the charges and expenses of the loan realized £99¼. If further evidence were needed of the high standing of our credit in London I might mention the great success of the loan recently floated by the Thames Valley Power Board under the guarantee of the Government. This loan was rushed by applicants, and covered several times over.

ECONOMIES IN THE PUBLIC SERVICE.

Prior to leaving for England in April last I arranged with the Public Service Commissioner to set up a Committee of Senior Departmental Officers to go exhaustively into the details of expenditure right through the whole of the Public Service, and I am bound to say excellent work has been done, and many directions have been pointed out where economies can be effected. The work could not have been done so thoroughly, if at all, by men who had not a thorough acquaintance with the ramifications of the different Departments, and I have no hesitation in saying that what has been done will be of immense benefit to the Government in its endeavour to bring the annual expenditure within the revenue. This must be done before any all-round reduction of taxation can take place. I hope before the session comes to an end to be able to report that good progress has been made with the retrenchment which the financial stringency has rendered absolutely necessary. My own impression is that when we get over our present financial difficulty we shall be able to look back and say that this depression which we are now experiencing will not have been an unmixed evil. All the extravagances which may have grown up during the long period of prosperity which we enjoyed will have disappeared, and we shall be able to start with a clean slate, and the country will be all the better and more soundly prosperous for its experience. I know that what is necessary cannot be given effect to without sacrifices on the part of many of our population, but when sacrifices had to be made in days gone by the citizens of New Zealand did not shrink from making them. They rose to the occasion and by

courage and force of character triumphed where people with less courage and less force of character would have failed.

It must be remembered, however, that a very considerable portion of the annual charges against the Consolidated Fund is of such a nature that a reduction is not practicable, and for this revenue must be provided—I refer more particularly to the permanent annual charges, including interest, sinking funds, pensions, and increases of salaries on account of the increased cost of living, which for the current year will amount to approximately £13,250,000.

Included in the amount quoted above is £4,615,200 for interest and sinking fund on our war loans, and £1,750,000 for war pensions, which, however, should be a gradually diminishing quantity.

The country has also had to undertake a heavy recurring expenditure on account of the necessary expansion and improvement of our educational system. The total expenditure on education for the year 1920–21 amounted to £3,193,452, as against £1,324,738 for the year 1912–13.

ESTIMATED REVENUE.

For the year 1921–22, I estimate the revenue at—

	£
Customs	4,900,000
Railways	7,350,000
Stamp and death duties	3,010,000
Post and telegraph	2,790,000
Land and income tax	7,700,000
Beer duty	500,000
Registration and other fees	180,000
Amusement-tax	80,000
Marine	60,000
Miscellaneous	900,000
Territorial revenue	190,000
Endowment revenue	110,000
Other receipts	230,000
	£28,000,000
	£28,000,000

ESTIMATED RESULT FOR THE YEAR 1921–22.

As the full effect of the economies which are being actively introduced will not be felt during the current financial year it is anticipated that the expenditure will amount to £29,266,367, whilst the revenue is estimated at £28,000,000. To the latter, however, has to be added the actual cash balance carried forward at the beginning of the year—viz., £4,920,294—leaving an estimated cash surplus of £3,653,927, reducible by the amount which may be appropriated on the supplementary estimates. It will possibly be within the recollection of honourable members that during the session of last year I referred to the necessity for retaining in hand the previous year's surplus of £6,132,232 in anticipation of the period of stringency which has since come upon us. By the aid of the past year's surplus I am pleased to say that sufficient cash has been in the hands of the Treasury to meet ordinary charges, and although for the current year the chances at present of fully meeting our expenditure out of the year's revenue appear uncertain, still I am sanguine enough to believe that at the 31st March we shall be able to show a balance of cash in hand as stated above.

READJUSTMENT OF TAXATION.

Legislation will be laid before Parliament this session with the object of giving effect to the intentions of the Government in the way of economy and retrenchment, and which will provide for a readjustment of the revenue so that the burden of taxation may press more equally upon the different sections of the community,

and so that relief may be given where it is most urgently required. Honourable members will find in connection with the proposed revision of the Customs tariff that the duties are being increased on certain articles, most of which come under the heading of luxuries. This is not being done for protective purposes but to assist the revenue, which has been somewhat seriously affected by the financial stringency from which New Zealand, along with other countries, but certainly less than other countries, is suffering at present. As a matter of fact, the whole system of taxation in operation in New Zealand requires to be revised as well as the Customs tariff, and I hope with the assistance of members to make some very important changes and improvements in this respect before the session comes to an end. Legislation for this purpose will be introduced very shortly. Economy must be practised at every possible opportunity, and production must be encouraged. By these means only can depression be met and prosperity restored. In addition to the measures which are being taken at this side of the world, to restore the pre-war conditions an increase in the purchasing-capacity of our customers in England would probably do a great deal to assist us to reach the goal which we have in view.

PAYMENT OF LAND-TAX.

With the object of assisting and encouraging the prompt payment of the land-tax for the current year a Bill has already been laid before the House providing for a rebate of 10 per cent. in the event of the tax being paid before or within twenty-one days after due date.

AUDIT OFFICE.

The increasing activities of the Audit Office are clearly set forth in the report of the Controller and Auditor-General on the Public Accounts for the financial year 1920–21, which has already been presented to Parliament in conformity with the requirements of the Public Revenues Act, 1910. This report contains many valuable suggestions which are receiving careful attention.

Honourable members will, I feel sure, have noted with regret the fact that Colonel Collins, C.M.G., I.S.O., after fifty-six years of untiring public service, during which he occupied many important administrative positions, has intimated his intention of resigning his present appointment as Controller and Auditor-General before the end of the year. It is fitting, therefore, that I should place upon record my appreciation of the highly efficient, long, and faithful service rendered to the State by Colonel Collins, as well as of the strict impartiality with which his responsible statutory duties have been carried out.

RESULTS.

Total revenue, £34,260,962 ; total expenditure, £28,128,730 ; surplus, £6,132,232.

Cash balance carried forward, £4,920,294.

Transferred from accumulated surplus—

Reserve Fund, London, £1,200,000 ; Discharged Soldiers Settlement Account, £13,330,000 ; Public Works Fund, £500,000 ; Discharged Soldiers Settlement (Depreciation Fund), £50,000.

Public-works expenditure, £3,141,197.

Redemption and renewals effected, £10,094,917.

Customs revenue and excise, £8,769,251.

Land and income tax receipts, £9,937,923.

Total expenditure on mental hospitals, £377,643.

Post and telegraph revenue, £2,640,158.

Savings-bank deposits, £35,031,244. Excess of deposits over withdrawals, £2,227,356.

Interest-bearing limit of savings-bank deposits increased.

Total war-loan certificates sold, £4,613,203.

Stamp revenue, £3,745,902.

Purchased during the year for settlement of discharged soldiers 79,950 acres, costing £1,277,971.

Advances authorized to 17,853 discharged soldiers, £17,941,980.

Total area proclaimed under Discharged Soldiers Settlement Act, 1915, to 31st March, 1921, 1,321,091 acres.
 Total area of State forests, 5,134,651 acres.
 Total value of exports, £48,219,672.
 Increase of approximately 71,900 acres sown in wheat.
 Coal reserves established for naval use.
 Naval Board constituted.
 Reorganization of New Zealand Military Forces.
 Repatriation expenditure to 31st March, 1921, £1,859,310.
 Coal-production during the year decreased by 4,143 tons.
 Coal-production in 1920 compared with 1914 decreased by 560,000 tons.
 Coal imported during 1920, 647,077 tons.
 War pensions paid during 1920–21, £1,886,952.
 Pension Medical Appeal Board established.
 Total contributors to National Provident Fund at 31st December, 1920, 19,724.
 £31,972 expended for maternity allowances.
 Expenditure by Education Department approximately £3,300,000, including Consolidated Fund appropriations, £2,460,116; Education Acts, £102,972; education reserves and national-endowment revenue, £171,071; and Education Purposes Loan, £214,571.
 £500,000 expended on school buildings.
 Total payments made for supplies purchased on behalf of Imperial Government, £158,576,644.
 Wool profits distributed, £1,619,069.
 War loans raised to 31st March, 1921, £81,538,570.
 Gross public debt at 31st March, 1921, £206,324,319.
 Sinking funds at 31st March, 1921, £8,763,072.
 Net indebtedness per head, £162 3s.
 Net annual interest and sinking-fund charges, £10,108,414.
 Increased revenue from distribution of Bank of New Zealand profits, £18,750.

PROPOSALS.

Estimated Customs revenue, £4,900,000.
 Estimated land and income tax receipts, £7,700,000.
 Tariff revision.
 Co-ordination of Public Health Department and local authorities in sanitary inspection and the prevention of infectious diseases.
 Improvement of nursing services.
 Transfer of military consumptive sanatoria to Public Health Department.
 Legislation in connection with hospital subsidies.
 Automatic printing telegraphs to be installed.
 Telephone and telegraph methods to be improved.
 Expedition of operations of swamp-land drainage.
 Extension of farm schools for teachers and farmers.
 Nauru and Ocean Island phosphate business to be developed.
 Formation of New Zealand Royal Naval Reserve.
 £335,782 to be provided for naval defence.
 Re-arming and re-equipment of Territorial Force.
 Consolidation of and amendments to the Shops and Offices Acts.
 Consolidation of and amendment of the Industrial Conciliation and Arbitration Act.
 Consolidation of and amendment of Factories Act and the Workers' Compensation Act.
 Assistance to fishing industry.
 Concentration for more economic and rapid completion of railways.
 Legislation in regard to main roads.
 Assistance in roadmaking in partially developed regions.
 Further development of hydro-electric works.
 Financial proposal in connection with productive public works to be submitted.
 Construction of waterworks to supply arid lands.
 Exchange of teachers with other countries.

Legislation extending provisions for child-welfare.
 Extension of school medical and dental services.
 Adjustment of the Teachers' Superannuation Fund.
 Further decentralization of the work of Public Trust Office.
 Additions to hospital at Rarotonga.
 Extension of functions of the Native Trustee.
 Departmental balance-sheets in commercial form to be laid before Parliament.
 Economies in the Public Service.
 Expenditure to be reduced.
 State services to be made self-supporting.
 Total estimated revenue, £28,000,000 ; estimated expenditure, £29,266,367.
 Estimated cash surplus, £3,653,927.
 Readjustment of taxation.
 Land-tax: Rebate of 10 per cent. for payment before or within twenty-one days after due date.

CONCLUSION.

As a result of the war there has been a greatly increased expenditure in the Dominion, such as increase of interest and sinking fund on the large sums borrowed during and since the war period, pensions for incapacitated and partially incapacitated soldiers, allowances to dependants of soldiers, and increases of salaries and bonuses to persons in the employment of the State rendered necessary to meet the increase in the cost of living. Along with those items of increased expenditure there has been a very serious drop in the prices of our staple products, particularly wool, which fell to a lower price than has been reached for twenty years. The demand for New Zealand beef also fell off, with a corresponding reduction in price, and hence for the last few months we have suffered from financial and commercial depression such as the Dominion has not known for many years past. A change for the better has, however, recently taken place. At recent wool sales, both in New Zealand and England, prices have improved considerably, and the feeling is growing that the Dominion is over the worst of its troubles, and that the prosperity which we enjoyed for so many years will, by the exercise of economy and industry on the part of our people, soon return to these Islands. I am glad to be able to say that, so far as it is possible to judge, the season on which we have entered will be one of the best that we have experienced for many years past. Already large quantities of dairy-produce have been forwarded to the cold stores, and in this branch of agriculture, owing to the very large number of settlers who have gone in for dairying, and the new country which has been made available, the season promises to be a record one. It is to be hoped that the producers will receive satisfactory returns for their labour, and, if so, every section of the community will be benefited. We have difficulties to contend with at present, some of them serious—many of our producers have made losses during the past year—but I ask my fellow-citizens to have confidence in themselves and the confidence which it deserves in the country to which they belong. We have had depressions in this country in previous years and got through them successfully, perhaps none the worse for the experience then gained, and I have no doubt that in these respects history will repeat itself on the present occasion. There is no royal road to prosperity. There is only one way to get there, and that is by work ; by continuous and persistent effort ; by each individual and each section of the community putting forth all the energy which they possess and using the talents with which Nature has provided them in order to get back to the industrial and financial prosperity which we formerly enjoyed.

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Table No. 4.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND (REVENUE ACCOUNT) outstanding on the 31st MARCH, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, and 1921.

	31st March, 1911.	31st March, 1912.	31st March, 1913.	31st March, 1914.	31st March, 1915.	31st March, 1916.	31st March, 1917.	31st March, 1918.	31st March, 1919.	31st March, 1920.	31st March, 1921.
REVENUE ACCOUNT.											
Permanent Appropriations,—											
Civil List	753 11 8	230 18 2	208 6 9	227 16 9	143 19 6	3,200 0 0	84 0 4	53 14 4	23 8 5	..	148 4 5
Under special Acts of the Legislature	1,458 11 10	3,372 10 3	2,518 4 6	14,937 0 0	8,614 13 4	15,508 6 8	1,012 14 10	2,351 0 0	2,746 0 0	4,788 18 10	7,168 0 5
Pensions .. .. .	..	..	..	68 11 8	..	72 13 11	..	270 9 3	312 8 4	498 2 0	594 0 6
	2,212 3 6	3,608 8 5	2,726 11 3	15,238 8 5	8,758 12 10	18,781 0 7	1,096 15 2	2,675 3 7	3,081 16 9	5,237 0 10	7,910 5 4
Annual Appropriations,—											
Legislative Departments	176 2 0	74 15 11	103 14 4	152 2 1	246 11 0	400 3 9	83 15 1	955 12 1	958 6 5	30 10 9	1,818 11 1
Departments of Minister of Finance	1,780 15 0	427 16 8	182 7 5	592 14 6	397 4 6	398 7 8	1,588 14 2	7,707 16 7	33,827 13 6	10,991 11 11	51,922 0 9
Post and Telegraph Department	49,039 0 0	63,981 0 0	58,831 19 10	63,566 5 6	79,466 10 8	63,474 0 0	65,245 4 7	81,067 19 6	88,463 0 0	174,127 0 0	125,012 17 6
Working Railways	143,363 0 0	172,451 0 0	150,514 0 0	136,909 0 0	157,575 0 0	113,679 0 0	129,112 0 0	136,976 0 0	170,311 5 10	262,551 0 0	408,363 0 0
Public Buildings, Domains, and Maintenance of Roads	1,543 1 9	1,961 15 11	3,487 6 1	1,719 8 6	9,195 0 0	6,281 0 0	4,964 0 0	14,463 0 0	11,131 0 0	20,400 0 0	16,078 0 0
Justice Department*	448 0 0	5,472 0 0	3,516 0 0	6,099 0 0	6,156 0 0	3,435 0 0	5,877 0 0	..	..	..	..
Mines Department	6,788 1 3	5,973 6 0	12,178 15 11	8,884 4 8	6,707 6 9	7,044 0 1	6,863 4 1	10,227 2 6	8,691 10 8	8,136 17 9	20,884 18 10
Internal Affairs Department	11,549 2 5	11,311 12 2	10,968 16 10	8,658 17 6	6,846 13 11	..	..	..	..	1,300 0 0	2,455 0 0
Defence Department	3,152 2 10	6,648 6 0	12,958 10 5	7,055 15 5	25,369 5 11	20,408 19 1	7,792 13 9	17,292 7 6	20,288 9 10	16,115 9 8	32,599 12 3
Customs Department	2,469 19 1	2,760 16 5	2,927 6 10	1,447 16 4	1,234 2 1	1,248 16 8	3,350 16 3	5,144 0 5	6,118 14 9	2,283 12 7	4,082 11 0
Marine Department	412 5 5	255 3 6	..	869 0 7	465 17 10	570 4 3	890 3 8	1,057 3 8	447 3 1	362 3 8	1,343 11 2
Labour Department	6,768 15 8	6,170 12 3	11,385 5 3	4,065 19 9	2,625 5 2	1,695 8 10	1,914 19 2	1,104 15 3	2,998 17 4	828 12 3	4,528 0 5
Lands Department	4,044 10 7	11,716 11 4	10,403 7 0	8,420 0 0	3,134 0 0	6,500 0 0	4,060 0 0	8,016 0 0	50,173 0 0	2,061 0 0	14,988 0 0
Agriculture Department	1,979 15 7	850 0 1	8,877 16 11	2,402 10 6	13,862 8 2	41,060 0 0	20,332 0 0	14,196 0 0	18,585 0 0	4,122 0 0	11,616 0 0
Valuation and Electoral Departments† .. .. .	..	..	..	..	..	..	..	..	1,243 15 1	1,470 15 6	641 13 8
	233,514 11 7	230,054 16 3	286,396 18 0	269,907 7 6	327,937 3 5	276,981 15 10	271,646 14 0	319,003 19 8	446,325 6 9	510,418 1 2	702,736 17 5
Services not provided for	647 9 1	82 10 1	..	..	..	..	..	87 1 0	..	..	5 16 6
Totals	236,374 4 2	233,740 14 9	289,123 9 3	285,140 15 11	336,695 16 3	295,762 16 5	272,743 9 2	321,766 4 3	449,907 3 6	515,655 2 0	710,652 19 3

* Includes Native Department. † Previous to 1918-19 Valuation Department was included in Lands Department and Electoral Department was included in Internal Affairs Department.

Table No. 5.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the PUBLIC WORKS FUND outstanding on the 31st MARCH, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, and 1921.

	31st March, 1911.			31st March, 1912.			31st March, 1913.			31st March, 1914.			31st March, 1915.			31st March, 1916.			31st March, 1917.			31st March, 1918.			31st March, 1919.			31st March, 1920.			31st March, 1921.								
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.			
Annual Appropriations—																																							
Public Works, Departmental	34	0	0	283	19	3	566	16	8	105	17	1	1,930	0	0	710	0	0	1,316	0	0	978	0	0	869	0	0	691	0	0	156,409	0	0	304,313	0	0	393,236	0	0
Railways ..	686,640	12	11	622,761	12	2	255,340	3	0	287,777	3	10	417,718	0	0	293,522	0	0	233,271	0	0	239,396	19	9	240,240	0	0	150,492	0	0	266,273	0	0	818,593	0	0			
Development of Water-power	212	13	6	56	157	9	1																																
Irrigation and Water-supply	1	0	0	176,855	6	3	80,910	10	11	285,148	17	9	175,040	13	11	188,640	8	11	150,934	14	8	1,424	0	0	1,360	0	0	4,322	0	0	681	0	0	71,646	3	6	3,257	0	0
Public Buildings ..	221,135	14	6																																				
Lighthouses, Harbour-works, and Har-																																							
bour-defences ..	347	5	7	722	19	6	527	9	8	945	13	9	133	14	7	53	0	0	140	7	8	55	17	9	70	0	0	4,250	0	0	187	4	10	2,182	1	4			
Tourist and Health Resorts	442	1	9	880	17	6	1,791	0	0	4,889	0	0	1,642	0	0	1,217	0	0	190	0	0	190	0	0															
Immigration ..	22	0	0	3,595	6	10																																	
Roads ..	157,326	0	0	219,069	0	0	162,258	11	6	226,114	16	4	250,195	0	0	174,220	0	0	116,564	0	0	129,710	0	0	156,409	0	0	304,313	0	0	393,236	0	0						
Development of Mining	2,034	4	7																																				
Telegraph Extension	71,904	0	0	111,372	0	0	171,297	1	0	235,665	16	3	247,113	17	4	11,468	0	0	112	10	6	10,887	11	6	15,907	0	0	266,273	0	0	463,842	17	6						
Contingent Defence	38	5	10																																				
Lands Improvement	1,973	12	0	148	15	2	1,240	13	2	203	16	1	399	7	4	34	11	8	7,801	0	0	2,980	0	0	38,621	0	0	72,898	0	0	138,698	0	0						
Plant, Material, and Stores..																																							
Electric Supply ..																																							
Services not provided for ..	1,092,106	10	8	1,191,847	5	9	673,982	10	11	992,098	5	10	1,094,961	0	11	677,666	0	7	506,932	12	10	424,833	18	6	519,256	7	4	954,071	7	5	1,933,433	19	1						
Totals ..	1,092,106	10	8	1,191,969	5	9	673,932	10	11	992,098	5	10	1,094,961	0	11	677,666	0	7	506,932	12	10	424,833	18	6	519,256	7	4	954,071	7	5	1,933,433	19	1						

Table No. 5—continued.

STATEMENT OF THE ESTIMATED LIABILITIES chargeable on the undermentioned Separate Accounts outstanding on the 31st March, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, and 1921.

	31st March, 1911.	31st March, 1912.	31st March, 1913.	31st March, 1914.	31st March, 1915.	31st March, 1916.	31st March, 1917.	31st March, 1918.	31st March, 1919.	31st March, 1920.	31st March, 1921.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Aid to Water-power Works Account ..	..	..	132,162 1 4	34,964 0 6	12,919 0 0	22,861 0 0	28,778 0 0	..	..	..	..
Discharged Soldiers Settlement Account ..	..	..	..	..	..	..	3,168 12 9	..	..	..	..
Education Loans Account ..	..	..	..	..	..	..	..	..	..	..	..
Electric Supply Account ..	543 18 4	606 14 4	293 8 10	313 16 5	279 1 4	315 18 4	140 18 3	18,603 0 0	16,673 0 0	102,991 0 0	9,510 0 0
Government Accident Insurance Account ..	432 10 0	412 11 10	1,256 11 0	447 19 0	645 6 6	366 9 0	347 11 0	218 12 9	191 10 10	273 9 10	355,636 0 0
Government Life Insurance Account ..	21 19 2	1,861 3 1	163 7 10	45 15 7	165 3 9	100 17 7	143 16 7	253 1 0	459 18 0	677 14 10	600 1 6
Hauraki Plains Settlement Account ..	..	..	..	..	..	..	..	130 4 3	371 4 1	118 4 8	4,210 16 10
Housing Account ..	..	..	50 0 0	200 0 0	6,740 0 0	3,705 0 0	..	..	..	1,630 19 2	8,477 4 7
Irrigation and Water-supply Account ..	..	..	..	..	188 8 11	1,354 5 0	737 18 10	2,525 6 5	1,808 8 3	3,761 1 11	..
Kauri-gum Industry Account ..	2,849 17 1	2,977 3 9	1,195 19 0	3,385 13 7	3,452 5 4	2,452 0 0	..	311 9 11	165 5 6	515 18 8	535 18 9
Land for Settlements Account (Discharged Soldiers Settlement Account) ..	..	..	..	..	..	..	..	..	..	175 2 5	1,564 15 5
Land for Settlements Account (Opening up Land for Settlements Account) ..	10 376 0 0	9,582 0 0	9,396 0 0	13,566 0 0	14,362 0 0	5,843 0 0	9,874 0 0	..	14,594 6 10	192 13 0	4,253 0 0
Crown Lands for Settlement Account ..	4,945 3 0	4,687 5 8	2,732 18 3	468 0 0	4,862 0 0	3,177 0 0	1,680 0 0	..	..	..	..
National Endowment Account ..	173 18 3	429 10 0	2,559 10 11	2,567 17 10	1,294 8 9	1,105 11 7	438 1 6	16 16 0	12,150 14 11	673 7 0	1,426 9 1
Native Land Settlement Account ..	31,352 0 0	132,486 0 0	103,233 0 0	63,669 0 0	..	..	..	..	..	..	..
Railways Improvements Account ..	..	..	..	..	..	..	..	..	..	..	..
Railways Improvement Authorization Act 1914 Account ..	142 15 3	889 3 8	310 13 4	344 5 7	117 19 1	215,792 0 0	97,296 0 0	34,692 0 0	15,734 8 3	20,096 0 0	7,388 0 0
Rangitaiki Land Drainage Account ..	83 8 0	102 2 3	76 8 9	..	131 6 0	115 16 0	29 0 0	413 11 3	189 7 10	459 4 5	1,081 0 6
Scenery Preservation Account ..	318 11 5	389 0 11	470 8 8	899 0 0	331 3 11	361 0 0	362 8 8	572 8 5	290 14 0	707 19 11	615 9 2
State Advances Account ..	14,547 3 9	..	10,707 3 7	2,044 15 10	..	10,000 0 0	..	10,000 0 0	11,000 0 0	17,800 0 0	22,000 0 0
State Coal-mines Account ..	904 15 10	884 1 7	711 18 4	1,507 9 2	819 16 5	1,071 12 7	1,068 15 2	18 13 5	85 9 0	313 13 3	18 10 4
State Fire Insurance Account ..	559 1 0	600 19 8	390 4 6	183 10 7	286 10 1	153 9 11	..	124 12 10	59 17 5	..	5,066 10 1
State Forests Account ..	..	..	..	..	..	..	60 18 11	267 0 11	310 8 2	163 7 11	633 10 2
Swamp Land Drainage Account ..	..	..	..	..	..	..	16,138 5 4	..	..	..	..
Telegraph Extension Account ..	..	..	..	..	..	..	..	..	..	..	..
Waikou and Ohinemuri Rivers Improvement Account ..	..	9,902 5 6	8,050 1 1	8,215 18 0	4,558 0 0	283 0 0	6,298 0 0	8,066 0 0	4,863 0 0	500 0 0	1,877 0 0
Waimarino Bush-fire Relief Account ..	..	..	..	..	596,709 15 1	916,436 0 0	3,415,111 0 0	5,415,000 0 0	3,948,625 0 0	2,216,349 0 0	603,000 0 0
War Expenses Account ..	..	..	..	..	..	..	..	..	..	..	..
Wellington-Hutt Railway and Road Improvement Account ..	15,324 0 0	7,600 0 0	7,777 0 0	3,679 0 0	200 0 0	..	..	..	..	..	..

Table No. 6.

STATEMENT showing the Total WAYS and MEANS of the PUBLIC WORKS FUND and the Total Net EXPENDITURE to the 31st MARCH, 1921.

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 Inscribed Stock Act, 1917, and Finance Act, 1919, Section 5	600,000	0	0			
	New Zealand Loan Act, 1884	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			
	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	150,000	0	0			
	Finance Act, 1920, Section 15	1,940,000	0	0			
	Post and Telegraph Act, 1908	200,000	0	0			
	Midland Railway Petitions Settlement Acts, 1902 and 1903	150,000	0	0			
	Paeroa-Waihi Railway Act, 1903	75,000	0	0			
	Waikaka Branch Railway Act, 1905	50,000	0	0			
	Wellington and Manawatu Railway Purchase Act, 1908	1,000,000	0	0			
	Appropriation Act, 1912	15,000	0	0			
	Irrigation and Water-supply Act, 1913	100,000	0	0			
					63,282,077	7	11
RECEIPTS IN AID:—							
	Amount transferred from Consolidated Fund	10,805,000	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	55,870	8	6			
	Special Receipts under the Railways Authorization and Manage- ment 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			
					11,912,589	1	4
					£75,194,666	9	3

Table No. 6—continued.

STATEMENT showing the Total WAYS and MEANS of the PUBLIC WORKS FUND and the Total Net EXPENDITURE to the 31st MARCH, 1921—continued.

NET EXPENDITURE.				£	s.	d.	£	s.	d.
Expenditure on—									
Immigration				2,259,743	6	4			
Public Works, Departmental				1,689,929	12	5			
Railways, including Surveys of New Lines				37,603,191	17	5			
Roads				12,547,997	16	11			
Land-purchases				2,061,790	19	4			
Development of Mining				883,725	19	9			
Telegraph Extension				4,409,445	19	3			
Public Buildings				8,300,794	2	1			
Lighthouses, Harbour Works and Defences				1,156,779	3	10			
Contingent Defence				1,070,466	3	1			
Rates on Native Lands				68,671	16	10			
Thermal Springs				14,599	13	2			
Tourist and Health Resorts				286,294	15	5			
Lands Improvement				140,367	15	9			
Plant, Material, and Stores				329,206	7	1			
Charges and Expenses of raising Loans				1,253,257	7	11			
Coal-mines				10,835	8	0			
Interest and Sinking Fund				218,500	0	0			
Payment to Midland Railway Bondholders				150,000	0	0			
Irrigation and Water-supply				250,179	7	10			
Electric Supply				Cr.	600	0			
							74,705,177	12	5
Balance on 31st March, 1921,—									
Cash in the Public Account				180,910	13	7			
Imprests outstanding				308,578	3	3			
							489,488	16	10
							£75,194,666	9	3

Table No. 7.

ESTIMATED EXPENDITURE of the CONSOLIDATED FUND (Revenue Account) for 1921–22, compared with Actual Expenditure of 1920–21.

	Estimate for 1921–22.	Actual for 1920–21.	Differences.	
			Increase.	Decrease.
REVENUE ACCOUNT.				
Permanent Appropriations,—	£	£	£	£
Civil List	31,100	31,346	..	246
Interest and Sinking Fund	8,512,352	7,831,593	680,759	..
Under special Acts	4,667,803	4,371,785	296,018	..
	13,211,255	12,234,724	976,777	246
Annual Appropriations,—				
Legislative Departments	58,602	65,461	..	6,859
Treasury Department	39,933	50,841	..	10,908
Land and Income Tax Department	63,370	51,040	12,330	..
Stamp Duties Department	105,852	95,737	10,115	..
National Provident and Friendly Societies Department	25,650	30,224	..	4,574
Working Railways Department	6,490,000	6,211,001	278,999	..
Post and Telegraph Working Expenses	2,555,142	2,588,359	..	33,217
Public Buildings	111,705	154,590	..	42,885
Domains	5,748	5,209	539	..
Maintenance and Improvements of Roads	68,000	65,366	2,634	..
Native Department	25,437	35,913	..	10,476
Department of External Affairs	4,189	28,266	..	24,077
Department of Industries and Commerce	189,494	291,130	..	101,636
Department of Justice	32,046	41,784	..	9,738
Supreme and Magistrates' Courts	90,472	95,274	..	4,802
Prisons Department	86,330	88,309	..	1,979
Crown Law Office	6,550	5,889	661	..
Police Department	435,160	398,978	36,182	..
Cook Islands	14,856	13,790	1,066	..
Pensions Department	138,002	139,592	..	1,590
Mines Department	55,678	39,634	16,044	..
Department of Internal Affairs	362,601	574,297	..	211,696
Audit Department	24,486	19,904	4,582	..
Public Service Commissioner's Office	9,676	11,708	..	2,032
Printing and Stationery	22,500	26,752	..	4,252
Mental Hospitals	296,225	261,739	34,486	..
Health Department	177,635	202,332	..	24,697
Naval Defence	335,782	48,692	287,090	..
New Zealand Military Forces and Cadets	467,043	509,947	..	42,904
Aviation	15,426	14,355	1,071	..
Non-effective Services	11,999	5,378	6,621	..
Rifle Clubs	21,490	1,362	20,128	..
Customs Department	132,190	124,504	7,686	..
Marine Department	144,010	167,537	..	23,527
Department of Labour	39,446	44,540	..	5,094
Department of Lands and Survey	258,232	292,542	..	34,310
Valuation Department	62,172	70,752	..	8,580
Electoral Department	3,477	11,227	..	7,750
Department of Agriculture	306,333	290,800	15,533	..
Tourist Department	92,666	93,620	..	954
Education Department	2,669,507	2,460,116	209,391	..
	16,055,112	15,728,491	945,158	618,537
			1,921,935	618,783
Total	29,266,367	27,963,215	1,303,152	

Table No. 8.

ESTIMATED REVENUE of the CONSOLIDATED FUND (Revenue Account) for 1921-22, compared with the Actual Revenue of 1920-21.

REVENUE ACCOUNT.	Estimate for 1921-22.	Actual for 1920-21.	Differences.	
			Increase.	Decrease.
	£	£	£	£
Ordinary Revenue,—				
Customs	4,900,000	8,408,726	..	3,508,726
Railways	7,350,000	6,918,492	431,508	..
Stamp and Death Duties	3,010,000	3,665,799	..	655,799
Postal and Telegraph	2,790,000	2,640,158	149,842	..
Land and Income Tax	7,700,000	9,937,923	..	2,237,923
Beer Duty	500,000	360,525	139,475	..
Amusement-tax	80,000	80,103	..	103
Registration and other Fees	180,000	220,085	..	40,085
Marine	60,000	56,540	3,460	..
Miscellaneous	900,000	1,584,995	..	684,995
Territorial Revenue	190,000	219,193	..	29,193
Endowment Revenue	110,000	100,448	9,552	..
Other Receipts	230,000	67,975	162,025	..
			895,862	7,156,824
				895,862
Total	28,000,000	34,260,962		6,260,962

Table No. 9.

STATEMENT showing the Amount charged to "UNAUTHORIZED" in each Financial Year from 1st July, 1875, to 31st March, 1921.

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.
1875-76	13,167	4 8	19,195	17 1	32,363	1 9	3,155	9 2	63,875	11 8	99,394	2 7
1876-77	18,397	17 1	13,398	7 0	31,796	4 1	3,490	6 1	2,197	4 5	37,483	14 7
1877-78	19,079	12 6	58,709	17 2	77,789	9 8	653	6 5	22,009	14 0	100,452	10 1
1878-79	11,413	16 1	47,466	4 5	58,880	0 6	3,938	14 8	32,179	1 1	94,997	16 3
1879-80	5,818	9 9	18,466	2 1	24,284	11 10	1,005	3 10	17,096	9 9	42,386	5 5
1880-81	6,151	13 9	37,825	6 6	43,977	0 3	13,443	11 3	34,133	17 3	91,554	8 9
1881-82	3,899	16 3	38,474	18 9	42,374	15 0	13,590	6 10	2,217	9 8	58,182	11 6
1882-83	4,473	15 8	64,631	0 2	69,104	15 10	12,343	2 2	8,137	17 11	89,585	15 11
1883-84	7,293	9 9	45,284	2 6	52,577	12 3	9,003	18 7	31,741	17 10	93,323	8 8
1884-85	5,981	17 8	39,039	17 11	45,021	15 7	7,163	15 3	872	0 11	53,057	11 9
1885-86	9,337	11 2	47,106	10 3	56,444	1 5	13,965	10 1	6,465	17 5	76,875	8 11
1886-87	14,337	19 7	38,117	13 5	52,455	13 0	6,212	16 7	28,633	10 8	87,302	0 3
1887-88	7,303	17 10	42,104	15 10	49,408	13 0	27,821	16 11	30,407	2 3	107,637	12 10
1888-89	3,521	18 2	35,157	16 5	38,679	14 7	13,506	2 8	18,633	2 10	70,819	0 1
1889-90	4,412	5 3	43,257	1 0	47,669	6 3	23,631	7 1	12,237	18 10	83,588	12 2
1890-91	10,610	1 0	76,778	5 11	87,388	6 11	5,459	18 11	7,097	19 9	99,946	5 7
1891-92	2,288	3 2	21,026	16 4	23,314	19 6	9,183	10 6	7,594	1 2	40,092	11 2
1892-93	1,741	7 10	28,283	15 11	30,025	3 9	4,754	17 10	11,149	14 2	45,929	15 9
1893-94	2,350	7 0	7,376	7 4	9,726	14 4	522	12 2	1,335	12 11	11,584	19 5
1894-95	8,985	3 7	9,148	0 5	18,133	4 0	1,890	7 5	330	8 1	20,353	19 6
1895-96	22,422	16 10	16,229	5 9	38,652	2 7	16,995	9 9	33,245	2 4	88,892	14 8
1896-97	3,188	17 7	24,195	2 9	27,384	0 4	24,726	3 6	7,051	0 8	59,161	4 6
1897-98	2,258	19 7	39,314	13 4	41,573	12 11	4,743	17 10	53,648	14 0	99,966	4 9
1898-99	3,305	15 11	36,468	0 10	39,773	16 9	2,304	8 10	8,222	10 6	50,300	16 1
1899-1900	11,187	13 8	60,652	13 7	71,840	7 3	..	..	7,990	18 7	79,831	5 10
1900-1901	26,367	18 6	62,788	3 2	89,156	1 8	662	7 7	17,518	3 7	107,336	12 10
1901-1902	3,836	7 0	68,866	10 9	72,702	17 9	253	8 10	6,955	4 10	79,911	11 5
1902-1903	9,027	5 4	101,076	10 4	110,103	15 8	200	0 0	12,837	3 6	123,140	19 2
1903-1904	3,344	11 0	47,775	11 4	51,120	2 4	2,248	6 6	9,584	9 11	62,952	18 9
1904-1905	6,215	4 8	22,109	12 2	28,324	16 10	13,547	11 7	31,862	8 3	73,734	16 8
1905-1906	8,576	16 7	52,385	3 7	60,962	0 2	23,956	9 10	19,965	16 2	104,884	6 2
1906-1907	4,989	9 1	28,559	6 2	33,548	15 3	12,867	10 8	55,556	14 10	101,973	0 9
1907-1908	4,132	3 3	37,713	8 11	41,846	12 2	429	9 0	80,170	3 3	122,446	4 5
1908-1909	14,127	8 1	50,890	5 1	65,017	13 2	15,257	11 1	16,641	15 7	96,916	19 10
1909-1910	15,324	5 7	23,100	14 0	38,424	19 7	3,500	7 0	11,638	18 8	53,564	5 3
1910-1911	10,427	9 4	27,200	14 6	37,628	3 10	1,009	9 7	12,833	7 5	51,471	0 10
1911-1912	20,332	3 1	62,950	14 7	83,282	17 8	860	5 4	4,982	8 7	89,125	11 7
1912-1913	2,506	15 0	115,428	2 5	117,934	17 5	63	15 0	73,404	8 3	191,403	0 8
1913-1914	4,730	15 8	80,228	10 11	84,959	6 7	137	5 8	16,671	3 3	101,767	15 6
1914-1915	109,512	12 4	68,004	2 1	177,516	14 5	853	3 5	8,189	3 10	186,559	1 8
1915-1916	30,865	10 2	47,222	13 9	78,088	3 11	14,742	5 9	2,363	3 9	95,193	13 5
1916-1917	41,600	17 4	106,454	9 0	148,055	6 4	34,852	5 5	6,636	4 1	189,543	15 10
1917-1918	17,909	4 7	48,886	8 7	66,795	13 2	26,010	17 11	7,693	0 5	100,499	11 6
1918-1919	13,519	17 3	66,701	19 8	80,221	16 11	..	..	..	..	80,221	16 11
1919-1920	77,149	13 2	362,295	0 5	439,444	13 7	1,239	5 4	11,072	14 6	451,756	13 5
1920-1921	108,498	19 2	392,596	5 9	501,095	4 11	1,750	12 6	168,745	11 6	671,591	8 11

Table No. 10.
RETURN OF SUBDIVISIONS OF RURAL FREEHOLDS IN NEW ZEALAND.

From To	Subdivision by Freeholders.			Subdivision under the Land Settlements Finance Act.			Subdivision under the Land for Settlements Act.			Total Subdivisions.		
	Number of Original Holdings.	Number of Subdivisions disposed of.	Area disposed of.	Number of Original Holdings.	Number of Subdivisions.	Area.	Number of Original Holdings.	Number of Subdivisions.	Area.	Number of Original Holdings.	Number of Subdivisions.	Area.
			Acres.			Acres.			Acres.			Acres.
1/4/12-31/3/13	837	1,981	400,569	10	87	11,354	19	322	128,329	866	2,390	540,252
1/4/13-31/3/14	1,291	3,199	416,051	4	27	4,182	16	276	144,546	1,311	3,502	564,779
1/4/14-31/3/15	885	2,055	404,115	6	37	3,279	10	130	18,374	901	2,222	425,768
1/4/15-31/3/16	582	1,070	201,115	1	5	374	10	158	51,158	593	1,233	252,647
1/4/16-31/3/17	694	1,108	184,799	..	nil	..	15	165	58,334	709	1,273	243,133
1/4/17-31/3/18	643	1,096	194,572	1	6	1,545	16	222	35,891	660	1,324	232,008
1/4/18-31/3/19	753	1,227	207,933	..	nil	..	12	248	32,674	765	1,475	240,607
1/4/19-31/3/20	1,519	2,622	616,210	..	..	..	64	416	219,259*	1,583	3,038	835,469
1/4/20-31/3/21	1,724	3,046	565,653	..	..	..	60	474	114,711*	1,784	3,520	680,364
Total ..	8,928	17,404	3,191,017	22	162	20,734	222	2,411	803,276	9,172	19,977	4,015,027
Ordinary Crown land selected under settlement conditions during the nine years ended the 31st March, 1921	..	..	..	..	..	..	..	..	..	..	7,010	1,496,272
Native land vested in the Maori Land Boards disposed of for closer settlement during the nine years ended the 31st March, 1921	..	..	..	..	..	..	..	..	..	..	395	158,341
Grand total made available for closer settlement during nine years ended the 31st March, 1921	..	..	..	..	..	..	..	..	..	..	27,382	5,669,640

NOTE.—Subdivisions of Native land not vested in the Maori Land Board but disposed of by way of sale or lease are not included in the above return.

* Disposed of to discharged soldiers under the Discharged Soldiers Settlement Act.

Table No. 11.

Statement showing the financial position of the Dominion on the 31st March, 1921, as compared with the 31st March, 1920:—

[NOTE.—The term “liabilities” in these tables includes expenditure on public works for which contracts had been signed or material ordered on the 31st March, 1921.]

CONSOLIDATED FUND.					£
Balance on 31st March, 1920	..	..	..	..	17,538,976
Liabilities on 31st March, 1920	..	..	..	..	515,655
Balance on 31st March, 1921	..	..	..	..	8,591,209
Liabilities on 31st March, 1921	..	..	..	..	710,653
STATE FORESTS ACCOUNT.					
				£	£
Balance on 31st March, 1920	..	..	..	5,517	
Unexhausted authority for raising loan	..	..	..	130,000	
				—————	135,517
Liabilities on 31st March, 1920	..	..	..	..	Nil.
Balance on 31st March, 1921	..	..	..	9,537	
Unexhausted authority for raising loan	..	..	..	310,000	
				—————	319,537
Liabilities on 31st March, 1921	..	..	..	..	5,066
STATE COAL-MINES ACCOUNT.					
				£	£
Balance on 31st March, 1920	..	..	..	63,090	
Unexhausted authority for raising loan	..	..	..	25,000	
				—————	88,090
Liabilities on 31st March, 1920	..	..	..	..	17,800
Balance on 31st March, 1921	..	..	..	48,293	
Unexhausted authority for raising loan	..	..	..	55,000	
				—————	103,293
Liabilities on 31st March, 1921	..	..	..	..	22,000
SCENERY PRESERVATION ACCOUNT.					
				£	£
Balance on 31st March, 1920	..	..	..	4,944	
Unexhausted authority for raising loan	..	..	..	6,000	
				—————	10,944
Liabilities on 31st March, 1920	..	..	..	..	Nil.
Balance on 31st March, 1921	..	..	..	2,901	
Unexhausted authority for raising loan	..	..	..	6,000	
				—————	8,901
Liabilities on 31st March, 1921	..	..	..	..	29
NAURU AND OCEAN ISLANDS ACCOUNT.					
				£	£
Balance on 31st March, 1921	..	..	..	..	28,172
PUBLIC WORKS FUND.					
				£	£
Balance on 31st March, 1920	..	..	..	219,502	
Unexhausted authority for raising loan	..	..	..	950,000	
				—————	1,169,502
Liabilities on 31st March, 1920	..	..	..	..	954,071
Balance on 31st March, 1921	..	..	..	489,489	
Unexhausted authority for raising loan	..	..	..	3,060,000	
				—————	3,549,489
Liabilities on 31st March, 1921	..	..	..	..	1,933,434
RAILWAYS IMPROVEMENTS AUTHORIZATION ACT 1914 ACCOUNT.					
				£	£
Balance on 31st March, 1920	..	..	..	22,794	
Unexhausted authority for raising loan	..	..	..	2,535,000	
				—————	2,557,794
Liabilities on 31st March, 1920	..	..	..	..	20,096
Balance on 31st March, 1921	..	..	..	7,206	
Unexhausted authority for raising loan	..	..	..	2,487,510	
				—————	2,494,716
Liabilities on 31st March, 1921	..	..	..	..	7,388

Table No. 11—continued.

WAIHOU AND OHINEMURI RIVERS IMPROVEMENT ACCOUNT.

	£	£
Balance on 31st March, 1920	6,263	
Unexhausted authority for raising loan	20,000	
	<hr/>	26,263
Liabilities on 31st March, 1920 .. .. .	..	500
Balance on 31st March, 1921	27,751	
Unexhausted authority for raising loan	82,000	
	<hr/>	109,751
Liabilities on 31st March, 1921 .. .. .	..	1,877

ELECTRIC SUPPLY ACCOUNT.

(FORMERLY AID TO WATER-POWER WORKS ACCOUNT.)

	£	£
Balance on 31st March, 1920	1,504	
Unexhausted authority for raising loan	6,881,000	
	<hr/>	6,882,504
Liabilities on 31st March, 1920 .. .. .	..	102,991
Balance on 31st March, 1921	1,079,533	
Unexhausted authority for raising loan	8,973,490	
	<hr/>	10,053,023
Liabilities on 31st March, 1921 .. .. .	..	355,636

CHEVIOT ESTATE ACCOUNT.

	£
Balance on 31st March, 1920	146,812
Balance on 31st March, 1921	160,712

NATIONAL ENDOWMENT ACCOUNT.

	£
Balance on 31st March, 1920	100,448
Liabilities on 31st March, 1920	Nil.
Balance on 31st March, 1921	102,481
Liabilities on 31st March, 1921	Nil.

LAND FOR SETTLEMENTS ACCOUNT.

	£	£
Balance on 31st March, 1920	156,668	
Authority for raising loan	500,000	
	<hr/>	656,668
Liabilities on 31st March, 1920 .. .. .	..	516
Balance on 31st March, 1921	373,756	
Unexhausted authority for raising loan	500,000	
	<hr/>	873,756
Liabilities on 31st March, 1921 .. .. .	..	526

NATIVE LAND SETTLEMENT ACCOUNT.

	£	£
Balance on 31st March, 1920	22,869	
Unexhausted authority for raising loan	500,000	
	<hr/>	522,869
Liabilities on 31st March, 1920 .. .. .	..	673
Balance on 31st March, 1921	90,693	
Authority for raising loan	500,000	
	<hr/>	590,693
Liabilities on 31st March, 1921 .. .. .	..	1,426

Table No. 11—continued.

LAND FOR SETTLEMENTS ACCOUNT.
(DISCHARGED SOLDIERS SETTLEMENTS ACCOUNT.)

	£	£
Balance on 31st March, 1920	318,596	
Authority for raising loan	2,000,000	
	2,318,596	2,318,596
Liabilities on 31st March, 1920 .. .. .	..	175
Balance on 31st March, 1921	173,146	
Authority for raising loan	1,000,000	
	1,173,146	1,173,146
Liabilities on 31st March, 1921 .. .. .	..	1,565

LAND FOR SETTLEMENTS ACCOUNT.
(OPENING UP CROWN LANDS FOR SETTLEMENT.)

	£	£
Balance on 31st March, 1920	22,377	
Unexhausted authority for raising loan	250,000	
	272,377	272,377
Liabilities on 31st March, 1920 .. .. .	..	193
Balance on 31st March, 1921	18,035	
Authority for raising loan	250,000	
	268,035	268,035
Liabilities on 31st March, 1921 .. .. .	..	4,253

HAURAKI PLAINS SETTLEMENT ACCOUNT.

	£	£
Balance on 31st March, 1920	2,333	
Unexhausted authority for raising loan	34,000	
	36,333	36,333
Liabilities on 31st March, 1920 .. .. .	..	118
Balance on 31st March, 1921	9,378	
Unexhausted authority for raising loan	100,000	
	109,378	109,378
Liabilities on 31st March, 1921 .. .. .	..	4,211

RANGITAIKI LAND DRAINAGE ACCOUNT.

	£	£
Balance on 31st March, 1920	50,754	
Unexhausted authority for raising loan	Nil.	
	50,754	50,754
Liabilities on 31st March, 1920 .. .. .	..	459
Balance on 31st March, 1921	4,822	
Unexhausted authority for raising loan	70,000	
	74,822	74,822
Liabilities on 31st March, 1921 .. .. .	..	1,081

WORKERS' DWELLINGS ACCOUNT.

	£	£
Balance on 31st March, 1920 .. .. .	..	77,100
Balance on 31st March, 1921 .. .. .	..	52,100

STATE ADVANCES ACCOUNT.

	£	£
Balance on 31st March, 1920	240,297	
Loan-money to receive	1,162,000	
Unexhausted authority for raising loan	3,250,000	
	4,652,297	4,652,297
Liabilities and commitments on 31st March, 1920 .. .. .	..	708
Balance on 31st March, 1921	177,246	
Unexhausted authority for raising loan	3,250,000	
Loan-money to receive	900,000	
	4,327,246	4,327,246
Liabilities and commitments on 31st March, 1921 .. .. .	..	615

Table No. 11—continued.

WAR EXPENSES ACCOUNT.				£	£
Balance on 31st March, 1920 .. .. .	..	..	..	4,533,728	
Unexhausted authority for raising loan .. .. .	..	..	..	6,611,475	
				<hr/>	11,145,203
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	2,216,349
Balance on 31st March, 1921 .. .. .	..	..	..	3,424,283	
Unexhausted authority for raising loan .. .. .	..	..	..	5,161,930	
				<hr/>	8,586,213
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	603,000
WAIMARINO BUSH-FIRE RELIEF ACCOUNT.					£
Balance on 31st March, 1920 .. .. .	..	..	..	..	23,592
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	Nil.
Balance on 31st March, 1921 .. .. .	..	..	..	..	41,479
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.
MINING ADVANCES ACCOUNT.					£
Balance on 31st March, 1920 .. .. .	..	..	..	4,178	
Unexhausted authority for raising loan .. .. .	..	..	..	20,000	
				<hr/>	24,178
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	Nil.
Balance on 31st March, 1921 .. .. .	..	..	..	1,696	
Unexhausted authority for raising loan .. .. .	..	..	..	50,000	
				<hr/>	51,696
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.
KAURI-GUM INDUSTRY ACCOUNT.					£
Balance on 31st March, 1920 .. .. .	..	..	..	16,323	
Unexhausted authority for raising loan .. .. .	..	..	..	22,000	
				<hr/>	38,323
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	3,761
Balance on 31st March, 1921 .. .. .	..	..	..	7,418	
Unexhausted authority for raising loan .. .. .	..	..	..	22,000	
				<hr/>	29,418
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.
FRUIT-PRESERVING INDUSTRY ADVANCES ACCOUNT.					£
Balance on 31st March, 1920 .. .. .	..	..	..	384	
Unexhausted authority for raising loan .. .. .	..	..	..	40,000	
				<hr/>	40,384
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	Nil.
Balance on 31st March, 1921 .. .. .	..	..	..	2,382	
Authority for raising loan .. .. .	..	..	..	40,000	
				<hr/>	42,382
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.
DISCHARGED SOLDIERS SETTLEMENT ACCOUNT.					£
Balance on 31st March, 1920 .. .. .	..	..	..	975,254	
Unexhausted authority for raising loan .. .. .	..	..	..	4,655,000	
				<hr/>	5,630,254
Liabilities on 31st March, 1920 .. .. .	..	..	..	..	Nil.
Balance on 31st March, 1921 .. .. .	..	..	..	3,478,454	
Unexhausted authority for raising loan .. .. .	..	..	..	4,760,696	
				<hr/>	5,239,150
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.

Table No. 11—continued.

SWAMP LAND DRAINAGE ACCOUNT.				£	£
Balance on 31st March, 1920				1,723	
Authority for raising loan				150,000	
				<u> </u>	151,723
Liabilities on 31st March, 1920 .. .. .				..	163
Balance on 31st March, 1921				29,057	
Unexhausted authority for raising loan				150,000	
				<u> </u>	179,057
Liabilities on 31st March, 1921 .. .. .				..	Nil.
COLD-STORAGE ADVANCES ACCOUNT.				£	£
Balance on 31st March, 1920				10,550	
Unexhausted authority for raising loan				149,250	
				<u> </u>	159,800
Balance on 31st March, 1921				22,819	
Unexhausted authority for raising loan				149,250	
				<u> </u>	172,069
EDUCATION LOANS ACCOUNT.				£	£
Unexhausted authority for raising loan				1,250,000	
Liabilities on 31st March, 1920				Nil.	
				<u> </u>	1,250,000
Balance on 31st March, 1921				55,429	
Unexhausted authority for raising loan				1,730,000	
				<u> </u>	1,785,429
Liabilities on 31st March, 1921 .. .. .				..	9,510
FISHING INDUSTRY PROMOTION ACCOUNT.				£	£
Unexhausted authority for raising loan				25,000	
Liabilities on 31st March, 1920				Nil.	
				<u> </u>	25,000
Balance on 31st March, 1921				96	
Unexhausted authority for raising loan				25,000	
				<u> </u>	26,096
RESERVE FUND ACCOUNT.				£	£
Balance on 31st March, 1920				800,000	
Unexhausted authority for raising loan				1,200,000	
				<u> </u>	2,000,000
Liabilities on 31st March, 1920 .. .. .				..	Nil.
Balance on 31st March, 1921 .. .. .				..	2,000,000

Table No. 12.

STATEMENT OF ASSETS HELD, AND CAPITAL EXPENDITURE, AS AGAINST THE PUBLIC DEBT ON THE 31ST MARCH, 1921, TOGETHER WITH SUPPORTING SCHEDULES.

							<i>Liabilities.</i>	
							£	£
Public debt—								
Ordinary .. .. .	..	..	..	..	..	106,256,496		
State advances .. .. .	..	..	..	..	..	12,619,950		
								118,876,446
War .. .. .	..	..	..	..	..	81,538,569		
Discharged-soldiers settlement	..	..	..	..	..	5,909,304		
								87,447,873
								<u>£206,324,319</u>
							<i>Assets.</i>	
								£
Sinking funds accrued	..	..	..	..	..			8,763,072
Investments of cash balances of the Public Account	..	..	..	..	..			10,320,705
Bank of New Zealand shares	..	..	..	..	..			875,000
Reserve Fund securities	..	..	..	..	..			2,000,000
New Zealand Consols investments	..	..	..	..	..			475,985
State Advances investments	..	..	..	..	..			14,478,068
Advances made by Treasury	..	..	..	..	..			433,438
Advances on account other Governments	..	..	..	..	..			125,490
Cash in Public Account	..	..	..	..	..			8,450,372
Cash in New Zealand Consols Account	..	..	..	..	..			6
Cash in hands of officers of the Dominion	..	..	..	..	..			1,612,988
								47,535,124
Total amount expended for railways, public buildings, telegraphs, Native lands, harbours, lighthouses, settlement lands, electric development, &c., to 31st March, 1921	..	..	..	..	..			*84,314,003
Crown lands—estimated value	..	..	..	..	..			25,000,000
Surplus of liabilities over assets	..	..	..	..	..			49,475,192
								<u>£206,324,319</u>

Sinking Funds accrued : Schedule I.

							£
Public Debt Extinction Act, 1910	..	..	..	..	..		1,871,205
War loans	..	..	..	..	..		2,507,164
Land for settlements	..	..	..	..	..		935,790
Government loans to local bodies	..	..	..	..	..		799,601
Naval Defence Act, 1909	..	..	..	..	..		822,334
War and defence loans	..	..	..	..	..		192,691
Native-land settlement	..	..	..	..	..		11,977
Section 26 (5) (a), State Advances Act, 1913	..	..	..	..	..		6,497
New Zealand Loans Act, 1863	..	..	..	..	..		2,207
Guaranteed mining advances	..	..	..	..	..		751
State advances	..	..	..	..	..		1,592,827
State Coal-mines Act, 1908	..	..	..	..	..		20,028
							<u>£8,763,072</u>

Investments of Cash Balances out of Public Account : Schedule II.

							£
Ordinary Revenue Account	..	..	..	..	..		2,853,490
State Coal-mines Account	..	..	..	..	..		30,000
Deposits Account	..	..	..	..	..		1,260,975
Cheviot Estate Account	..	..	..	..	..		157,130
Workers' Dwellings Account	..	..	..	..	..		52,100
Waimarino Bush-fire Relief Account	..	..	..	..	..		39,700
War Expenses Account	..	..	..	..	..		1,655,500
Nauru and Ocean Islands Account	..	..	..	..	..		10,000
Electric-supply Account	..	..	..	..	..		1,000,760
Land for Settlements Account	..	..	..	..	..		269,250
Land for Settlements Account (Discharged Soldiers Settlement Account)	..	..	..	..	..		135,000
National Endowment Account	..	..	..	..	..		67,800
Discharged Soldiers Settlement Account	..	..	..	..	..		2,719,000
Discharged Soldiers Settlement Loans Act, 1920, Depreciation Fund Account	..	..	..	..	..		50,000
Cold-storage Advances Account	..	..	..	..	..		20,000
							<u>£10,320,705</u>

* This does not include £19,033,007 expended on directly and indirectly productive services, such as roads, immigration, State coal-mines, drainage-lands, &c., shown in table.

Table No. 12—continued.

Advances made by Treasury: Schedule III.

	£
Mining	23,028
Fruit-preserving	72,010
Kauri-gum	53,000
Co'd storage	128,250
Loans to employers for workers' dwellings	3,150
Southland Electric Power Board	154,000
	<hr/>
	£433,438

Advances on Account of other Governments: Schedule IV.

	£
Bechuanaland	249
British Guiana	39
British military occupation of Samoa	17,510
Commonwealth Government	33,860
Canadian Government	2,155
Ceylon	1,102
Cook Islands	Cr. 150
Federated Malay States	468
Fiji	Cr. 4,054
Hong Kong	31
Imperial Government	21,228
Mauritius	534
Niue Island	191
Nyassa'land	53
Nigeria	232
Samoa	51,688
Trinidad	63
Straits Settlements	135
Union of South Africa	156
	<hr/>
	£125,490

Total Amounts expended to 31st March, 1921: Schedule V.

	£
Railways	38,917,375
Public buildings	8,300,794
Telegraph extension	4,409,446
Purchase of Native lands	2,061,791
Lighthouse, harbour-works, &c.	1,156,779
Land for settlements	9,370,906
Land for settlements (discharged soldiers)	2,692,327
Discharged-soldiers settlement	16,601,238
Electric-power supply and development.. .. .	803,347
	<hr/>
	£84,314,003

Schedule VI: Directly and Indirectly Productive Services.

	£
Roads	12,547,668
Immigration	2,259,743
Tourist and health	286,295
Development of mining	883,726
Roads to open up Crown lands	1,309,077
Lands-improvement	140,368
Waihou and Ohinemuri Rivers improvement	189,074
Irrigation and water-supply	250,180
State forests	200,000
Scenery-preservation	94,000
Hauraki Plains settlement	239,000
Rangitaiki land-drainage	280,000
Swamp-land drainage	126,276
State coal-mines	227,600
	<hr/>
	£19,033,007

