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1922.
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Supply, 15th August, 1922.)

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, 1922, together with my proposals for the current financial year.

The total revenue of the Consolidated Fund for the year 1921-22 amounted to £28,127,007, whilst the expenditure for the same period totalled £28,466,838, the difference being met by the utilization of a portion of the excess of Customs revenue collected during the previous year.

REVENUE.

The revenue for the year was estimated at £28,000,000, but the amount collected was £127,007 in excess of the estimate, or £6,133,955 below the revenue of the previous financial year, as shown hereunder :—

Revenue for the Year ended 31st March, 1922, compared with the Year ended 31st March, 1921.

—	Year ended 31st March, 1922.	Year ended 31st March, 1921.	Increase.	Decrease.
	£	£	£	£
Customs	5,095,436	8,408,726	..	3,313,290
Beer duty	458,898	360,525	98,373	..
Stamp and death duties	3,444,504	3,745,902	..	301,398
Postal and telegraph	2,748,481	2,640,158	108,323	..
Land-tax	1,637,816	1,688,978	..	51,162
Income-tax	6,002,987	8,248,945	..	2,245,958
Railways	6,683,236	6,918,492	..	235,256
Registration and other fees	146,548	220,085	..	73,537
Marine	51,849	56,540	..	4,691
Miscellaneous	1,410,478	1,584,995	..	174,517
Territorial	200,697	219,193	..	18,496
National-endowment revenue	102,481	100,448	2,033	..
Other receipts	143,596	67,975	75,621	..
			284,350	6,418,305
				284,350
Totals	28,127,007	34,260,962	..	6,133,955

The decrease in the Customs revenue of £3,313,290 was anticipated, and justifies the provision made for applying the excess Customs revenue collected during the year 1920-21 towards adjusting the disturbance in the equilibrium due to over-importation.

EXPENDITURE.

The expenditure under the permanent and annual appropriations amounted to £28,466,838, or £886,516 less than the amount appropriated by Parliament. It will be remembered that after a careful examination by the Public Accounts Committee the estimates as originally submitted were reduced by £260,116.

Comparative Statement of the Appropriated and Actual Expenditure of the Consolidated Fund (Ordinary Revenue Account) for the Financial Year ended 31st March, 1922.

	Appropriated, 1921-22.	Actual.	More.	Less.
	£	£	£	£
Permanent Charges,—				
Civil List	31,100	29,884	..	1,216
Interest and Sinking Fund	8,512,352	8,442,278	..	70,074
Under special Acts	4,640,531	4,401,999	..	238,532
	13,183,983	12,874,161	..	309,822
Annual Appropriations,—				
Legislative Departments	82,091	73,843	..	8,248
Treasury Department	47,330	41,103	..	6,227
Land and Income Tax Department	66,956	60,533	..	6,423
Stamp Duties Department	117,210	101,415	..	15,795
National Provident and Friendly Societies Department	27,650	24,935	..	2,715
Working Railways	6,492,776	6,473,234	..	19,542
Post and Telegraph Working-expenses	2,557,600	2,448,688	..	108,912
Public Buildings	111,705	109,092	..	2,613
Government Domains	5,748	4,513	..	1,235
Maintenance and Improvement of Roads	64,000	62,280	..	1,720
Maintenance of Irrigation-works	2,000	1,295	..	705
Native Department	27,180	22,862	..	4,318
Department of External Affairs	20,716	21,478	762	..
Department of Industries and Commerce	185,758	157,518	..	28,240
Department of Justice	34,512	45,875	11,363	..
Supreme and Magistrates' Courts	90,472	101,219	10,747	..
Prisons Department	92,815	79,545	..	13,270
Crown Law Office	6,550	6,021	..	529
Police Department	435,910	411,056	..	24,854
Cook Islands	15,256	15,406	150	..
Pensions Department	142,466	138,734	..	3,732
Mines Department	57,779	47,076	..	10,703
Department of Internal Affairs	408,348	367,062	..	41,286
Audit Department	25,136	21,685	..	3,451
Public Service Commissioner's Office	9,676	8,861	..	815
Printing and Stationery	23,730	Cr. 10,220	..	33,950
Mental Hospitals	301,830	269,199	..	32,631
Department of Health	214,205	223,388	9,183	..
Naval Defence	342,587	303,517	..	39,070
New Zealand Military Forces and Cadets	376,441	373,791	..	2,650
Aviation	8,426	8,361	..	65
Non-effective Services	12,427	11,982	..	445
Rifle Clubs	21,490	21,316	..	174
Customs Department	141,228	136,475	..	4,753
Marine Department	150,173	151,695	1,522	..
Department of Labour	39,132	35,762	..	3,370
Department of Lands and Survey	254,370	215,672	..	38,698
Valuation	62,172	55,278	..	6,894
Electoral	5,950	6,295	345	..
Agriculture	331,968	275,176	..	56,792
Tourists	96,404	86,943	..	9,461
Education Department	2,659,198	2,580,562	..	78,636
Services not provided for .. .. .	..	2,156	2,156	..
	16,169,371	15,592,677	36,228	612,922
			36,228	922,744
				36,228
Total expenditure	29,353,354	28,466,838	..	886,516

It is thus evident that the economies introduced by the Government are beginning to take effect, and I am glad to be able to announce that the rapid annual increase in expenditure disclosed by the following table has been effectively checked :—

EXPENDITURE OF ORDINARY REVENUE ACCOUNT UNDER APPROPRIATIONS FOR
THE FINANCIAL YEARS 1913-14 TO 1921-22, INCLUSIVE.

Year.	Expenditure.	Excess over Previous Year.
	£	£
1913-14	11,825,864	743,826
1914-15	12,379,803	553,939
1915-16	12,493,107	113,304
1916-17	14,058,770	1,565,663
1917-18	15,120,287	1,061,517
1918-19	18,673,599	3,553,312
1919-20	23,781,524	5,107,925
1920-21	28,068,730	4,287,206
1921-22	28,466,838	398,108

Interest and sinking fund charges increased during the year by £610,685, and scale increases to the salaries of State employees amounted to £226,443. The small net increase for the year is, however, more than set off by an asset in the reserve stock of coal held by the Railway Department.

The decrease in the rate of expenditure is definite. Conditions, however, are such as to make it imperative that the present rigorous policy of economy must be adhered to, for safe finance demands that public revenue and expenditure should balance. Future expenditure must be subject to careful review, and constant pressure applied to ensure that money is spent wisely, also that the State receives full value for its expenditure.

PERMANENT CHARGES FOR THE YEARS 1913-14 AND 1921-22.

The expenditure on permanent charges compared with 1913-14 shows an increase of £8,638,072. Most of this increase is due to causes beyond administrative control, such as the late war and the effect it had on the cost of living, and also to normal expansion. The following items will show this more clearly :—

<i>Directly due to the war :—</i>		£	£
Interest and sinking fund on war loans .. .. .	.. .. .	4,657,766	
War pensions .. .. .	.. .. .	1,722,596	
		—————	6,380,362
<i>Indirectly due to the war :—</i>			
Increase to old-age, widows', military, and miners' pensions, due to increased cost of living .. .. .	.. .. .	414,200	
Butter subsidies .. .. .	.. .. .	240,270	
Increase in rate of interest on new loans and renewals .. .. .	.. .. .	250,000	
Increase in subsidies to Hospital Boards, due largely to increased cost of maintenance, food, drugs, &c. .. .. .	.. .. .	276,172	
Increase in subsidies to local bodies, necessitated by increased rating .. .. .	.. .. .	73,214	
		—————	1,253,856
<i>Increases in—</i>			
Old-age pensions .. .. .	.. .. .	231,563	
Education grants .. .. .	.. .. .	90,000	
		—————	321,563
<i>Increase in subsidies owing to expansion :—</i>			
National Provident Fund .. .. .	.. .. .	61,275	
Superannuation Funds .. .. .	.. .. .	64,000	
		—————	125,275
Epidemic pensions .. .. .	.. .. .	..	72,500
			—————
			£8,153,556

Deducting the increases for which the war is directly and indirectly responsible—viz., £7,634,218—the net increase is £1,003,854, of which £446,838 is due to growth of population and increased pension liability.

RESULT OF THE YEAR'S OPERATIONS.

The rapid fall in the price of our primary products had a marked effect upon the year's operations, but the situation improved with the increase in values. Whilst it would not be prudent to assume that the improvement will continue or that an early return to normal conditions is to be looked for, I am confident that the worst has been passed.

It is a matter of congratulation that the difficulty arising out of over-importation, which proved so serious in other parts of the world, has been satisfactorily overcome in New Zealand.

The results of the year's operations within the Consolidated Fund, Ordinary Revenue Account, are summarized hereunder:—

Receipts during year 1921-22 :—	£
Revenue	28,127,007
Expenditure during year :—	£
Permanent charges	12,874,161
Annual appropriations	15,592,677
	28,466,838
Excess of expenditure over revenue ..	339,831
Less other receipts :—	
Repayments by Southland Electric-power Board	60,000
	60,000
Net amount required to adjust expenditure and revenue	£279,831

The balance of the accumulated surpluses, brought forward at the 1st April, 1921, was £8,591,209, including £2,409,251 held in reserve to meet the inevitable drop in Customs revenue. The balance at 31st March, 1922, was £7,531,367, including the unexpended portion of the excess Customs revenue; the reduction being accounted for by the application of £780,011 to debt-reduction or capital purposes, and of £279,831 to adjusting ordinary revenue and expenditure.

ACCUMULATED SURPLUSES.

The following statement shows how the accumulated surpluses have been applied:—

STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED.

To Accumulated surplus at 31st March, 1920 ..	£ 17,538,976	By transfers—		
Surplus for financial year 1920-21 ..	6,132,233	To Discharged Soldiers Settlement Account—	£	£
		1920-21	13,330,000	
		1921-22	170,000	
				13,500,000
		To Discharged Soldiers Settlement Depreciation Fund Account—		
		1920-21	50,000	
		1921-22	50,000	
				100,000
		To Public Works Fund, 1920-21		500,000
		To Reserve Fund Securities Account, 1920-21 ..		1,200,000
		To loans redemption, 1921-22 (war-loan certificates, £560,000)		560,011
		To balance revenue and expenditure, 1921-22 ..		279,831
		Total		16,139,842
		Balance, 31st March, 1922		7,531,367
Total accumulated surplus ..	£23,671,209			£23,671,209

The financial advantages of applying our surplus revenues, due largely to war taxation, to debt-extinction purposes, or to purposes for which money must otherwise have been borrowed are set out hereunder. In addition to other gains, the interest and sinking-fund charges have been relieved to the extent shown, whilst the income resulting from the transfer of £1,200,000 to the Reserve Fund Account in London has provided a valuable addition to the annual revenue of the Consolidated Fund.

SAVINGS THROUGH UTILIZING SURPLUSES.

Discharged Soldiers Settlement Account, £13,500,000 :—	£
Interest and sinking fund	405,000
Redemption of war-loan certificates, £560,000 :—	
Interest and sinking fund	16,800
Public Works Fund, £500,000 (transferred) :—	
Interest and sinking fund, &c.	15,000
Discharged Soldiers Settlement Loans Act 1920 Depreciation Fund, £100,000 :—	
Interest on investments	4,800
Reserve Fund (London) :—	
Interest on capital gain	3,150
	£444,750
	£444,750

Profit on Imperial 5-per-cent. Securities purchased at £95, now valued at Par.

Discharged Soldiers Settlement Loans Act, 1920—	£
Depreciation Fund, £50,000 (principal)	2,600
Reserve Fund Securities, £1,200,000 (principal)	63,150
	£65,750
	£65,750

Summary.

Interest and sinking fund—	£	£
Consolidated Fund	439,950	
Other accounts	4,800	
	444,750	
Profit on investments—		
Consolidated Fund	63,150	
Other accounts	2,600	
	65,750	
Total	£510,500	
	£510,500	

PUBLIC WORKS FUND.

The expenditure upon public works amounted to £5,461,407, or £2,320,210 over the expenditure for the year 1920-21.

Statement showing the Position of the Public Works Fund as at the 31st March, 1922.

Balance brought forward on 1st April, 1921	£	489,489
Receipts,—		
Loan-money—	£	
Finance Act, 1920, section 15 (public works)	560,000	
Finance Act, 1921, section 10	2,673,111	
Aid to Public Works and Land Settlement Act, 1921	2,155,290	
Other receipts	13,199	
	5,401,600	
	5,891,089	

Expenditure,—

Under appropriation	5,286,687	
Other expenditure	439	
Charges and expenses of raising loans	174,281	
	<hr/>	5,461,407
Balance at 31st March, 1922		*£429,682

* NOTE.—The balance on 31st March, 1922, is made up as follows:—

	£
Cash in Public Account	26,346
Imprests in the hands of officers of the Government	403,336
	<hr/>
	£429,682

Advantage was taken of the provisions of section 56 of the Public Revenues Act, 1910, to temporarily transfer £500,000 from the Consolidated Fund in anticipation of the receipt of loan-money, whereby a saving of interest amounting to £7,500 was effected.

The activities of the Public Works Department have been very considerable throughout the year. It was not possible in connection with railways to carry out the principle of concentration in its entirety, owing to unemployment throughout the country, which has necessitated the carrying-on of works in various parts in order to avoid the expense and dislocation which would have been caused by an endeavour to employ all the men requiring work on a limited number of works. As a result, some lines, which would have otherwise been stopped, have been continued. On the more important lines vigorous work is being carried out, and progress satisfying anticipations has been effected.

In connection with roadworks, the ordinary programme has been speeded up and work done this year which, but for the necessity for finding employment, would not have been carried out so soon. The number of men employed has risen to about 6,500, one-third of these being what are known as relief workers.

The legislation prepared last year in connection with the construction and maintenance of main roads has been reconsidered. There has recently been a conference between the Government and the interests involved, and it is hoped that the difficulties which appeared will be overcome. The work of developing the backblocks is still actively proceeding.

The Department's hydro-electric works have been vigorously pushed on; fresh units have been and are being installed at the Lake Coleridge power-house, which will soon reach its maximum capacity of the first development. The Harper River has been diverted into Lake Coleridge, this being the first stage of a complete duplication of the installation, which will be progressively proceeded with. Work at Mangahao has been speeded up. The reticulation in connection with the Horahora scheme has been extended, so that a large area of fertile country and a number of towns are supplied with power. The returns from this scheme have been very gratifying. The work of enlarging the power-house, with the consequent extensions elsewhere, is in progress. The development of the first stage at Waikaremoana is so far advanced that power will probably be available for Wairoa very shortly. An agreement has been entered into with the Auckland Power Board whereby this body agrees to take the whole of its demand from Arapuni power-house as soon as the supply is available, and the Government has agreed to use every endeavour to have power available by the end of 1928.

Very good work in connection with the improvement of the Waihou and Ohinemuri Rivers has been done, and during high water, which occurred once or twice during the year, the good effects of the work already done were plainly evident.

The work on the Manuherikia irrigation scheme, Central Otago, is so far advanced that water was turned on officially by my colleague the Hon. Minister of Public Works on the 31st March, 1922. Further extensions are being made in

connection with the Ida Valley scheme, the financial returns from which have maintained the steady increase which has been evident ever since water was turned on.

The rate of progress so far, and the proposals for the future, are such that the present loan authorities will not be sufficient, and necessary financial proposals will be submitted for your consideration in due course.

The expenditure for the year was largely increased in order to provide a substantial measure of relief in connection with the unemployed difficulty. I propose to supplement the Public Works and Development Accounts by transferring £1,250,000 of the accumulated surpluses, and thus effect a saving of £25,000, including sinking-fund and flotation charges.

TREASURY BILLS.

As a large portion of our revenue, especially the land and income tax, does not come in until the end of each financial year, special arrangements have to be made to meet current requirements when the expenditure is in excess of the receipts.

In the year just ended Treasury bills amounting in the aggregate to £1,155,453 were issued in anticipation of ordinary revenue and loan-moneys, upon receipt of which they were duly redeemed. The rates of interest varied from $3\frac{1}{2}$ to 5 per cent. No Treasury bills were outstanding at the 31st March, nor have any been issued since, although, for the reason stated, it will probably be necessary to anticipate receipts in this manner before the 31st March next.

By the use of Treasury bills in preference to the sale of Imperial securities held by the different investment accounts a saving of at least £93,000 was effected, as Imperial 5-per-cent. stock purchased at £95 was quoted at a much lower price when the bills were floated.

TREASURY.

Although the financial and administrative work of the Treasury has not diminished in importance or complexity, especially as regards the management of the large portion of the public debt domiciled in New Zealand, the effect of the reduced activities of the various Departments has been reflected in the business transacted, and it has been found possible to dispense with the temporary staff.

The transfer to the Pensions Department of the administrative work connected with the payment of Imperial pensions and the after-care and treatment of ex-Imperial soldiers in the Dominion has resulted in the reduction of the departmental expenditure by £1,300.

In consequence of a readjustment of fees and an increase in transactions connected with the management of the New Zealand inscribed stock, the revenue from this source increased over that of the previous year by £576.

The reductions in the staff towards the end of the financial year, and the curtailment of other expenditure, resulted in a net saving of £6,200 in the departmental vote, whilst the fees increased by £700.

REDEMPTIONS AND RENEWALS.

The loans which matured during the year amounted to £7,704,990, to which must be added £42,740, matured loans for which debentures were not presented up to the 31st March, 1921, making a total of £7,747,730. Of this sum, debentures amounting to £3,244,430 were redeemed, and £4,496,625 renewed at rates of interest varying from $4\frac{1}{2}$ to 6 per cent. Moneys for redemption purposes were obtained as follows: £560,011 from Consolidated Fund, £2,683,130 subscriptions from the public and other sources, and £1,289 from sinking funds set free.

Matured debentures amounting to £6,675 remained unrepresented at the 31st March, 1922.

CONVERSIONS.

As the advantages of inscribed stock over bearer bonds become more appreciated by investors, the conversions into stock tend to increase, as the following statement will show: 1920-21, amount converted, £499,700; 1921-22, amount converted, £749,100.

CUSTOMS DEPARTMENT.

The estimated revenue from Customs duties, including excise beer duty, during the financial year ended 31st March, 1922, as compared with the amount actually realized and with the amount collected for the previous year, is as set forth below, viz. :—

	Estimated Revenue, 1921-22.	Amount realized, 1921-22.	Amount over or under Estimate.	Amount collected. 1920-21.
	£	£	£	£
Customs duties ..	4,900,000	5,095,436	195,436 (over)	8,408,726
Excise beer duty ..	500,000	458,898	41,102 (under)	360,525
Totals ..	5,400,000	5,554,334	154,334 (over)	8,769,251

The number of gallons of beer brewed in New Zealand during the financial year was 13,669,777. This was a decrease of 1,256,849 gallons from the quantity brewed during the financial year 1920-21.

During the last four financial years the values of imports and exports have been as follows :—

	Imports.	Exports.
	£	£
1918-19	26,437,284	32,263,792
1919-20	32,162,029	50,776,650
1920-21	67,463,269	48,219,672
1921-22	36,123,256	43,794,883

The import values represent the fair market values in the country of exportation, plus 10 per cent. The export values are the f.o.b. values.

The value of our imports during last year was less than that of the previous abnormal year by the amount of £31,000,000, and the value of our exports exceeded that of our imports during the year by over £7,600,000. Owing to the fall in the market prices of our products, the value of our exports decreased nearly £4,500,000 as compared with the amount of exports for the previous year.

The following table shows, for purpose of comparison, the value and tonnage of goods imported from the principal countries during the years 1914, 1919, 1920, and 1921 :—

Year.	British Ports.		U.S.A.		Other Foreign Countries.		Totals.	
	Value	Tons.	Value.	Tons	Value.	Tons.	Value.	Tons.
	£		£		£		£	
1914 ..	17,649,784	1,360,843	2,282,966	125,755	1,923,346	52,157	21,856,096	1,538,755
1919 ..	20,829,937	948,060	7,576,314	236,359	2,265,447	64,723	30,671,698	1,249,142
1920 ..	46,804,855	1,487,216	11,100,259	323,129	3,690,714	113,038	61,595,828	1,923,383
1921 ..	32,667,045	1,378,017	7,746,457	278,753	2,528,941	62,431	42,942,443	1,719,201

TARIFF ARRANGEMENTS WITH AUSTRALIA.

During the recess the Minister of Customs for New Zealand visited Australia for the purpose of making more equitable tariff arrangements with that country. A treaty, subject to ratification by the Parliaments of both countries, was signed, and has been submitted for your consideration.

An agreement was also made with the Government of the Commonwealth that goods which would be entitled to admission under the British preferential tariff if imported direct from the country of origin, but which have been imported into the Commonwealth and afterwards exported therefrom to the Dominion, will be entitled to admission under the British preferential tariff on the production of a

certificate from the Customs Department of the Commonwealth as to the country of origin.

The agreement also provided that goods produced or manufactured in the United Kingdom which would be entitled to admission under the British preferential tariff in force in Australia if imported direct from the United Kingdom will, if exported to the Commonwealth from New Zealand, be so admitted on production of a similar certificate from the Customs Department of the Dominion.

This arrangement came into operation on the 1st May last.

ESTIMATED CUSTOMS REVENUE FOR 1922-23.

With a view to estimating the amounts likely to be received during the current financial year, inquiries have been made from merchants and others, and it is doubtful if the volume of imports this year will exceed that of last year. On this assumption it is evident that, had it not been for certain increases in the duty on luxuries made by the new tariff, we would, in view of the reduced prices of most classes of goods, have expected this year to collect much less than during 1921-22.

Under the new tariff the duty on spirits was doubled and that on tobacco was increased by over one-third. The full effect of the duty on spirits will probably not be felt this year, because merchants, in anticipation of the new duty, cleared abnormal quantities at the old rate, and there are still considerable duty-paid stocks in hand.

It will also be remembered that large concessions of duty were made last year in certain classes of machinery and appliances necessary for industrial development. Concessions were also made on inorganic salts, Australian hardwood timber, road-rollers, and on gas and oil engines, and stationary and marine steam-engines of sizes which could not be economically made in New Zealand. There will also be a reduction in the duty on silk piece-goods from the 1st June.

On the other hand, a number of items were added to the list of goods liable to preferential duty, and until traders are able to adjust their businesses and obtain their supplies from British sources it is likely that there will be a slight increase in duty owing to the continued importation of these goods from foreign countries.

BEER DUTY.

Although the duty on locally manufactured beer was practically doubled last year, the revenue did not increase in a corresponding ratio during the period the increased duty has been in operation.

ESTIMATED REVENUE.

It is estimated that the revenue for the present financial year will be as under:—

	£
Customs duties	5,160,000
Excise beer duty	650,000
Fees for licensed warehouses and other receipts	15,000
	<hr/>
	£5,825,000
	<hr/>

During last year the savings resulting from economies introduced in this Department amounted to £1,346. It is estimated that the total annual savings will amount to £3,355. The expenditure in 1921-22 amounted to £136,475, and £108,507 is the current year's estimated requirement, a reduction of £27,968.

LAND AND INCOME TAX DEPARTMENT.

The net receipts in this Department for the past year amounted to £7,640,803 (land-tax, £1,637,816; income-tax, £6,002,987), which compared with those for collection for the previous year show a decrease of £2,297,121.

LAND-TAX.

The land-tax receipts compared with those of 1920–21 show a decrease of £51,163. The comparison is as follows:—

1920–21	..	..	..	..	£	1,688,978
1921–22	..	..	..	..		1,637,816
						Decrease
						£51,162

This decrease is due principally to the enlarged exemption granted in respect of mortgaged lands, and also to the subdivision of large taxpaying properties into smaller and non-taxpaying holdings. It would have been much larger but for the increased value of land in districts revised under the provisions of the Valuation of Land Act.

The number of land-tax payers who benefited by the increase in the mortgage exemption granted by the Act of last year was approximately 10,100, and the amount of tax remitted aggregated £100,000.

INCOME-TAX.

The income-tax receipts compared with those of 1920–21 show a decrease of £2,245,958. The comparison is as follows:—

1920–21	..	..	..	..	£	8,248,945
1921–22	..	..	..	..		6,002,987
						Decrease
						£2,245,958

The decrease in income-tax is due to the large shrinkage in the incomes of taxpayers generally, the full effect of which has not yet been realized, but will be shown in the income returns and assessments for the current year.

In order to give some relief to taxpayers, rebates were granted of 10 per cent. of land-tax and 5 per cent. of income-tax if paid within twenty-one days of the due date; and, while this had the effect of reducing the collection as a whole, it also had the effect of inducing taxpayers and the financial institutions to make every effort to meet the payments within the time specified, with the result that a larger amount was collected within the financial year than would otherwise have been the case.

The business of the Department has increased to such an extent that it has not been found possible to effect any material reduction in expenditure. The retirement of a number of officers and the bonus reduction, however, resulted in a saving of £830 for the year.

A reduction of advertising and telephone services, &c., will effect a saving of £150 for the year 1922–23. Retirements and the reduction in the cost-of-living bonus will effect a further saving of £3,700.

STAMP DUTIES.

The revenue for the year amounted to £3,444,504, as compared with £3,745,902 for the previous year, the decrease being due almost entirely to the reduced collections from duty on instruments.

The amended provision in the Finance Act, 1920, to increase the rates, and of the Death Duties Act, 1921, to charge interest on duty outstanding, resulted in a considerable increase in the revenue.

The amusements-tax is expected to produce additional revenue amounting to £60,000.

The amounts collected by way of totalizator, bank-note, and amusements taxes are shown hereunder:—

TOTALIZATOR-TAX.				£
1921-22 ..	..	..	..	515,248
1920-21 ..	..	..	..	497,961
Increase				17,287
BANK-NOTE TAX.				£
1921-22 ..	..	..	..	227,080
1920-21 ..	..	..	..	236,713
Decrease				9,633
AMUSEMENTS-TAX.				£
1921-22 ..	..	..	..	103,815
1920-21 ..	..	..	..	80,103
Increase				£23,712

The departmental expenditure vote for 1921-22 was £101,415, but in the estimates for the current year this is reduced by £21,234.

POST AND TELEGRAPH DEPARTMENT.

The amount of revenue collected by the Department during the year was £2,748,481. The principal items were—postages, £1,410,251; telegrams, £685,855; telephone-exchange receipts, £614,367.

The net expenditure was £2,448,688, a decrease of £139,672 when compared with that of the previous year.

The increased expenditure compared with 1914-15 is due entirely to the war or is a result of the war. As an indication of the increases in prices of material and office equipment, it may be mentioned that telephones increased by 52 per cent. in price; poles, 88 per cent.; arms, 100 per cent.; other materials, wire, &c., ranging from 400 per cent. to 600 per cent.; stationery, 103 per cent.

The following return shows clearly how necessary it was to increase the postal and telegraph rates to meet expenditure, including cost-of-living increases, during recent years:—

Year.	Actual Gross Revenue.	Estimated Revenue if Rates had not been increased.	Expenditure.	Actual Revenue over Expenditure.	Actual Expenditure over Revenue	Revenue over Expenditure if Rates had not been increased.	Expenditure over Revenue if Rates had not been increased.
	£	£	£	£	£	£	£
1915-16	1,695,757	1,559,505	1,296,522	399,235	..	262,983	..
1916-17	1,809,317	1,538,533	1,300,810	438,507	..	167,743	..
1917-18	1,837,260	1,554,250	1,489,446	347,814	..	64,804	..
1918-19	1,972,539	1,693,262	1,702,048	270,491	..	..	8,786
1919-20	2,106,995	1,751,988	1,944,161	162,834	..	..	192,173
1920-21	2,590,441	1,732,810	2,591,786	..	1,345	..	858,976
1921-22	2,748,481	1,676,220	2,448,688	299,793	..	..	775,351

The salary expenditure in 1914-15 absorbed 55 per cent. of the total revenue, and 57 per cent. in 1921-22.

The deposits in the Post Office Savings-bank for the year ended on the 31st March totalled £29,125,907, and the withdrawals £30,236,231, leaving an excess of withdrawals of £1,110,324. The amount standing to the credit of depositors on the 31st March, 1922, excluding interest for the year, was £42,241,797, compared with £19,048,029 at the end of 1914.

The aggregate number of money orders and postal notes issued in 1921-22 was 3,048,847, and the amount paid out £5,104,812.

The sale of war-loan certificates by the Post Office from the 11th August, 1916, until the 30th October, 1920, when they were withdrawn from sale, totalled £4,619,983. The earlier issues are now maturing, and from August last to the 31st March the value of certificates redeemed totalled £1,528,594.

The sales of Post Office investment certificates, which were inaugurated from the 1st November, 1920, have now realized £229,673.

The bonus reduction under the Public Expenditure Adjustment Act, 1921-22, resulted, for the quarter of the year it was in operation, in a saving of £28,257; and economies during the year reduced the amount appropriated by a further sum of £48,716. Apart from the amount saved by the reduction in the cost-of-living bonus, an estimated annual sum of £133,337 will be saved by changes in course of being effected.

The arrival of comparatively large shipments of materials which had been under order for a considerable time caused the vote "Telegraph Extension" to be somewhat inflated, the total amount expended on the construction of telegraph and telephone lines being £579,899, whilst the sum of £170,395 was spent in maintaining the existing lines and cables. Commitments to the amount of £350,000 for outstanding orders are being carried forward, and will require to be met this year.

MACHINE TELÉGRAPHY.

Machine-printing apparatus has been installed on two main telegraph circuits—*i.e.*, Christchurch-Wellington and Auckland-Wellington. The experience gained in this modern means of handling telegraph traffic goes to prove that in comparison with Morse working the carrying-capacity of the wires has been increased by about 390 per cent., and that the output per operator has increased on an average by 90 per cent. In view of the success of the existing installations provision has been made for extending the use of machine printing to other main routes.

WIRELESS TELEGRAPHY.

A revision has been made of the hours and duties performed at the New Zealand wireless coast stations with a view to effecting an economy in the operation of these stations, consistent with the keeping of a vigilant watch for distress signals, carrying-out public radio communications with ships at sea and the Dominion's dependencies. Consideration is now being given to the modernizing of the wireless transmitting equipment at Radio-Awanui and Radio-Apia, in order to increase the efficiency of these services and reduce the rates at present charged between New Zealand and the Polynesian group. This it is hoped will result in the equipment of a first-class high-power wireless station capable of world-wide communication and opening up, at a reasonable rate, communication with all countries with which New Zealand desires to extend its business relations.

AUTOMATIC TELEPHONY.

The obsolescence of a number of manual telephone switchboard systems is being met as rapidly as possible by the installation of automatic switching systems to eventually replace at all principal centres the present manual methods. Fortunately, the intermediate or common-battery stage has been avoided at the large centres, and the conversion to automatic is therefore being effected at a minimum of cost to the country. Automatic exchange systems are at present in operation either wholly or as auxiliaries to the manual system at Auckland, Hamilton, Masterton, Wellington, Blenheim, Christchurch, and Oamaru, and complete installations are being pushed forward as rapidly as possible at Auckland, Wanganui, Palmerston North, and Wellington. So rapid has been the growth of the telephone systems that at all places where the automatic system has recently been brought into operation immediate provision has had to be made for its further extension. The proposals for automatic telephone switching systems also embrace Christchurch and Dunedin, as well as a number of other centres where the manual systems have

reached their full capacity, and where it would be more economical—as soon as funds can be made available—to resort to a more up-to-date and efficient method of giving telephone service. During the past year the Department has done its best to meet the ever-increasing demand for telephone connections, and by various expedients has effected the renewal and extension of existing systems. There are, however, practical limits to these temporary measures, and considerable development and extension must take place if the telephonic needs of the community are to be satisfactorily met.

The telegraph and interurban line plant was increased during the year by 106 miles of new pole-line and 998 miles of wire, in addition to which 2,699 miles of line were overhauled during the year. Although this is a considerable increase on the previous year's work, it represents only a portion of the arrears that have to be overtaken in the telegraph and telephone extension programme, which during the war period and following years had necessarily to be considerably curtailed. Despite the fact that 9,259 new subscribers were added to the telephone-exchange system during the year, there still remain 6,132 persons awaiting telephone-exchange connections, and twenty-six exchanges awaiting erection. Of the new connections made during the year 2,389 were connected on the party-line system, involving the erection of 543 party-line circuits, the majority of which provided much-needed relief to settlers in scattered rural districts. The telephone-exchange system has increased by 543 miles of poles, 5,271 miles of open aerial wire, and 63 miles of telephone-cable of various sizes, containing in the aggregate 15,109 miles of wire. Six new telephone exchanges were opened during the year, and forty exchanges were provided with additional switchboard accommodation. Automatic exchanges were opened at Oamaru and Kelburn, while extensions to existing automatic or manual apparatus were made at all the principal centres.

BUILDINGS.

Only essential building has proceeded during the past financial year and maintenance has been kept at a minimum, but when financial conditions improve a considerable number of new buildings as well as extensive renovations will be required. Twenty-five new buildings were completed and four purchased to meet urgent needs. The majority were small buildings in country districts.

At Timaru and Christchurch fairly large additions are nearing completion. Tenders have been called for the erection at Dunedin of an automatic exchange.

During the year one post-office was destroyed by fire, and one badly damaged.

It is hoped to call early tenders for erecting the main automatic exchange at Wellington, and for post-offices at Stratford, Dannevirke, and Patea. Tenders for other necessary buildings will be called as soon as arrangements can be made.

RURAL MAILS.

A new system was established on the 1st January, 1922, for dealing with postal deliveries in rural districts. The principal alteration was that requiring rural-box holders to pay an annual fee of £1 for a delivery in excess of thrice weekly, and 10s. for a delivery having a frequency of thrice weekly or less. Deliveries are now established only where a reasonable return may be expected for the expenditure involved, and the fixing of the above charges enabled the Department to cancel most of the contributions formerly paid by settlers. In some cases these contributions fell very heavily on a few. The small charge referred to converted the annual loss of £4,700 to a profit of £280, and enabled the Department to proceed with establishing additional deliveries in the far backblocks without loss. The box-holders under the old system totalled 8,700; the number now is over 10,000.

STAFF.

On the 1st April, 1921, the number of permanent officers of the Post and Telegraph Department was 7,762; the temporary employees numbered 673, while there were 659 casual men employed on maintenance and construction work. The total number of employees was therefore 9,094. That total had been reduced to

8,679 by the 1st April last, on which date there were 7,657 permanent officers, 429 temporary and 593 casual men employed. If an exchange attendant on the permanent staff resigns and is replaced by a girl on temporary employment, as is usually the case, the permanent staff is reduced by one while the temporary staff is increased by one. It is therefore necessary in order to follow the reduction of staff which has been effected during the year, to take into account not only the permanent staff, but also the temporary staff. The same position arises in connection with the maintenance and construction staff.

LAND-SETTLEMENT.

There being little demand by discharged soldiers for rural and pastoral lands, the purchase of land for this purpose has been much reduced.

During the year the Land for Settlements Department acquired 6,000 acres under the provisions of the Discharged Soldiers Settlement Act, 1915, at a cost of £140,407, and 2,250 acres for individual soldiers, at £79,750, under section 3 of the Discharged Soldiers Settlement Act, 1917.

The total area proclaimed under the Discharged Soldiers Settlement Act, 1915, up to the 31st March, 1922, was 1,367,761 acres, of which 46,670 acres were proclaimed during the past year. Fifteen estates, comprising 28,938 acres, subdivided into 145 holdings, were opened for selection, together with 231,398 acres of rural, Crown, and scattered settlement sections comprising 460 holdings. Excluding cash sales, reserves, and miscellaneous leases some 221,558 acres of Crown settlement and national-endowment lands, subdivided into 714 sections, were taken up.

An area of 97,972 acres of land was taken up by 403 discharged soldiers, whilst 1,307 persons other than soldiers selected 212,104 acres. Over 400,000 acres of land are now open for application by the general public, soldiers having preference. In view of the conditions which obtained during the past year this result is satisfactory. I believe that improved prices will be followed by an increased demand for land, the settlement of which is essential to increased production. The Government policy of encouraging and facilitating settlement will be vigorously pursued.

WASTE-LANDS DEVELOPMENT.

Two large blocks have been prepared for settlement under the waste-lands-development system—the Riverhead, containing some 10,000 acres, subdivided into sixty-five sections, and another area between Rotorua and Taupō.

EXTENSION OF SOLDIERS' PRIVILEGES TO SOUTH AFRICAN WAR VETERANS.

Provision was made by section 17 of the Discharged Soldiers Settlement Act, 1921–22, to extend certain provisions of the principal Act to South African and other war veterans, and will be given effect to as opportunity offers.

KAURI-GUM INDUSTRY.

The market for kauri-gum has not yet recovered, and, although good prices were obtained, the quantity shipped during the year was below half the annual export average for the decade prior to the war. The return to Europe of some hundreds of Austrians materially affected the output, which, however, increased later, owing to the arrival on the gumfields of many men who found it difficult to obtain employment in the towns.

As buying by private exporters fell off, it became necessary for the Government to provide assistance in all the gum-producing districts, preference being given to married men, and gum was purchased in small lots from those in need.

The total purchases for the year amounted to £38,600, or £5,600 in excess of the previous year, while the sales totalled £21,800, or £16,500 less than those for 1920–21.

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, 1915, and amendments, up to the end of the financial year:—

Section 6, Discharged Soldiers Settlement Act, 1915: Advances on current account:—	Authorized. £	Advances made. £
4,160 returned soldiers	3,908,852	3,486,613
Section 2, Discharged Soldiers Settlement Amendment Act, 1917: Advances towards purchase of farms, market gardens, orchards, and discharge of mortgages:—		
5,443 returned soldiers	8,776,534	8,768,847
Section 2, Discharged Soldiers Settlement Amendment Act, 1917: Advances towards purchase and erection of dwellings and dis- charge of mortgages thereon:—		
10,789 returned soldiers	7,724,185	7,489,490
20,392 returned soldiers.	<u>£20,409,571</u>	<u>19,744,950</u>
Repayments of principal	1,457,659	
Transfers to Realization and other accounts—Securi- ties in course of realization	82,992	
Transfers to Property Account—Securities bought in by Department on default of mortgagors ..	32,669	
		<u>1,573,320</u>
Balance out on mortgage		<u>£18,171,630</u>

The gross receipts for the year amounted to £1,258,611. Of this sum £553,346 represents repayments of advances, while receipts in respect of interest and sundries total £705,265.

The fall in prices and adverse conditions affected repayment of advances, with the result that relief had to be afforded by means of additional loans and postponements, while, on the other hand, a considerable amount of arrears was outstanding. Postponements in force at the end of the year amounted to £26,470, whilst arrears in respect of payments of instalments of interest and principal amount to £385,845. Every encouragement is held out to men who are industrious and thrifty and have a reasonable prospect of making successful farmers. A small percentage of men who from want of experience and other causes would not succeed even under favourable conditions are gradually giving up their holdings and seeking more suitable employment.

Heavy demands were made for loans to finance the purchase of farms for subdivision, also for the erection of dwellings. The Government was reluctantly compelled to restrict its operations to granting loans for the purchase of stock and improvement of land held by soldiers, as well as helping invalided and disabled men to purchase small farms and erect dwellings. With the repayment of instalments it was subsequently found possible to authorize a large number of loans to assist soldiers to erect dwellings where, through a misunderstanding, contracts had been entered into at the time of the notification of the stoppage of loans.

SWAMP DRAINAGE RECLAMATION.

The acquisition of latest modern dipper-dredge equipment and excavators has considerably facilitated operations, and has made for economical construction. The whole of the plant ordered is to hand, and 70 per cent. of it in active commission.

The most important new project undertaken was the Hikurangi swamp area, the major work of which is well advanced. Operations on Hauraki, Rangitaiki, Kaitaia, and other areas are being steadily pushed on. As a result of these drainage undertakings the value of the reclaimed land has already been increased by over £3,000,000.

The net expenditure in 1921-22 on account of these schemes was: Hauraki, £125,564; Rangitaiki, £80,778; other swamp lands—Kaitaia, Waihi, Poukawa, and Hikurangi—£92,056.

LANDS AND SURVEY DEPARTMENT.

The expenditure in 1921-22 amounted to £215,672, while estimated expenditure for the current year of £193,666 is submitted, a reduction of £22,006.

RAILWAYS.

The gross receipts from the working railways amounted to £6,643,591—a decline of £265,000 on the previous year's figures. The working expenses amounted to £6,237,727. The net revenue is therefore £405,864—representing a return of 1·07 per cent. on capital cost.

The year has been one of abnormal difficulties—a post-war condition common to railway systems throughout the world. Although the net result of working does not provide sufficient return upon the capital expenditure, too much significance cannot be attached to that fact, and in measuring the result, due consideration must be given to the causes operating to bring it about. The railways have in point of fact been working under abnormal conditions due directly to the economic effect of the war. On the one hand the prices of stores and materials have increased and wages have greatly advanced since 1915. These advances reflect themselves in increased operating expenses for the year just ended, as compared with 1915, by 130 per cent. On the revenue side the rates for the carriage of passengers and goods have been raised during the war period by 25 per cent. and 40 per cent. respectively. Up till 1920 the trade in the country was stimulated by the high prices of its products. This resulted in an expansion of the railway business to an extent sufficient to make up for the disproportionate increase of the rates in relation to the large increase in expenditure. The slump in trade last year, however, changed the position, the reduction both in exports and imports reflecting itself strongly in the railway receipts. The small additions that had been made in the railway charges were therefore no longer sufficient to maintain a proper balance, and the falling prices of the country's products made it impracticable to further advance the rates. The only means of regaining normal relationship between revenue and expenditure was therefore to reduce the latter, and steps were taken to do this. The matter is still engaging the close attention of the Government and departmental experts. The problem, is however, by no means a simple one. The coal stocks had been depleted and had to be replenished at high cost in order that the Department might fulfil its obligations to the public. The enhanced price for coal and other stocks of materials obtained during the war period and required for carrying on the operations will continue to be charged against the working expenditure until such time as stocks are exhausted and the lower prices now ruling can be reflected in the expenditure. A reduction of wages has been made in terms of the Public Expenditure Adjustment Act, but this did not come into operation until January, 1922, consequently the reductions did not have any marked effect on last year's expenditure of the Department.

As illustrating the practical results that have been obtained in the direction of economy, it may be stated that in September, 1921, the expenditure exceeded the gross revenue by £54,000, while on the 31st March, 1922, the revenue was in credit to the extent of £405,864. For the year ending 31st March, 1923, it is anticipated that the revenue will amount to £7,200,000, and the expenditure to £6,164,000.

In regard to railways, it must not be forgotten that they act powerfully in the development of the country and the promotion of its industries, and in pursuance of this policy they daily render services to the Dominion in many cases at below actual cost.

NEW ZEALAND MEAT-PRODUCERS BOARD.

In accordance with the Meat Export Control Act, 1921-22, the New Zealand Meat-producers Board was constituted in March with full control over the export and marketing of frozen meat.

The Board has been very closely engaged in the investigation of the conditions of and methods for improving the trade, both in New Zealand and in London, and has already secured considerable reductions in the excessive charges which are bearing so hardly on producers.

Much yet remains to be done in obtaining reductions in the charges payable in respect of freight and other services.

The Vice-Chairman of the Board has been in London for some time, and it is anticipated that when his considered report is received a forward move will be possible in the directions authorized by the Act.

DEPARTMENT OF AGRICULTURE.

The outstanding feature of the year has been the relatively low range of prices obtainable for wool, frozen meat, dairy-produce, tallow, hides, sheep-skins, and phormium-hemp. In the latter part of the year, however, and since its close, conditions for most classes of our produce have shown a gratifying improvement, and more or less normal business at fairly good prices has been possible, excepting in crossbred wool and hemp. The steady improvement in the wool-market which I felt justified in predicting some time ago has been fully realized, and if the upward movement continues, next season's clip should bring prices that will enable the producer of crossbred wool to secure something above the cost of production.

The total value of the agricultural products exported was £39,236,528, or 89 per cent. of the total value of all exports—namely, £43,794,883.

The number of sheep slaughtered decreased by about 600,000, but lambs killed increased by 1,400,000, making a net increase of 800,000 in sheep and lambs. The aggregate number therefore during the year constitutes a record.

The total number of cattle in the Dominion increased by 150,000 over the figures for the previous year, a satisfactory improvement being shown in the number of dairy cows and heifers.

The numbers of stock killed at meat-export slaughterhouses for the year 1921-22 were as under, the figures in brackets indicating the figures for the previous year: Cattle, 97,907 (194,089); calves, 9,585 (6,525); sheep, 3,071,255 (3,671,182); lambs, 4,876,555 (3,433,101); swine, 92,697 (66,395).

The 1921-22 season opened with export prices at an unprofitable level for all classes of stock; but fortunately these conditions suddenly improved for both mutton and lamb, the latter reaching a satisfactory figure even when compared with pre-war prices. Beef has remained at a price that does not encourage export, and the prospects do not indicate an immediate improvement.

The market for butter was decontrolled in the United Kingdom from the 1st April, 1921, and in New Zealand from the 1st September, 1921. The market conditions for both butter and cheese have been remarkably unstable throughout the season. Butter-prices, however, began to improve soon after the New Year, and at the end of March the market appeared more stable. The cheese-market did not promise relatively good returns, and many dairy factories which had changed over from butter to cheese about December reverted in March to the manufacture of butter.

The amount collected by the Department during the year in fees imposed for grading dairy-produce amounted to £12,863.

The fruit industry continues to make progress. The area in commercial orchards is estimated at 30,000 acres, the increased area planted throughout the Dominion during the last five years being 3,171 acres. The fruit-yield has been a good average one, the apple crop being estimated at one and a quarter million bushels.

The market returns for fruit of good quality have been satisfactory to the grower, and the export of fruit, which received a serious set-back owing to war conditions, again commenced. The bulk was consigned to the English market under the guarantee of a net return to the grower of 1d. per pound. The season's exports total 120,513 cases, which is nearly double the quantity exported in any previous year.

Beekeeping is now an important minor industry. 8,426 persons are keeping bees, with a total of 85,861 hives. All honey for export is graded by Government officers, and certificates of quality are issued.

During 1921–22 the area estimated as sown in wheat is 363,000 acres, an increase of 140,157 acres over the area actually sown during the previous year. The estimated area sown in oats during 1921–22 is 470,000 acres, a decrease of 104,729 acres as compared with the actual area sown during the previous year. The estimated average yield per acre for 1921–22 is 29·32 bushels for wheat and 40·68 for oats, as against an actual yield in the previous year of 31·24 bushels for wheat and 35·41 for oats.

It is pleasing to observe from a report of the British Seed-testing Station that New Zealand rye, cow-grass, and white clover were ranked as the finest secured from any part of the world.

The revenue of the Department for the year 1921–22 was as follows :—

Under the vote :—

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	27,461
3. Sales of poison for destruction of rabbits	1,198
4. Destroying rabbits on Crown and private lands	10,648
5. Fees for semi-official testing of pure-bred dairy cows and cow-testing associations	1,888
6. Services of Dairy Instructors	5,813
7. Dairy-produce grading fees	3,192
8. Sales of <i>Journal of Agriculture</i> and photographic material	12,863
9. Fees for testing of seeds	2,212
10. Fees for fumigation and destruction of diseased fruit	605
11. Miscellaneous	196
	10,133
	76,209

Under Acts administered by the Department :—

12. Slaughtering and Inspection Act: Meat and inspection fees	26,222
13. Dairy Industry Act: Dairy registration fees	2,890
14. Orchard and Garden Diseases Act: Nursery registration fees	533
15. Stock Act: Brand registration and other fees	4,580
Total	£110,434

The total expenditure of the Department was £275,176, as compared with £192,838 (including Industries and Commerce) for 1913–14. Economies effected during 1921–22 amounted to £18,733, and the total annual savings from economies in course of introduction are estimated at £22,756.

NAURU AND OCEAN ISLAND PHOSPHATE.

In order to ensure satisfactory supplies of phosphate rock for manurial purposes the interests of the Pacific Phosphate Company in Nauru and Ocean Islands were purchased by the British, Australian, and New Zealand Governments as from the 1st July, 1920, the price being £3,500,000. New Zealand's share is 16 per cent., the balance of the capital being held in equal shares by the other Governments concerned. The business is controlled by the British Phosphate Commission, consisting of a Commissioner for each of the three Governments. The Governments are entitled to imports of phosphate rock in proportion to their capital interest, but when their requirements are satisfied the surplus may be placed on other markets. The production and sale are controlled by the Commission, but New Zealand imports are controlled by this Government. Orders are obtained from New Zealand purchasers of phosphate through an agent representing the Government, which purchases f.o.b., arranges transport, and collects through its agents the c.i.f.e. price. The Commission is required to sell at a price that will give a return of 6 per cent. on the capital invested and establish a sinking fund for the redemption of the principal. Owing to the need for providing working capital out of revenue a portion of the interest charge was allowed to stand over, but future payments are expected in full. The Dominion's control of local imports is arranged on a basis closely approximating cost, with a view to the supply of our primary industries with fertilizers at as low a price as possible. During the year 35,093 tons of phosphate rock were landed in New Zealand. The first cargo was

received in April, 1921. The present c.i.f.e. price for phosphate rock is substantially below the peak war prices, though still above pre-war prices. Owing to reduced f.o.b. charges and freights and careful handling of the business it was possible to make reductions in the c.i.f.e. price during the year. Additional improvements in production and transport charges will result in still further reductions in the c.i.f.e. price. The phosphate rock from these islands contains 85 to 86 per cent. of tricalcic phosphate of lime, and constitutes the richest large deposit in the world. Nauru and Ocean Island phosphate, in the finely ground natural state and converted into superphosphate, is giving excellent results.

STATE FOREST SERVICE.

The preliminary organization of the staff into the seven conservation regions, as outlined in the departmental reports in 1920, has been completed.

The net expenditure for the year was £107,582, an increase of £28,031 over the previous year, which is accounted for by the increased staff, the greater activity in field-work, the preventive operations in connection with forest fires, purchase from the Native Lands Settlement Account of a valuable timber area, and the extension of planting-areas.

The revenue from all sources for the year was £30,836, an increase of £11,139 over the previous year.

The borrowing-powers conferred by the Finance Acts of 1916, 1918, and 1920 limit the total authority to £500,000. The unexpended balance of this authority at the end of the financial year was approximately £213,200.

REPATRIATION.

The work of re-establishing discharged soldiers in civil life, which has been proceeding for over three years, is nearing completion, and the early absorption of this special branch has been arranged. A great measure of success has been attained in what was admittedly one of the gravest tasks confronting the Government at the conclusion of the world war. Briefly, the intention was to help every discharged soldier requiring assistance to secure for himself a position at least as good as that relinquished by him when he enlisted, and, so far as lay in our power, to recoup him for any disability, physical or financial, suffered through war service. In order to do this it was necessary to find work for all those requiring it; to provide facilities for the educational and vocational training of partially disabled men and such as had lost opportunity; to make suitable arrangements for the after-care and systematic following-up of all serious cases, including the blind, limbless, tubercular, &c., and to provide financial assistance for the purchase or establishment of businesses, for the acquisition of furniture to set up homes, for necessary tools and equipment required in the pursuit of vocations, for transportation to employment, and for the various other contingencies arising in connection with the absorption of the men. Over eighty Boards and Committees were set up throughout the Dominion, composed of prominent local residents representative of the various social and industrial organizations, and the success achieved is due in no small measure to the enthusiastic and devoted work of these bodies.

EMPLOYMENT.

Up to the 20th March last 26,854 men had been placed in employment, and the total number awaiting employment at that date throughout the Dominion was only 259. It has been necessary to make unemployment sustenance allowances in only 188 cases of hardship during the past two years, and the total amount expended as "out of work" pay is but £5,536, or an average payment of 1s. 4d. per demobilized soldier.

TRAINING.

Training was arranged for 7,417 partially disabled soldiers, apprentices, &c., and 6,897 of these have finished their training. No less than 91 per cent. of this number completed the full course laid down, and were absorbed by the

industries in which they had been trained, whilst a number of the 9 per cent. who discontinued before the completion of the course did so on account of ill health. The total amount expended upon facilities for training and for the sustenance of the men during the training-period is £382,022, an average cost of £55 for each completed trainee.

FINANCIAL ASSISTANCE.

Business loans have been granted in 6,087 cases, at a cost of £1,125,713, and 14,134 men have received advances totalling £677,481 for furniture and tools of trade. Some 4,130 others have been assisted financially in other directions; the amount paid to or on behalf of soldiers under all headings being £2,197,956. Of this sum £1,803,194 represents advances by way of loan, and the amount received in repayment thereof up to the 31st March, 1922, is £901,877. An additional £42,929 has been received as interest, making a total collection of £944,806, and it is satisfactory to be able to report that, within three years of the granting of the first loan, more than 50 per cent. of the total advanced to date has been received.

ADMINISTRATION.

From the inception of the scheme a strict supervision has been exercised by the Ministerial Board, and immediately the office charts indicated a reduction in the volume of the work a start was made in the matter of gradually tapering off repatriation activities. The staff was reduced from 122 in March, 1921, to 71 in March, 1922, the work being now practically concentrated in the four centres, Auckland, Wellington, Christchurch, and Dunedin. As a result the administration expenses have been reduced by over 50 per cent. Up to the 31st March, 1922, the total administrative expenditure was £152,208, or under 7 per cent. of the gross expenditure.

The reductions referred to amount to £28,196 per annum, whilst further economies will add £2,000 to this sum.

The following table shows the number of men assisted under the various headings, and the amount expended:—

SUMMARY OF ASSISTANCE RENDERED AS AT 31ST MARCH, 1922.

Nature of Assistance.	Number assisted.	Amount.
<i>Loans:—</i>		£
Business	6,087	1,125,713
Furniture, tools, &c.	14,134	677,481
<i>Grants:—</i>		
Training sustenance, &c.	7,417	382,022
Transportation.. .. .	3,012	7,204
Unemployment sustenance	1,118	5,536
Placed in employment	26,854	..
Totals	58,622	£2,197,956

MINING.

The value of the mineral-production, other than kauri-gum and coal, during 1921 amounted to £910,152, as against £846,236 during the previous year, the increase being £63,916. In the case of gold and silver bullion, the improvement is better indicated in weight than in value, owing to the prices which were realized for the precious metals having declined in conformity with the upward movement of the American rate of exchange for sterling. Notwithstanding the difficulties experienced by the mining industry, the increase in value of such metals amounted to £18,788, and in weight 77,225 ounces.

The output from the coal-mines in the Dominion declined from 1,843,705 tons during 1920 to 1,809,095 tons during the year 1921, due chiefly to the increased importations, the bulk of which came from Australia. The number of persons ordinarily employed in or about mines and stone-quarries during 1921 was 7,998, or 522 persons in excess of those employed during the preceding year.

The production of coal from the State collieries has been well maintained during the year, and the indications are that the State Coal-mines Account will show a satisfactory profit.

One of the most encouraging features in connection with the mining and quarry industry has been the success attained by the Onakaka Iron and Steel Company (Limited) in producing at the first trial at the blast furnace at Onakaka an excellent grey pig iron of marketable quality.

The production of limestone for cement-manufacture is annually increasing, as during the year 1921 there were 180,751 tons produced, being an increase of 10,798 tons over the quantity produced during the preceding year.

As sulphur is destined in the near future to play an important part in the progress of the Dominion, the Government has recently completed the purchase of a large block of sulphur-bearing land in the North Island, which, when served by a railway, will constitute a most valuable asset.

The activities of the Coal Control Department were transferred to the Mines Department during the year, and as the result of such transfer the saving in expenditure will be at the rate of £4,350 a year. Further economies affecting the activities of the Mines Department are in progress, and it is estimated that they will amount to £8,141 per annum.

IMMIGRATION.

There has been a steady flow of suitable immigrants during the past twelve months. The open nomination system enables the residents of the Dominion to secure all classes of skilled and unskilled labour.

That the system is working well both for the Dominion and the individuals assisted is evidenced by the acknowledgments from immigrants, after they have settled in their new homes, of their indebtedness for the help they have received and in some instances refunding to the Government money spent in bringing them to New Zealand. There could not, I think, be better proof that the Dominion is securing by means of this system good citizens who are able to better themselves and fulfil their obligations to the State.

The expenditure under the vote for the past year includes liabilities incurred during the war period which had to be liquidated. Considerable economy has been effected through restricting the travel of overseas settlement immigrants to the Dominion to the direct route, the saving for 1922-23 being estimated at £2,500.

DEPARTMENT OF INTERNAL AFFAIRS.

The following statement shows the savings in recurring expenditure effected during the year:—

Vote : Internal Affairs :—

(1.) Result of first reduction in cost-of-living bonus—	£
Permanent officers	1,553
Temporary officers	842
(2.) Result of reduction of staff, transfers, &c.—	
Permanent officers	7,178
Temporary officers	4,181
(3.) Result of economies effected in general items	29,008
	<hr/>
	£42,762
	<hr/> <hr/>

In addition to the above there were large reductions in expenditure of a non-recurring nature. The complete result may be summarized as follows:—

	£
Total expenditure charged to vote, 1920-21	574,297
" 1921-22	367,062
	<hr/>
Total reduction	£207,235
	<hr/> <hr/>

The estimated expenditure for the current year shows a reduction of £98,158.

DOMINION LABORATORY.

The receipts during the year were as follows: Fees for analyses, £39; fees for licenses under the Explosives and Dangerous Goods Amendment Act, 1920, £1,153; charged on explosives stored in Government magazines, £1,357; total, £2,549. The expenditure in 1921-22 was £9,887, and the estimate for the current year is £9,180, a reduction of £707.

CENSORSHIP OF CINEMATOGRAPH FILMS.

Films to the number of 2,432, containing 5,672,720 ft., have been examined by the Censor. Of these forty-one were rejected, and excisions were made in 203. The revenue amounted to £1,564.

REGISTRAR-GENERAL'S OFFICE.

The revenue of this Department for the last financial year amounted to £17,244, as against £19,569 for the previous year, the difference being accounted for by a decrease in the number of marriages.

CENSUS AND STATISTICS.

The expenditure in 1921-22 was £60,508, whilst the amount asked for this year is £31,537, a reduction of £28,971.

WEIGHTS AND MEASURES.

The fees collected in connection with the administration of the Weights and Measures Act, 1908, up to the 31st December, 1921, amounted to £264. The administration of this Act was taken over by the Labour Department as from the 1st January, 1922.

PASSPORTS.

The fees collected for the issue of passports amounted to £1,624, the total collected for renewals being £53.

WAR FUNDS OFFICE.

From the latest details available the following are particulars of the funds:—

*Balances held by approved War Funds at the End of the Financial Year,
31st March, 1922.*

	£
Incorporated societies	1,048,735
Local administering societies	9,049
Collecting societies	6,645
Red Cross organizations	211,017
Social funds	3,567
Returned soldiers' building funds	11,066
Memorial Park funds	3,335
Blinded soldiers funds	3,779
Navy relief funds	5,524
Maori organizations	2,807
Crippled Soldiers' and Sailors' Hostel	3,774
Total held by approved war funds	<u>1,309,298</u>
National War Funds Council	127,623
New Zealand War Relief Fund	661
Convalescent Home Account	1,280
War Expenses Account	1,437
New Zealand Comforts Fund Account	1,475
Sundry small accounts	86
High Commissioner	9,657
Total	<u><u>£1,451,517</u></u>

ADVERTISING.

All Government advertising is submitted to this Department for scrutiny prior to publication. Throughout the year a stringent check has been maintained thereon, with the result that the expenditure has been decreased by more than one-half. The comparative figures for the last two financial years are as follows:—

	£
1920-21	23,767
1921-22	11,839
	<hr/>
Saving for all Departments	£11,928
	<hr/> <hr/>

A Publications Committee was set up towards the end of last calendar year to review all Government publications with the object of reducing their volume without affecting their value. Later the functions of the Committee were extended to embrace the control of expenditure on publicity propaganda, and to co-ordinate with the Publicity Officer attached to the Internal Affairs Department, who acts as Secretary of the Committee. The Committee has undertaken the reduction of the bulk of departmental printed matter, and a reform of the system of free issues of Government publications.

EDUCATION.

The expenditure on education services from Government sources during the past financial year has been as follows:—

Votes from Consolidated Fund—	£
Department of Education	2,580,562
Under special Acts	140,008
Primary-education reserves revenue	88,135
National-endowment revenue	71,738
Public Works Fund, for buildings	2,469
Education loans for buildings	563,201
	<hr/>
	£3,446,113
	<hr/> <hr/>

To this should be added the amounts expended from revenue received by the Boards from secondary education and University reserves, £79,800, making a total expenditure of about £3,526,000, as compared with £1,420,000 in 1913-14. The increase in the past eight years has therefore been 148 per cent.

The increase over last year was due largely to the natural increase in the attendance at the primary, secondary, and technical schools, to an increased expenditure on new buildings of £106,000 (many grants made previously coming to charge during the past year), to arrears of payments for the previous year for technical instruction and other purposes having to be met, and to a considerable increase in the number of students at the training colleges.

I have made provision for an amount of £350,000 to be available during the current year for land and school buildings.

Every endeavour has been made to curtail expenditure without seriously affecting essential services. Economies have so far resulted in a total estimated annual saving of £125,000, including £105,000 from the first reduction in the cost-of-living bonus or increase.

HEALTH DEPARTMENT.

Including subsidies, the total expenditure for the year under this heading was £725,810, as against £621,990 in the previous year. The receipts of the Department amounted to £64,337, as against £31,628 the previous year. The net expenditure of the Departmental vote was £223,388 as against £202,332 for 1920-21, the increase being due to taking over the four military hospitals—King George V Orthopædic Hospital at Rotorua, Trentham Orthopædic Hospital, Pukeora Sanatorium

and the Queen Mary Neurological Hospital at Hanmer. The cost of administering these hospitals has been reduced: a saving of £9,000 was made last year, and a further reduction of approximately £20,000 is estimated this year. The orthopædic work performed at Trentham and Rotorua can be undertaken by the general base hospitals, and it is proposed to close Trentham Hospital as soon as possible, and later King George V Hospital, except as regards provision for local needs.

HOSPITALS, GENERAL.

The annual subsidies to Hospital Boards amounted to £471,711 in 1921–22 as against an estimate of £425,000. Action has been taken in the direction of raising the fees for treatment in State institutions to a figure more nearly approximating the cost of treatment than heretofore, and also to induce Hospital Boards to do the same. The estimate for the current year is £425,000.

MENTAL HOSPITALS.

The total expenditure for the year under this heading was £384,615, but the credits, mainly receipts for maintenance and sales of produce and stock, amounted to £115,416, leaving a net expenditure of £269,199, an increase of £7,460 over the previous year.

In a Department where the maintenance of a number of people is being continued on established lines, and when that number is always being augmented (the increase last year was 100), an increase of only £7,460 is not excessive, especially as the item for salaries was £15,070 above the previous year, due to the increased nursing staff necessitated by the reduction of working-hours.

DEFENCE.

Owing to the geographical position of New Zealand the people of this Dominion are vitally interested in the maintenance of peace in the Pacific. The proceedings of the Washington Conference were therefore followed very closely by all sections of the community. Although the Conference did not provide for disarmament to the extent desired by the British-speaking peoples of the world, it has resulted in the creation of a better understanding among those nations bordering on, or who have interests in, the Pacific. The causes of war have, however, not been removed, and, while it is imperative that our Defence expenditure should be kept as low as possible, there is a limit beyond which reduction cannot be made with safety. This limit is governed by the ability to rapidly expand our naval and military organization to its full effective strength in time of need, and requires the retention of the necessary machinery to enable this to be achieved. Overlapping and duplication have been eliminated, and the administration of the Department has been reorganized in such a way as to enable the fullest advantage to be taken of the existing machinery of State.

The expenditure out of the Consolidated Fund for defence, including Ordnance services and the maintenance and training of the Territorial Force, during the financial year ended 31st March, 1922, amounted to £415,451, or £3,333 less than the amount appropriated. The estimated expenditure for the current year is £317,616, showing a saving of £97,835, including an economy of £50,000 per annum effected by the execution of a new contract for the supply of small-arms ammunition.

The discontinuance of the issue of a maintenance grant to units of the Territorial and Cadet Forces, and the substitution of a Regimental Funds grant, has been the means of effecting a saving over a period of twelve months of £11,983, of which £10,794 has been recovered and paid to the credit of Public Account.

The centralizing of mechanical transport into one Government garage has been found more economical than the previous system, the saving, to the Defence Department in this connection amounting to £8,000 per annum.

WAR EXPENDITURE.

The net expenditure from vote "War Expenses" for the past year was £914,227. This included £326,000 for the medical treatment of returned soldiers for war disabilities, £170,000 for transport claims, £46,000 war gratuities, and £406,112 for post-war equipment to replace equipment taken from New Zealand with the Expeditionary Force—that is, after allowing for a net credit of £48,756 on account of item "Repatriation." The estimated net expenditure for the current year is £799,252, in which provision is made to meet liability to the Imperial Ministry of Shipping for transport charges £475,000.

The War Accounts and Records staff, which on the 1st April, 1921, was 153, is now reduced to forty-six, representing an annual economy amounting to £14,137. The staff is being still further reduced as the work permits.

Arrangements have been completed for the administration of medical treatment for war disabilities to be taken over by the Pensions Department, and a considerable saving has been effected also by the transfer of military hospitals and institutions to the Health Department.

At the 31st March last the cash and investments held by the War Expenses Account amounted to £3,710,439, representing unexpended loan balances, and various recoveries on account of capital expenditure, including recoupment from the sale of surplus stores. Against this is the estimated liability referred to above, including the amount due to the Imperial Government, whose final accounts have not yet been received. These accumulations properly belong to capital account, and should be applied to the reduction of the war debt. I therefore propose to transfer £3,000,000 to Loans Redemption Account, the ultimate result of which will be to effect a clear annual saving of £30,000 for sinking-fund payments alone, giving the power to remit subsequently as much taxation as is represented by that amount.

NAVAL DEFENCE.

The expenditure on naval defence for the financial year amounted to £418,665, under the following headings:—

Permanent charges:—

Naval Defence Act, 1909 (H.M.S. "New Zealand")—

	£	£
Interest	43,341	
Sinking fund	71,807	
	115,148	

Annual Appropriation:—

Vote—Naval defence 303,517

£418,665

The capital sum owing on account of H.M.S. "New Zealand" is £1,795,166, against which accrued sinking funds amounting to £931,429 are held by the Public Trustee, to whom 4 per cent. per annum on the capital sum is paid for this purpose.

Provision was made in last year's appropriations for the purchase and erection of two Army huts on the Admiralty reserve at Devonport for recreational purposes and emergency sick-quarters. One hut was erected by September, 1921, and was available for use when an outbreak of influenza occurred amongst the recruits under training. The other was not completed at the end of the financial year, and you will be asked to reissue the unexpended balance of the vote.

As it was not found possible to take advantage of the provision made during last year for the formation of a New Zealand Naval Reserve, the relative item appears in this year's estimates.

Owing to the Admiralty subsidy to the Auckland Harbour Board for the priority use of the Calliope Dock, workshops, &c., and to the courtesy of that Board,

it has been possible to carry out the docking and repairs of all ships on this station by the resources of the repairing base and the naval personnel comprising the crew of the ships. This has effected a very considerable saving, as the only charges incurred are for material required and actual expenses incurred by the Auckland Harbour Board whilst the ship is in dock.

An item of £1,500 has been placed on the estimates for the building of a shed on the property of the Auckland Harbour Board at Calliope Dock for the housing of Naval Ordnance and other stores.

With this exception no new item appears on the current estimates, which have been drawn up with a view to providing for the maintenance and upkeep of "Chatham" and "Philomel," for the payment, victualling, &c., of the personnel, and for administrative charges on an economical basis. Certain items show an unavoidable increase, due, as regards pay, &c., of personnel, to the fact that a larger number of men will be borne throughout the current financial year than were borne throughout last year, and to the increase in rates of pay on advancement, &c., particularly of new-entry recruits. The increase in the stores item is occasioned by the necessity of replacing practice ammunition expended last year.

The time has arrived when the contributions of the Dominions, whatever form they may take, should be placed on a more satisfactory and businesslike basis. If it was certain that contributions would be forthcoming from Germany on account of the enormous expenditure incurred by British countries during the war, I would suggest that the cost of new warships should be a first charge on such payments; but, in any case, the Dominions cannot allow such a very large proportion of the total cost of the naval defence of the Empire to be carried by the taxpayers of the United Kingdom: to do so would be grossly unfair and unpatriotic. The countries of the Empire should contribute to the defence of the Empire, naval defence particularly, in proportion to their financial ability. The cost of the "Chatham," with the training-ship, will be approximately £300,000 per annum. This sum counts as a contribution. The payments we are now making on account of H.M.S. "New Zealand" amount to about £100,000 per annum, and if our finances will permit in the next financial year, we should make our contribution for naval defence, including the items I have mentioned, up to £500,000 per annum. This may seem small, but it will, if agreed to, be a move in the right direction and an improvement on the present position, and it can be improved upon as time goes on and as our financial conditions permit.

For the present financial year maintenance charges are estimated at £256,656 against an expenditure last year of £303,517. A reduction amounting to £46,861 has therefore been effected.

LABOUR DEPARTMENT.

The departmental functions have been satisfactorily carried out in the past year, and with the return to normal staff conditions, duties which had to some extent fallen into arrears have been resumed, resulting in better supervision and increased efficiency.

The Weights and Measures Office, formerly a part of the Internal Affairs Department, has been incorporated in this Department, whose staff, it is considered, are well equipped to ensure an economic administration of this service.

The expenditure in the past year amounted to £35,762.

Under the Housing Act the number of dwellings provided during the year was 297; the expenditure being £228,544. The future operations of the Government in connection with the building of homes for workers should be in the direction of granting financial assistance to enable them to build for themselves rather than in building for subsequent disposal on application; and it is proposed that this be undertaken by the State Advances Office.

PENSIONS.

The gross payments made during the year are as follows :—

					£
War pensions .. .. .	..	..	..	..	1,726,174
Old-age pensions .. .. .	..	..	..	..	743,749
Widows' pensions .. .. .	..	..	..	..	186,509
Epidemic pensions .. .. .	..	..	..	..	65,505
Maori War pensions .. .. .	..	..	..	..	37,651
Miners' pensions .. .. .	..	..	..	..	31,163
Police pensions .. .. .	..	..	..	..	433
					<u>£2,791,184</u>

From this total must be deducted the sum of £33,052, representing £30,744 from national endowments on account of old-age pensions, and £2,308 from gold duty in respect of miners' pensions.

The annual liability in respect of each class of pension, the total number in force at close of year, and the amount of the average pension are as set out hereunder :—

			Number.	Annual Valuc. £	Average Pension. £
War pensions .. .. .	..	..	29,091	1,513,263	52
Old-age pensions .. .. .	..	..	20,491	751,121	37
Widows' pensions .. .. .	..	..	3,343	207,029	62
Epidemic pensions .. .. .	..	..	683	54,994	80
Maori War pensions .. .. .	..	..	740	36,260	49
Miners' pensions .. .. .	..	..	506	31,505	62
Police pensions .. .. .	..	..	5	446	89
			<u>54,859</u>	<u>£2,594,618</u>	

In addition, payments for special annuities, £4,600, and cost-of-living bonus to annuitants, £40,000, as referred to elsewhere, are provided for in the current year's estimates.

The work associated with the payments of all Imperial pensions was transferred to the Pensions Department as from the 1st October, 1921, and from the 1st April, 1922, the control of pensions under the Defence Act, 1909, Civil Service Act, 1908, and Judicature Act, 1908, and various special annuities and allowances previously paid by other Departments, was vested in this Department. Thus practically all classes of pension have been brought under one Department, whereby it is anticipated that economy and removal of anomalies in the administration will be effected.

The policy of our pension system and its increasing obligations on the public revenues has been receiving my special attention for some time. The expenditure on old-age, widows, and other civil free pensions has, in the last seven years, more than doubled—mainly the result of additional benefits and concessions from time to time. In reviewing the capacity of the State to meet these charges it is necessary to look at the proportion to the whole, of these and similar non-revenue-producing charges, which can be termed "social services," and which are gradually overweighting the ordinary revenue. If we take pensions, education, public health, special Acts, &c., interest and sinking-fund charges, none of which can be much reduced as things now stand, we find that the expenditure in 1921–22 amounted to £15,390,776, compared with £4,965,886 in 1914. Expenditure on other services can be reduced by rigid economy, but the cost of these social services can only be brought to a due proportion of the total by a change in policy. Especially is this so in dealing with pensions, as the present system of annually amending and extending the Acts, means that by a gradual process the charges imperceptibly increase without a due regard to the fundamental principles that should govern their administration. The

system, moreover, abounds in anomalies—such, for instance, as the payment of higher widows' and children's benefits in the "free" schemes than are obtainable by contributors to the subsidized service funds. I propose, therefore, to have an inquiry made into the whole question, in order to ascertain in what directions improvements in the administration of these important services can be brought about.

The following table indicates the growth of "free" pension expenditure, exclusive of war pensions:—

Pension.	1913-14.	1916-17.	1919-20.	1921-22
	£	£	£	£
Old-age	416,776	480,230	732,968	743,749
Widows'	27,077	38,016	136,815	186,509
Military (Maori War)	29,477	45,674	45,085	37,651
Miners' .. .. .	..	8,066	16,652	31,163
Epidemic .. .. .	..	..	46,300	65,505
Other .. .. .	..	..	93	4,700
Totals	<u>£473,330</u>	<u>£571,986</u>	<u>£977,913</u>	<u>£1,069,277</u>

WAR PENSIONS.

In comparison with the figures for war pensions paid during the previous year, the amount paid during the year shows a decrease, details of the gross expenditure for the two years being as follows:—

Payments made in	1920-21.	1921-22.
	£	£
New Zealand	1,754,382	1,595,139
England	72,994	64,772
Australia	30,849	50,988
Canada .. .. .	..	2,876
South Africa .. .. .	..	367
Other foreign payments	252	316
Allotments paid after casualty	28,475	11,586
Sundry payments .. .. .	..	130
	<u>£1,886,952</u>	<u>£1,726,174</u>

The grand total of actual payments made to war pensioners from 1915 to the 31st March, 1922, is £7,335,044.

The table hereunder shows the annual liability of each class of war pension in force at end of year:—

Class of Pension.	Number.	Annual Value.	Average.
		£	£
Soldiers (permanent)	4,650	243,463	52
Soldiers (temporary)	15,302	765,690	50
Dependants (temporary)	1,103	79,833	72
Widows of soldiers	1,986	219,542	111
Other dependants of deceased soldiers	6,050	204,735	34
	<u>29,091</u>	<u>£1,513,263</u>	<u>£52</u>

The War Pensions Medical Appeal Board appointed in terms of the Finance Act of 1920 commenced its sittings in June of last year, but, owing to the limited number of appeals received, it was decided to suspend the sittings of the Board as from the 31st May of this year. Up to the 31st March, 1922, appeals to the number of 433 had been made to the Board.

The departmental expenditure in 1921-22 amounted to £138,734, compared with the estimated requirement, £119,801, for 1922-23, a reduction of £18,933.

NATIONAL PROVIDENT FUND AND FRIENDLY SOCIETIES.

The year ended 31st December last was a good one for the National Provident Fund. The membership increased from 19,724 to 21,713, the contribution income from £110,594 to £129,344, and the accumulated fund from £473,361 to £632,653. The sum of £10,073 was paid in allowances to annuitants and to widows and children, whilst £6,996 was paid by way of maternity allowances to contributors and £28,253 to members of approved friendly societies.

The amalgamation of this Department with the Government Insurance Department has now been consummated, and considerable savings have been effected. The expenditure in 1921-22 was £24,935. The estimate for the current year is £21,785, a saving of £3,150.

The triennial actuarial valuation of the fund was completed during the year, with the satisfactory result that the fund was shown to be in an actuarially solvent condition, no addition to the statutory subsidy being required.

PUBLIC SERVICE SUPERANNUATION FUND.

The total number of contributors to the fund on the 31st December last was 15,782, and the total revenue for the year was £421,711, including members' subscriptions, £249,626; interest, £85,312; Government subsidy, £86,000. The total amount expended during the year was £207,779, which comprised retiring and other allowances, £150,594; refunds of contributions, £51,705; cost of administration, £4,615. The total number of allowances existing at the end of the year was 1,949, representing an annual aggregate payment of £163,355. The amount of the total fund invested on the 31st December last was £1,649,467.

TEACHERS' SUPERANNUATION FUND.

This fund amounted on the 31st December, 1921, to £681,777, an increase of £82,474 for the year. The amount invested was £656,585. The revenue for the year was £174,554, including contributions, £96,391; interest, £35,146; and Government subsidy, £43,000. The expenditure was £92,080, including retiring-allowances, £74,315, and refund of contributions, £15,710.

The experience of the past few years has shown that there are many anomalies connected with the administration of the fund, and legislation will be necessary to remove hardship and effect improvement. The actuarial report on the fund indicates that an increased subsidy will be required from the Consolidated Fund.

GOVERNMENT RAILWAYS SUPERANNUATION FUND.

This fund amounted on the 31st March, 1922, to £543,532, as compared with £464,491 on the 31st March, 1921. The annual contribution from the Consolidated Fund is £75,000.

COST-OF-LIVING BONUS TO PUBLIC SERVICE ANNUITANTS.

The authority for the payment of cost-of-living allowances to superannuated public servants, also to the widows and children of contributors to the different State superannuation funds, lapsed on the 31st March last, at which date bonus payments amounting in all to £137,461 had been made to beneficiaries.

Notwithstanding the financial stress, I have, pending a further appropriation by Parliament, authorized a continuance of the allowance, in addition to the annual pension for the current year, at the following rates: Annuitants, in cases of hardship, up to £26; widows, £13; children, £13. These bonuses will necessitate the payment of approximately £40,000, in addition to annual grants to the superannuation funds, totalling £204,000—viz., Public Service Fund, £86,000, Teachers Fund, £43,000, Railways, £75,000, with the prospect of further expenditure to stabilize.

I must, however, point out that the object of the superannuation funds is to ensure an allowance to public servants on their retirement from the Public Service relatively to their pay and length of service, not to provide an insurance against death, for which contributors are expected, like other members of the community, to make provision out of their own savings. The contributions of members and the State subsidies are based on this principle, and it is obvious that increased benefits can be provided only by means of increased contributions.

The Government has every desire to assist those pressed by hardship, but that desire must be limited by the capacity of the taxpayer to provide the means.

DEPARTMENT OF JUSTICE.

The revenue received during the past financial year amounted to £192,856, being an excess of £47,917 over the previous year's receipts. This excess is due to the increased business transacted in the Courts, and to the new scale of Court fees which came into operation in October, 1920. The expenditure during the year totalled £147,094, being an excess over the previous twelve months of £10,036.

It will be seen that the revenue exceeded the expenditure by £45,762. From this, however, must be deducted the salaries of the Judges of the Supreme Court and of the Stipendiary Magistrates, provided for under special Acts, and amounting to £42,631. The net excess of revenue over expenditure is thus £3,131, which has been collected without material increase in the working-expenses.

The expenditure in 1921-22 amounted to £147,094, and the estimate for the year 1923 is £131,418, a decrease of £15,676.

PRISONS DEPARTMENT.

The total revenue from prison industries amounted to £49,866, which exceeds last year's returns by £10,730. The estimated value of prison labour employed on public works was £21,120, and in addition to this the labour employed in improving farm lands, maintaining buildings, roads, &c., is estimated at £24,628. When the latter amounts are added to the cash credits, a grand total of £95,614 is obtained, which represents the value to the State of prison labour, and is over 73 per cent. of the gross expenditure of the Department for the past year.

Last year's expenditure amounted to £79,545, and for the current year the estimate is £78,324, a reduction of £1,221.

As in former years, prison labour has been used in improving and bringing into use land which had not previously been cultivated. This class of work does not yield an immediate or annual financial return, but the ultimate value to the State will be very considerable.

POLICE DEPARTMENT.

The expenditure for the year was £411,056, being an increase of £12,078 over that for the preceding year. This increase was caused partly by an increase of fifty men in the strength of the Police Force which had been authorized during the year, and partly by the additional expenditure involved in the administration of the Arms Act, 1920, the sum of £12,054 having been paid as compensation for automatic pistols handed over to the police. The saving effected under the provisions of the Public Expenditure Adjustment Act for the last three months of the financial year amounted to £4,705, but this was absorbed by the increase in the strength of the Force. The expenditure of the Department has been kept down to the minimum consistent with efficiency. The estimate for the current year is £7,496 below last year's expenditure.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

A reduction in the staff and expenditure of the Department is recorded. The temporary tribunals and officers appointed in the four centres to deal with

profiteering have been disbanded, and the work of these committees, coupled with the investigation of complaints generally, is now undertaken by the Department.

These reductions and the termination of subsidies have resulted in a saving of £125,988; the expenditure last year, £157,518, being reduced to an estimate of £31,530 for the year 1922–23.

The control of wheat-supplies has been under the supervision of the Hon. Minister of Agriculture, and the purchase, sale, and distribution of the Dominion's wheat crop for the season 1921–22 is being effected through the agency of the Wheat Control Office at Christchurch. The system of a guaranteed price for wheat necessitated the fixation of prices for flour, bran, pollard, and bread for the current year. An announcement has already been publicly made that no guaranteed price for wheat will be given to the growers for next season.

In spite of the adverse market conditions and industrial difficulties, the transactions in sugar have involved no financial loss, no capital outlay by the Government, and no encroachment on the Consolidated Fund.

PRINTING AND STATIONERY DEPARTMENT.

Although this Department charged itself with £105,000 last year for land and buildings, it shows an excess of receipts, after a reasonable charge for work done, of £8,000, thus demonstrating the value of the Government's policy of doing its own printing-work.

As paper continues to fall in price, less is being asked for this purpose than was expended last year; but stationery supplies, though readily procurable, have not declined to the same extent.

During the year several new machines have been installed. Of the £8,000 voted for machinery, £7,727 has been expended, and this year £5,000 is asked for, as the Department must be kept up to date. Machinery prices are still from 100 to 150 per cent. over pre-war days.

Printing or other services are now a charge against the Departments placing the work, credits being allowed for copies supplied to other Departments or to the public. This entails extra work upon the Printing and Stationery Department, but good results are expected from the alterations.

The total value of printing for the year (exclusive of stamps) was £219,182, and the value of the stationery supplied to Departments £33,242.

The departmental vote shows this year a *nominal* increase from £23,730 to £218,344, due to the crediting of receipts to ordinary revenue account instead of to the vote as in the past. The estimated receipts for 1922–23 are £208,125.

TOURIST AND HEALTH RESORTS.

The receipts from all sources were not up to expectations, being £51,127, as against £51,038 for the previous year.

The net revenue from the passenger-booking system was £3,469, against £3,409 for the previous year.

The control of the sanatorium, baths, and gardens at Hanmer Springs was transferred to the Health Department as from the 20th January, 1922.

With a view to making receipts more nearly approach working-expenses than has hitherto been the case, the fees for maintenance of patients at Rotorua Sanatorium have been increased, while a similar procedure has been adopted in the case of fees for baths and games at the principal pleasure resorts.

The charges for accommodation of visitors at all the hostels have also been increased.

The expenditure in 1921–22 amounted to £86,943, which is reduced to an estimate of £71,792 in the current year—a saving of £15,151.

MARINE DEPARTMENT.

The expenditure of the Department for 1921–22 was £151,695, and the revenue received amounted to £74,900.

Considerable economies have been effected by putting out of commission the s.s. “Hinemoa” and the training-ship “Amokura.” The estimated savings on this account will amount to £24,000 per annum, while further economies, due to staff changes and retirements, will be effected to the extent of £3,800 per annum.

It is of interest to record, in connection with the Fisheries Branch of the Department, that quinnat salmon is now successfully established, and there are large numbers of big fish “running” each year in the southern rivers.

The estimated expenditure for 1922–23 is £126,305—a reduction of £25,390 when compared with that of last year.

NATIVE.

This Department has been recently reorganized and placed in charge of the Chief Judge of the Native Land Court, thus combining the judicial and the administrative divisions under one head. This has given satisfaction and confidence to the Native race, who are principally affected by it.

The amount received in fees was £9,411, a decrease of £1,416 on the figures for the previous year, but the economies more than cover this loss. On the other hand, a system was inaugurated whereby the Maori Land Boards contributed over £8,800 towards the cost of administration.

The Native Land Purchase Board acquired for the Crown 114,035 acres under the system of permitting lessees from Natives to acquire through the Crown the freehold of their holdings.

Altogether an area of 1,089,084 acres of Native land has been acquired for the Crown, and gradually absorbed into settlement. During the past year 129 blocks, of an area comprising 45,780 acres, were duly proclaimed Crown land.

The expenditure in 1921–22 was £22,862, and estimates for the current year amount to £20,945, a reduction of £1,917.

WESTERN SAMOA.

Pursuant to Article 6 of the mandate for Western Samoa, the first report on the Territory has been forwarded to the League of Nations, and will this session be laid on the table of the House.

Owing to the low state of the market for tropical products on which the prosperity of Samoa entirely depends, it was not possible during the year to pursue so forward a policy as was desired. An extensive public-works programme has, however, been carried out, resulting in improved accommodation and facilities for the staff, erection of cool storage and laundry, improvement and extensions to roads and bridges and boat-passages, water-supply to Apia and to many native villages, new hospitals and laboratory, &c.

An extensive campaign against the dreaded hookworm, with which 95 per cent. of the Native population are affected, has been inaugurated. It is hoped within five years to clear the Territory of this scourge.

The education service has been extended in Upolu and also to Savaii, where a suitable property has been acquired and a Native school established.

In the interests of international shipping a continuous wireless service is maintained at Apia, and daily broadcasting of weather reports is carried out with the assistance of the Samoan Observatory. The Apia Wireless is the chief transmitting-station for the Southern Pacific.

On account of the trade depression already referred to, the New Zealand Government has contributed £16,000 towards the cost of the medical, educational, and wireless services.

Authority was taken in the Finance Act, 1921–22, for a loan of £100,000 to the Administration, providing for public works (productive and unproductive) already alluded to, which had been temporarily financed out of the accumulated profits of the Crown estates.

In keeping with the retrenchment in the New Zealand Service, reductions have been made in Samoa in both emoluments and personnel.

The Departmental expenditure in 1921–22 amounted to £21,478, whilst the estimated expenditure in 1922–23 is £18,756, a reduction of £2,722.

COOK ISLANDS AND NIUE.

The past year has been one of fairly satisfactory progress, for notwithstanding the depression, the trade and revenue of the islands have been well maintained.

The expenditure in 1921–22 amounted to £15,406, whilst for the current year an amount of £20,521 is asked for. The principal item of increase is a charge due to the Postal Department on wireless services.

GOVERNMENT INSURANCE DEPARTMENT.

The Life Branch of this Department had a very successful year. The new business, which comprised 4,986 policies, for £1,631,250, was, with the exception of that of one year, the largest ever transacted, and brings the total policies in force to 59,189, insuring, with bonus additions, £17,279,734.

The premium income (including consideration for annuities) was £471,438—a record amount; and the funds increased by £183,804, now totalling £5,726,356.

The Department was one of the few life offices to maintain its bonus rates with but a slight diminution in the face of the severe strain imposed by the heavy war and post-war mortality, and it is most satisfactory to find that notwithstanding the larger business in force the death claims in 1921 were lighter than for a good number of years past.

The Accident Branch has also had a successful year, the premium income—£35,932—being the largest in the history of the Branch. A sum of £23,212 was transferred to reserve, and after deducting this the funds stand at £11,472. The statutory Reserve Fund amounts to £115,020.

A substantial reduction has been made in the number of officers, in spite of the fact that the Department has opened three new branches and that the business of the Department is steadily on the increase. It is expected that a further reduction will be made in the staff as the result of the amalgamations and otherwise.

STATE FIRE INSURANCE.

The State Fire Insurance Office has had a good year, and, although fire losses were much heavier than for the previous year, a profit of £39,324 was made after providing £30,230 for income-tax, reserve for unearned premiums, and investments fluctuation reserve.

The net income increased by £14,403, the gross amount underwritten by over £2,800,000, and the accumulated funds by £45,080.

The working-expense ratio of this office already compares very favourably with that of private offices conducting a similar business, and amalgamation with the Government Insurance Department is expected to effect further economies.

VALUATION DEPARTMENT.

The number of special valuations made during the year ended the 31st March, 1922, for stamp duty and death duty assessment, for determining the prices paid for acquiring the freehold of Crown lands under the Land Laws Amendment Acts, for assessing the value of Native lands in connection with alienations, and for the purpose of advances on mortgage from the State lending Departments, amounted to 10,875. The work of revising the valuations on the district rolls supplied to the Land and Income Tax Department and to local rating authorities has almost been completed, with the result that the expenditure on this work will show a material reduction during the current year. Last year over 50,000 valuations were revised.

In the same period it is estimated that approximately 75,000 notices of land transactions, including subdivisions of properties, were dealt with by the Department, and the various local authorities notified of the alterations made in the valuation rolls. The net expenditure in 1921-22 was £55,278, while the estimate for the current year is £42,353, a reduction of £12,925.

STATE ADVANCES OFFICE.

The benefits derived by the numerous borrowers from this office, which is able to lend money at the net rate of $4\frac{1}{2}$ per cent. interest, are of great value to the community.

The new business during the year was as follows:—

	£
Loans granted to settlers number 1,355 and amount to	805,975
Loans granted to workers number 820 and amount to	407,580
Loans granted to local authorities number 372 and amount to	708,410
Total	<u>£1,921,965</u>

The amount advanced since the office commenced operations, including the sums repaid and loaned again, is—

	£
To settlers	20,632,015
To workers	4,854,265
To local authorities	4,564,980
Making a total of	<u>£30,051,260</u>

Much assistance has been rendered to persons seeking homes, and a large amount of money has been advanced during the last three years. The following is a table of loans authorized from the 1st April, 1919, to the 31st March, 1922:—

	Number.	Amount. £
To build houses or purchase homes—		
To settlers	3,162	1,597,248
To workers	3,628	1,588,405
To release mortgages on home properties—		
To settlers	671	245,083
To erect workers' dwellings—		
To local authorities	74	392,435
Total.. .. .	.. .. .	<u>£3,823,171</u>

Owing to the financial stringency this office, in common with other lending institutions, has been obliged to deal liberally with some of its borrowers. With the improvement in prices it is anticipated that borrowers who have not been able to meet their engagements will be in a position to do so in the near future.

PUBLIC TRUST OFFICE.

The year ended 31st March last shows a further increase in the value of estates and funds under administration of the Public Trustee, and on the date mentioned their value was £25,497,779—even after allowing for Native trusts, valued at over £2,250,000, transferred to the Native Trustee—or an increase for the year of £3,133,460.

New estates to the number of 2,300 were accepted, and 4,113 wills of living persons were deposited during the year.

The investments (not including Office premises and plant) on the 31st March, 1922, amounted to £14,498,125, as follows: Mortgages, £9,534,548; local

bodies' debentures, £3,527,689; Government securities, £1,077,200; Land Settlement Finance Act debentures, £50,192; fixed-deposit receipts, £916; overdrafts by way of advances to estates and beneficiaries, £307,580: total, £14,498,125. Investments held on behalf of the Public Service Superannuation Board amounted to £1,649,466—making the total investments £16,147,591.

In common with other financial institutions, the Office has shown as much consideration to its mortgagors as has been possible consistent with its duties as a trustee, and there has been only a small number of cases in which it has been necessary to take extreme steps.

The year's expenses in comparison with those of the previous year show a decrease of £23,342. The full effect of the savings has not yet been realized, as some of them have operated over a portion of the year only. As the total annual saving to be effected is estimated to exceed £50,000, the expenditure for the current years will show a still further decrease.

The revenue has been reduced as the result of concessions granted to clients and beneficiaries, a liberal policy having been developed with regard to the rates of interest allowed on amounts held in the Common Fund. The value of the concessions for the year ended 31st March, 1922, is estimated at £57,500. The result is that the profits have been reduced by that amount, whilst estates and funds entrusted to the Public Trustee for administration have correspondingly benefited.

Notwithstanding these important concessions the Office has not only met the whole of its liabilities for the year ended 31st March, 1922, but succeeded in earning a profit on the year's transactions.

NATIVE TRUSTEE.

The Native Trust Office was inaugurated under the Native Trustee Act, 1920, and took over the Native business of the Public Trust Office as from the 1st April, 1921.

The Office was primarily set up with a view to assisting Natives by lending money on mortgage to enable them to farm their lands in a better manner than hitherto. Experience has shown that lack of funds has, in the past, been a serious handicap to members of the Native race in their efforts to work their own lands to the best advantage. As the operations of the Native Trust Office increase it will be possible to render greater assistance in the future without cost to the Consolidated Fund.

DEPARTMENT OF IMPERIAL GOVERNMENT SUPPLIES.

Early in the year under review shipment was completed of the balance of the stocks of Imperial Government frozen meat and butter remaining on hand at 1st April, 1921—namely, 214,881 quarters beef, 73,033 carcasses mutton, 4,408 carcasses lamb, 2,387 carcasses sundries, 251,029 boxes butter.

Of the 314,904 bales of wool held in New Zealand at the commencement of the year a total of 136,181 has been shipped during the four months to the 31st March since shipping was resumed in December last, leaving a balance of 178,723 bales, which it is expected will be cleared by September next.

Butter Equalization Fund.—The audit of factories' accounts for butter-equalization purposes has been practically completed, and final payments made accordingly.

A 73-per-cent. reduction was made in the staff of the Department for the year, the amount paid in salaries being reduced by 66 per cent.

WESTPORT HARBOUR.

The assets and liabilities of the Westport Harbour Board were taken over by the Crown as from the 1st April, 1921, at which date the advances made by the Treasury to enable the Board to meet its liabilities amounted to £81,758.

The loans for which the Government became responsible amount to £880,495, held as under:—

	£
London investors	350,000
Post Office, New Zealand .. .	489,500
Public Debt Sinking Fund Commissioners .. .	10,500
Treasury	30,495
	<hr/>
	£880,495
	<hr/> <hr/>

With the exception of the £30,495 due to the Treasury these loans have been subject to a sinking fund of 1 per cent., and accretions amounting to £261,200 were held by the Public Debt Sinking Fund Commissioners on 31st March, 1922.

The harbour receipts for the year amounted to £29,774, whilst the expenditure totalled £76,892, of which £30,715 represents maintenance expenses and £46,177 interest and sinking funds charges on the loan capital of the late Westport Harbour Board, leaving an apparent deficit for the year, which, however, is reducible by a proportion of revenue collected by the Railway Department, in connection with which an adjustment of accounts is pending.

The harbour is now controlled by the Marine Department, which is taking active steps to strengthen the financial position, involving a revision of the port charges and a reorganization of the staff.

GREYMOUTH HARBOUR BOARD.

In 1917 it became necessary to grant financial assistance to the Greymouth Harbour Board, which was unable to meet current expenses, including interest and sinking-fund charges. At the 31st March, 1921, cash advances amounting to £64,865 had been made, against which the Treasury held £29,342 accumulated special coal rate, also £2,500 due on account of land taken for railway purposes. The net indebtedness of the Board, £33,000, has been treated as a loan on the security of debentures issued by the Board bearing interest at the rate of 5½ per cent. per annum with a currency of ten years. The affairs of the Board have now been placed on a satisfactory footing, and further assistance will not be looked for.

INSURANCE ON PUBLIC BUILDINGS.

On the 31st March last the balance at credit of the special Insurance fund established in 1913 for the purpose of rebuilding or renovating public buildings destroyed or damaged by fire was £43,750—a decrease of £15,977 as compared with the balance at the end of the previous year.

This depletion of the fund is due almost exclusively to the large amount—£27,103—paid over in respect of school buildings, other buildings being responsible for only £1,968.

The interest credited to the fund by the Public Trustee for the year amounted to £3,094, whilst the usual annual contribution of £10,000 was paid over by the Treasury.

GERMAN REPARATION.

In last year's Budget I stated that, although a sum of about £26,000,000 had been allocated to this Dominion as our share of German reparation-money, yet it might be a long time before any payment would be made. This fact becomes more apparent as time passes. Germany was unable to meet the full amounts of quarterly payments due on the 15th January and 15th February last, and made application to the Reparation Commission for a partial postponement of these payments, at the same time stating that similar difficulties would arise in regard to future payments. The inevitable conclusion has been forced upon the various Governments that the reparation question could no longer be satisfactorily dealt with apart from the general economic position of the world, and that international action is necessary for reconstruction in Russia and central Europe.

Great Britain has received a certain portion of the cost of her Army of Occupation, and of this amount this Dominion has been paid the sum of £507,000 to cover the cost of the New Zealand Army of Occupation from the Armistice to the date of withdrawal of our Forces, but this payment is apart from ordinary reparation claims. No other payment has been received by New Zealand.

LOCAL BODIES' FINANCE.

The Finance Act, 1920, provided facilities to local authorities whereby their unexpended balances in Loan Accounts might be temporarily transferred to General Account, but a banking difficulty rendered the section inoperative. A declaratory judgment of the Supreme Court made it appear that to give full effect to the intention of the relative section, the concurrence of the local bodies' bankers to the retransfer of the balances is necessary.

In the interests of sound finance it was found necessary to introduce legislation to restrict the excessive use that was being made by local bodies of the power to borrow money by way of overdraft. In the legislation of last session local bodies were required to pay off their overdrafts and afterwards to live within their income. To enable this to be done authority was given for discharging the antecedent liability either by borrowing, or by seven yearly instalments; future overdrafts being limited to three-fourths of the revenue of the antecedent year. From reports furnished to the Hon. Minister of Internal Affairs it is evident that this important reform is being achieved without any serious inconvenience. With a few small returns to come in it appears that of the total antecedent liability of £2,317,000 more than £2,000,000 has been arranged for, and no great difficulty is anticipated regarding the balance.

The question of overdrafts and their treatment as "antecedent liability" directs attention to the large increase in the debt of local authorities during the past few years. The increased annual charges for interest and sinking funds are affecting the ability of local bodies to finance their ordinary needs out of revenue, and before undertaking further extensions of works they should carefully consider the likelihood of their productive capacity.

During the war period honourable members were asked on several occasions to pass special legislation enabling local authorities to raise loans for certain purposes without taking a poll by the ratepayers, but the consent of the Government to such legislation should not be looked for after this session. The important principle at present embodied in the Local Bodies' Loans Act, 1908—namely, that money for new works should be obtained only with the approval of the ratepayers—should be adhered to.

DAIRY-FARMERS' MORTGAGES.

In February, 1922, the Valuer-General was appointed to inquire into the financial difficulties of dairy-farmers in different parts of New Zealand, and, *inter alia*, to mediate as opportunities occurred. He acted in the capacity of intermediary in cases where there appeared to be possibilities of effecting satisfactory arrangements by the mutual consent of mortgagees and mortgagors. In sixty-nine cases mortgagees were induced to grant more or less substantial measures of relief to mortgagors who were unable to fulfil their obligations. The nature and extent of the relief varied considerably. In some cases mortgagees wrote off arrears of interest wholly or in part, or reduced the rates of interest. In other cases mortgagees surrendered the whole or portion of the principal sums of the mortgages where these sums represented balances of unpaid purchase-moneys. In a case where three mortgagees are interested in the same property the total principal sums surrendered amounted to £15,000, and the total arrears of interest written off amounted to £1,287. Undoubtedly the success attained through mediation has had the effect of inducing a very large number of mortgagees to grant relief to mortgagors.

1922 LOAN.

The promotion and active operation of public works in the past year called for unremitting attention to our financial resources. The necessity for keeping our works going so as to ensure as much employment as possible when in other directions staffs were being reduced became a national duty, and the fact that we were able to finance the year and maintain the high expenditure of £5,286,687 on public works speaks for the efforts made by the Government to carry on through a difficult period. Towards the end of the financial year our requirements could be met only by using our Treasury bill powers, selling securities, or borrowing outright. I recognized, however, that the postponement of borrowing until after the close of the year would enhance our prospects of better terms, on what I anticipated would be an improved market, and I therefore used the expedient of Treasury bills, the sale of British war-loan stock, and the transfer of cash from Ordinary Revenue to Public Works Fund, in order to avoid London borrowing. The result has, I am pleased to state, quite justified my action. If I had borrowed two or three months earlier the permanent annual charges would have been increased for the term of the loan by about £26,000, which over twenty-three years represents an amount of £598,000.

In April inquiries went to show that, as I expected, the prospects of floating a loan were much improved and I was able to authorize the issue of £5,000,000 at par—rate, 5 per cent.; term, 1935/45, repayable on 1st July, 1945, with option to repay on or after 1st July, 1935, on three months' notice. The issue was a shade above Imperial stock value at that time, thus affording the unusual spectacle of a colonial security rated higher than Imperial stock. The advices to hand at time of writing indicate that the net return was £97 11s. 0½d., after allowing for underwriting, loss of interest, brokers' commissions, &c. The cost with redemption at twenty-three years comes out at £5 3s. 9d. per cent., and without redemption at £5 2s. 6d. per cent. The expenses do not include any charge for compounded stamp duty, it having been considered desirable, in view of the present high rate, to meet the duty as it arises. In this connection, however, I am pleased to state that my representations in regard to Imperial stamp duty on Dominion loans have since resulted in a reduction in rates by the Home Government. The exclusion of the last loan from the then high rates will therefore mean a considerable economy which, together with the reduced underwriters' commission, will amount to not less than £25,000.

The loan, which was oversubscribed, was most favourably commented upon by the British Press, and is a further testimony to the credit of the Dominion and to the satisfactory service we receive from our London representatives. This is the more marked when it is considered that subsequent colonial issues have not been absorbed on as favourable terms.

NEW ZEALAND CONSOLIDATED STOCK (LONDON ISSUE).

Arrangements have been completed, under authority of section 49 of the Finance Act, 1920, for the transfer to the New Zealand registers kept at the Treasury, of New Zealand consolidated stock domiciled in London and registered in the books of the Bank of England. This has relieved stockholders resident in New Zealand from the necessity of drawing their interest in London, where it was subject to heavy deductions for Imperial income-tax and to exchange charges on remittance to New Zealand. When the transfer has been effected, interest and principal become payable in New Zealand. Up to the present, transfers of stock amounting to £10,057 have been made. I am at present negotiating for a reduction in bank-management charges in London which will probably result in a considerable saving.

DEATH DUTIES STOCK REDEMPTION.

Inscribed stock amounting in the aggregate to £1,848,200 was issued under the authority of the War Loans (£1,524,630) and Discharged Soldiers Settlement (£323,570) Acts, with the condition that in the event of the death of the holder it

would be available for the payment of death duties. Of this amount £279,760 has been presented in payment of death duties, the stock having been taken over by various Government accounts. With the object of automatically reducing the public debt and the annual charges, as well as diminishing the volume of free income-tax securities, I am applying a portion of the capital repayments of the loan accounts concerned to the redemption of this stock when tendered in payment of death duties, and propose to repurchase stock held by Government Departments for cancellation as provided for in section 24 of the Finance Act, 1921. The annual saving in interest and sinking fund already effected amounts to £15,000.

FREE-OF-INCOME-TAX SECURITIES.

Free-of-income-tax securities to the value of £51,733,405 were issued in connection with our war loans, but by a process of renewals and redemptions I have been able to reduce this amount by £2,585,960, leaving a reducible balance of £49,147,445, which sum includes investments held by various State Departments totalling £8,000,000, as well as a large sum held by numerous investors who are not subject to income-tax.

In addition to the proposals I have already outlined I am arranging a conversion scheme under which a continued and substantial reduction in the volume of free-of-income-tax securities is anticipated.

PUBLIC DEBT.

The gross public debt as at the 31st March, 1922, was £219,054,385, held as follows:—

Held in	£	Annual Interest Charge. £
New Zealand	110,847,786	5,032,887
Australia	2,287,440	110,314
London	105,919,159	4,461,192
	<u>£219,054,385</u>	<u>9,604,393</u>
Annual sinking fund charge		<u>1,270,792</u>
Total		<u>£10,875,185</u>

£1,892,081 of the annual charge will be recouped to the Consolidated Fund from trading and investment accounts.

The gross debt, including the State Advances debt of £12,619,950, is equal to an indebtedness per head of the European population of £175 9s. 10d. The accumulated sinking funds at the 31st March, 1922, amounted to £10,655,394, including £1,663,537 on account of State advances. The net debt amounted to £208,398,991, including £10,956,413 net State Advances debt, or a net indebtedness per head of £166 19s. 2d.

The loan liabilities of the Westport Harbour Board, amounting to £880,495, were taken over on the 1st April, 1921, in terms of the Westport Harbour Act passed in 1920. Against this debt, accumulations of sinking fund amounting to £261,200 are held by the Public Debt Sinking Fund Commissioners.

A sum of £560,000 was paid out of Consolidated Fund for redemption of war-loan certificates which matured during the year. A sum of £1,289 was received from the Public Trustee as sinking fund on Hutt Road loans, to which was added £11 from Consolidated Fund, making £1,300, which was applied in redemption of debentures which matured on the 1st January, 1922.

One feature of the public debt from an economic standpoint is of particular interest, and that is the change in the incidence of the debt as held in the Dominion and elsewhere. Ten years ago 18·78 per cent. of the debt was held in New Zealand and 81·22 per cent. overseas, whereas to-day the percentages are 50·60 per cent. in the Dominion and 49·40 per cent. elsewhere; and, further, the proportion of

interest payable in New Zealand on the increased debt is 52·40 per cent. of the total, so that, whatever sacrifices were necessary in subscribing our loans, we have the satisfaction of knowing that the money and its earnings are circulating in our own country. If the present total debt had maintained its old proportions held in Great Britain it can readily be seen how much greater our difficulties would have been during the last few years with an unfavourable trade balance in process of adjustment.

Under the power to cancel securities given last session I expect to be able to make arrangements which, when completed, will have the ultimate effect of reducing the public debt by approximately £5,000,000, including War Loan redemptions. This I propose to do by utilizing a portion of the accumulated surpluses and balances held by certain loan accounts which are now in a position to redeem some of their own securities. When these operations are completed the annual saving to the Consolidated Fund will exceed £30,000.

Honourable members will find included in the tables to the Budget a statement of assets held and capital expenditure as against the public debt at the 31st March, 1922, together with supporting schedules. The tangible assets amount to £44,122,079, whilst the total expenditure on railways, public buildings, telegraphs, electric power, &c., amounts to £85,989,788, for which the Dominion holds good value. The estimated value of Crown lands is £25,750,000, State forests £37,909,875, and in addition a sum of £18,920,325 has been expended on indirectly productive services, which may be set off against the debt.

The debt transactions are fully set out in B.-1 [Part II].

SINKING FUNDS AND PUBLIC DEBT.

The accumulation of sinking funds for the extinction of the public debt of the Dominion, excepting that portion which has special sinking-fund provisions, is provided for under the Public Debt Extinction Act, 1910. This Act requires an annual payment to be made out of the Consolidated Fund to the Superintendent of the State Advances Office, which, if invested each year at compound interest, would in seventy-five years provide a fund equal to the debt. For the purpose of arriving at the annual payment the average net earning-rate for the preceding three years is taken. The present rate of the annual sinking-fund payment is equivalent to about 0·2 per cent. of the debt. The amount of the debt under the Act for extinction purposes at the 31st March, 1922, was £114,484,456; the annual payment for the last financial year was £203,132, and the total amount of the sinking fund accrued £2,313,330.

Included under the above Act are the following loans: Local bodies' loans, £3,453,100; old war and defence loans, £3,995,000. Sinking funds relative to these loans, amounting to £992,291, had been accumulated by the Public Trustee up to 1910, and, in terms of the Public Debt Extinction Act, are to be held by him until the debt is extinguished, and then paid to Public Account. Since 1910 no further payments in respect of these sinking funds have been made to the Public Trustee, the necessary provision being made in the total under the Public Debt Extinction Act. The interest earned by the older sinking funds, which remain invested with the Public Trustee, is paid annually into the Consolidated Fund.

The Public Trustee also holds sinking funds amounting to £138,020 relating to old loans raised under the New Zealand State-guaranteed Advances Acts, but which are now provided for by the Public Debt Extinction Act.

The sinking fund in connection with the late war debt of £81,843,543 is provided for by section 6 of the Finance Act, 1918 (No. 2), which requires a payment out of the Consolidated Fund of 1 per cent. on the total war debt to be made annually to the Public Trustee. It is estimated that this annual payment will extinguish the debt in forty years, assuming an investment rate of $4\frac{1}{2}$ per cent. Included in this debt is an amount of £26,000,000, which is now in the process of "funding" with the Imperial Government on a 6-per-cent. annuity basis, and which, when completed, will have the effect of separating this portion of the loan from the Dominion sinking-fund operations.

The State Advances debt is provided for by two sinking funds—one in the State Advances Office of £1,663,537, including £354,082 held by the Public Trustee, the other a portion in the Public Debt Extinction Fund—£27,000—accrued since 1913.

Under the Naval Defence Act, 1909, a sinking fund was established to repay the cost of the battleship "New Zealand." This fund is at the rate of 4 per cent. on the total cost—£1,795,166—and at the 31st March last the sinking-fund accumulations amounted to £931,429. Part of the total debt, amounting to £963,131, matured in December, 1914, and was included in the redemption advances made by the Imperial Government during the war. This sum, therefore, is included in the Imperial debt-funding operations to which I will refer later.

In terms of the New Zealand State-guaranteed Advances Act, 1909, the Public Trustee still holds some sinking funds, previously referred to, representing accumulations prior to the date the loans came under the Public Debt Extinction Act, in respect of loans raised almost entirely from Government Departments for lands for settlement, Native-land settlement, opening up Crown lands for settlement, mining advances, Hauraki Plains and Rangitaiki land drainage, amounting to £138,020, the interest derived from which is paid annually by the Public Trustee to the Consolidated Fund. These loans were in 1913 brought under the Public Debt Extinction Act. The Public Trustee also holds £877,692—a sinking fund in respect of loans raised for lands for settlement purposes. As debentures mature from time to time, the renewals come automatically under the Public Debt Extinction Act.

That portion of the public debt not referred to in the foregoing and which has special provisions for repayment totals £5,213,652, and relates to electric-power loans, £3,953,652; swamp drainage, £223,000; Rangitaiki land drainage, £360,000; Nauru and Ocean Islands, £600,000; Samoa, £77,000. Separate sinking funds are established as follows: Westport Harbour, accumulations amounting to £261,200 held by the Public Debt Commissioners on loans totalling £850,000; State Coal-mines—loans £227,601, sinking fund £24,580, is held by State Coal-mines Account; and £2,100 loan, New Zealand Loan Act, 1863, sinking fund £2,207, held against unrepresented debentures. These loans are deducted from the total public debt when assessed, in terms of the Public Debt Extinction Act, for sinking-fund purposes.

The following table summarizes the position:—

Amount of Loan.	Title of Sinking Fund.	Held by.	Sinking Fund Rate.	Contribution 1921-22.	Amount of Accumulated Sinking Fund.	Sinking Fund estimated to run out from Inception in
£			Per Cent.	£	£	Years.
114,484,456	Public Debt Extinction	State Advances ..	0.2 (approx.)	203,132	2,313,330	75
81,843,543	War Loans	Public Trustee ..	1	815,386	3,451,107	39
1,795,166	Naval Defence	Public Trustee ..	4	71,807	931,429	20
2,017,917	N.Z. State-guaranteed Advances Act, 1909 (Land for Settlements Branch)	Public Trustee ..	1	23,807	877,692	40
*	Public Debt Extinction (Local Bodies' Loans)	Public Trustee ..	..	..	799,601	75
*	Public Debt Extinction (old War and Defence Loans)	Public Trustee ..	..	..	192,691	75
*	N.Z. State-guaranteed Advances Act, 1909 (various branches)	Public Trustee ..	..	..	138,020	65
2,100	N.Z. Loans Act, 1863	Consolidated Fund	Run out, 1914 ..	..	2,207	..
227,601	State Coal-mines	Coal-mines Account	2	4,552	24,580	..
850,000	Westport Harbour Board ..	Public Debt Sinking Fund Commissioners	1	8,500	261,200	40
3,953,652	Electric-power Works	In account ..	1	Subject to profits ..	..	..
223,000	Swamp Drainage	In account ..	1	..	..	40
360,000	Rangitaiki Land Drainage ..	In account ..	Installments ..	..	..	40
600,000	Nauru and Ocean Islands ..	In account ..	Installments ..	..	..	50
77,000	Samoa Loan	Treasury ..	Installments ..	..	..	30
206,434,435	State Advances	State Advances ..	..	Profits of year ..	8,991,857	..
12,619,950	State Advances	Public Trustee ..	..	..	354,082	..
£219,054,385					10,655,394	..

* Loans included in Public Debt Extinction total.

It will be observed that the Public Trustee holds £1,130,312 in what may be termed "dead" sinking funds. They are accumulations prior to 1913 in respect of loans which by altered legislation came under a different system, and these past accumulations represent practically a double provision for the same debt. However useful they may have been in providing money for investment, they are not as valuable as they should be for debt-reduction purposes, as they are not liquid and available to meet loans falling due. Not only do they fall short of their purpose in this respect, but when renewal of a loan is undertaken it is probable that higher rates of interest will have to be paid. This is particularly the case in recent years regarding old maturing loans.

The sinking fund of £877,692 is still in the process of accumulating, while the loans as they mature come under the provisions of the Public Debt Extinction Act, a further instance of double provision.

For the same reasons the other sinking funds are not more available for actual debt-reduction purposes, and it is clear that our sinking-fund provision is not answering the purpose for which it was intended.

The volume the debt has reached in recent years, and its greatly increased charges on the revenue, have directed my close attention to the necessity of considering a method that will enable an actual reduction in the debt to be made annually, and thus effect a relief to the revenue. Such methods are operating successfully in other countries, and I hope at an early date to submit proposals to lighten a burden that will increase in weight out of proportion to its value, unless a change is made in the present system.

RESERVE FUND IN LONDON.

The annual income from the Reserve Fund, which is invested as under, now amounts to £90,550.

RESERVE FUND SECURITIES HELD IN LONDON.

Name of Stock.	Nominal Value.	Annual Interest.
	£	£
3-per-cent. Transvaal stock	230,000	6,900
3-per-cent. Egyptian guaranteed bonds	59,000	1,770
3½-per-cent. India stock	153,010	5,355
3-per-cent India stock	357,766	10,733
2½-per-cent. India stock	65,340	1,634
5-per-cent. British war-loan stock	20,000	1,000
5-per-cent. British war-loan stock	1,263,158	63,158
Totals	£2,148,274	£90,550

Securities to the value of £330,000 were hypothecated to secure an advance of £300,000 at 3 per cent., pending the receipt of loan-moneys, by which means it is estimated considerable saving was effected, as by the use of the moneys so obtained the flotation of the loan was delayed until the most favourable moment.

FUNDING IMPERIAL GOVERNMENT ADVANCES.

It will be remembered that in the war years the Imperial Government met a portion of our liabilities in Europe by advances on account of war expenditure and loan redemptions. The gross amount so advanced was £29,623,073, made up of £26,340,245 for war purposes and £3,282,828 for loans redemption.

The following are the particulars :—

3½ per cent.	£1,000,000	due 1st March, 1928, or 1st March, 1925, or after on giving six months' notice.
4½	£7,414,141	due 1st December, 1945, or 1st December, 1925, or after on giving six months' notice.
5	£11,100,000	due 1st June, 1947, or 1st June, 1929, or after on giving six months' notice.
5¾	£9,900,000	due 1st September, 1928.
3½	£168,421	Memorandum of security.
5	£40,511	„
	<u>£29,623,073</u>	

The question of placing the debt on an improved basis has engaged my attention for some time past, and I am now pleased to announce that an arrangement satisfactory to New Zealand has been made. It has been decided to fund £27,532,164 on a 6-per-cent. annuity basis, which will have the effect of automatically discharging this sum from the public debt of New Zealand in about thirty-seven years; this leaves aside £2,090,909 State Advances debt redemption as that office has its own provision for sinking fund. The conditions include the concession that the whole or part of the funded debt may be redeemed at any time, thus enabling advantage to be taken of any future reduction in interest rates.

This transaction will relieve the annual permanent charges by £53,000, and there is the further advantage that the portion of the accumulated sinking funds relating to this debt now vested in the Public Trustee under the Finance Act, 1918 (No. 2), will be available for reduction of the public debt.

LOANS FALLING DUE.

The loans falling due during the seven years ending with the year 1929 are as follow :—

Year ending 31st March,	London.	Australia.	New Zealand.	Total.
	£	£	£	£
1923	55,300	639,450	8,207,606	8,902,356
1924	1,747,200	3,300	7,798,365	9,548,865
1925	338,100	12,200	11,210,247	11,560,547
1926 .. .. .	..	..	15,494,557	15,494,557
1927	1,000	735,300	3,606,220	4,342,520
1928	1,000,000	100,000	2,578,260	3,678,260
1929	9,900,000	..	3,025,310	12,925,310
	<u>13,041,600</u>	<u>1,490,250</u>	<u>51,920,565</u>	<u>66,452,415</u>

In connection with the large amount which matures during the current year I am pleased to state that I have been able to make satisfactory arrangements for redemption or renewal without materially increasing the annual charge for interest.

TRUSTEE INVESTMENT IN GOVERNMENT SECURITIES.

It has been represented that the legislation of certain Australian States does not permit of investment of trust funds in New Zealand Government securities, whilst, on the other hand, the New Zealand Trustee Act legalizes investments by New Zealand trustees in Commonwealth or Australian State stocks. I am therefore endeavouring to obtain reciprocal arrangements which should assist in maintaining the balance between the Commonwealth and the Dominion, whose financial interests are closely related.

INVESTMENT OF SURPLUS CASH BALANCES OF PUBLIC ACCOUNT.

As a result of the authority provided by section 28 of the Finance Act, 1920, which permits the investment of the surplus balances of the Public Account in London in Imperial Government securities and on fixed deposit with banks, interest amounting to £17,161 was earned and credited to the Consolidated Fund during the year.

BANK OF NEW ZEALAND.

The advantage to the Government of the banking legislation passed in 1920 is reflected in the dividends received from the Bank of New Zealand for the financial year 1921-22, which amounted to £112,500. On the £500,000 preference "A" shares the dividend is fixed at £50,000, or 10 per cent. On the £625,000 preference "B" shares the dividend received was £62,500. This was equal to the dividend of last year, and represents a return of 16 $\frac{2}{3}$ per cent. on the capital invested in these shares.

The total dividend, £112,500, is at the rate of 10 per cent. on the nominal value of the shares held by the Government, £1,125,000, or 12 $\frac{6}{7}$ per cent. on the total funds invested, £875,000.

DEPARTMENTAL ACCOUNTS.

I stated last year that the preparation of Departmental accounts in such a form as to express their operations on a commercial basis was well in hand, and a number of completed balance-sheets were duly laid before Parliament.

Further progress has been made, and the accounts to be presented this session will, with few exceptions, cover all activities of the State.

The importance and value of balance-sheets, setting out on commercial lines the activities of every branch of the Government service, have been reported to me from many quarters, and the reform effected in thus requiring each Department to disclose the results of its administration in this manner must be of lasting effect both in the interests of economy as well as of organization.

STORES AND SUPPLIES.

An important reform has been effected during the year by the establishment of a central system of control in connection with the purchase and issue of stores and supplies for State services. This control has been definitely vested in a Board consisting of the administrative officers of the principal purchasing Departments, under the chairmanship of the Hon. the Minister of Public Works. It will be the function of the Board to co-ordinate the purchasing, and to control the issues of stores and supplies, and as far as possible to arrange that the prices paid and the conditions imposed under Government contracts shall be upon uniform lines. The centralization of this service has been effected without any serious disturbance of the different departmental systems or of local conditions, but it has eliminated the waste of effort and unduly large expenditure associated with the independent purchasing by different Departments of supplies common to each.

Under this arrangement, instead of buying piecemeal, the smaller Departments will be guided and controlled by experts, and also enjoy the benefit of a system of bulk purchasing under which delivery at specified places can be arranged.

In addition to the administration of stores, it is anticipated that the Board will be able to secure economies in the use of technical staffs, such as contracting, accounting, costing, and inspection sections.

The Controller and Auditor-General has established a special branch in the Audit Office for the necessary and important work of stores audit, under which better control is assured, and the possibility of leakage or loss passing undetected has been reduced to a minimum. In this connection I propose to ask honourable members to amplify the existing law, to make it clear that stores and supplies are

the equivalent of cash, and that the power of finally discharging losses and deficiencies from the Public Account is vested in Parliament, by whom any provisional writing-off must be subsequently validated.

It is estimated that a saving of something like £200,000 per annum will be effected in the total cost of stores and supplies by these reforms.

WASHINGTON CONFERENCE.

It is fitting, in view of its international importance and the far-reaching magnitude of the decisions arrived thereat, that I should make some brief reference to the Conference held at Washington in November, 1921, the sittings of which continued until February of this year. Honourable members will recollect that New Zealand was ably represented at this historic Conference by His Honour Sir John Salmond, who has submitted to the Government a most valuable report concerning the work of the Conference. This report will be laid before the House in due course, and an opportunity given to members for full discussion regarding it. It will be appropriate if I enumerate here a list of the most important of the treaties and other international instruments which have resulted from the Conference :—

- (1.) The Naval Treaty for the limitation of naval armaments ;
- (2.) The Pacific Treaty ;
- (3.) A treaty relative to the use of submarines and poison gas ;
- (4.) A treaty regarding the independence of China ;
- (5.) A treaty relative to Customs tariff in China ;
- (6.) The Shantung Treaty between China and Japan, and various resolutions relating to the internal administration of China.

It is earnestly to be hoped that the deliberations and manifold results of the Washington Conference, as briefly set out in the foregoing summary, will be a powerful factor not only in minimizing the danger of future wars, but also in promoting peace and harmony among the nations of the earth.

BRITISH EMPIRE EXHIBITION.

The question of New Zealand's participation in the British Empire Exhibition to be held in London in 1924 was discussed at a Conference at which I was present in London in July of last year. I then indicated that the New Zealand Government would assist in making a success of the Exhibition, whose main objects are the fostering of inter-Imperial trade, the finding of fresh world's markets for Dominion and Home products, and of aiding the discovery of further sources of national wealth in the development and utilization of the raw materials of the Empire.

A visit is at present being paid to New Zealand by a mission headed by the Assistant General Manager of the Exhibition, with a view of interesting the citizens of the Dominion in the Exhibition and to ascertain from the Government the amount of money to be allocated for New Zealand's representation. Ample evidence has been received by the Government showing that a great interest is being taken throughout New Zealand in the Exhibition and that very satisfactory support is being accorded to it by intending exhibitors.

The Minister of Industries and Commerce has taken steps to secure the assistance, in an advisory capacity, of gentlemen who are prominent in the producing, commercial, industrial, and labour affairs of the Dominion, and has secured on behalf of the Government the active co-operation of these interests in making New Zealand's participation in the project worthy of the Dominion. The Government is particularly desirous of using the Exhibition as a means of making known the merits of the primary products of New Zealand, of increasing our exports of wool, butter, cheese, kauri-gum, hides, frozen lamb, frozen mutton, hemp, and tallow ; of showing the substantial development that has taken place in our secondary industries during recent years ; making better known the opportunities the Dominion offers for

the investment of British capital, and for the settlement of the right type of British immigrant, and displaying to advantage New Zealand's natural mineral wealth, our quantities of gold, coal, iron-ore, greenstone, and other valuable minerals. The attractions the Dominion offers to the tourist, the sportsman, and the health seeker will also be fully illustrated.

The Exhibition opens on 1st May, 1924, and continues until the end of October, 1924.

RURAL-CREDIT ASSOCIATIONS.

I have arranged with the Public Accounts Committee to inquire into the Government's proposals with regard to agricultural banks, or rural credit associations as they are called in some countries. This matter will be taken in hand at once, and the evidence of experts will be heard so that the necessary legislation may reach the statute-book during the present session.

ECONOMIES AND SAVINGS.

Although it is somewhat difficult to express in precise figures the full extent of the economies and savings that have been and are being effected, I have attached a table which shows the result so far of the operation of the Public Expenditure Adjustment Act and of economies effected by Departments.

I have had conferences with the Heads of the respective Departments, who fully recognize the necessity of reducing administrative expenditure to the lowest possible figure, and are rendering valuable assistance.

Honourable members will recognize that a general reorganization to effect economy must be a gradual process, as ill-considered savings only lead to extravagance and waste. The duty which has devolved upon the Government is by no means a pleasant one, especially when faced with the absolute necessity of reducing cash grants and services, as well as dispensing with staff, at a time when employment is difficult to obtain, but the balance between taxation and expenditure must be maintained upon an equitable and sound basis. Justifiable and desirable expenditure has had to be postponed, for the simple reason that at present the country cannot afford it.

The results which I summarize hereunder indicate the actual reductions and savings effected in detail, and also the economies now being effected and proposed, including those in the table referred to. The period under review runs from the 1st April, 1921, at which date I directed the operation of special measures to bring about the necessary reductions. As the adjusting and co-ordinating process is gradual, and I desire to bring these changes about with as little disturbance as possible to the various public utilities which are used by all classes of the community, the full effect of the economies under action and proposed cannot yet show in the annual appropriations.

First taking the Consolidated Fund expenditure, the reductions are—

Departmental Votes—		£	£
Estimates, Main, 1921–22	.. ..	16,055,112	
„ Supplementary	.. ..	341,131	
		<hr/>	
		16,396,243	
Deduct actual net expenditure	.. ..	15,592,677	
		<hr/>	
Reduction	.. ..	..	803,566
Expenditure, 1921–22	.. ..	15,592,677	
Deduct estimate, 1922–23	.. ..	14,703,401	
		<hr/>	
Reduction	.. ..	..	889,276
Total departmental reductions effected over period	.. ..	..	<hr/><hr/>£1,692,842

<i>Special Acts—</i>	£	£
Estimates, 1921–22	4,667,803	
Add Supplementary	5,972	
	<hr/>	
	4,673,775	
Deduct actual expenditure (less advances other Governments)	4,341,466	
	<hr/>	
Reduction .. .. .	..	332,309
Expenditure, 1921–22	4,341,466	
Deduct estimates, 1922–23	4,013,754	
	<hr/>	
Reduction .. .. .	..	327,712
	<hr/>	
Total economies under special Acts over period .. .. .	..	660,021
Departmental reductions as above .. .. .	..	1,692,842
	<hr/>	
Total economies departmental and special Acts over period	..	<u>£2,352,863</u>

The savings in interest and other economies in course of being effected amount to a considerable sum. Taking interest and sinking fund charges, the position is that had I during the preceding years allowed our surplus revenue to be expended on annual services, not only would the Consolidated Fund expenditure have been much greater than it is, but the interest and sinking-fund permanent charges would have increased proportionately. The use of these surpluses for capital purposes such as soldier settlement, &c.—purposes beyond administrative or policy control—undoubtedly obviated borrowing at heavy cost, and the amount given is based on a conservative rate of interest.

Savings in interest and sinking-fund charges and gains:—	£
On £14,560,000, as detailed on page v	436,800
On funding Imperial debt	53,000
By profits on investments, Imperial war stock	63,150
Through deferment of loan-flotation, commissions, &c.	51,000
Treasury bills used instead of selling securities	93,000
	<hr/>
Total	<u>£696,950</u>

OTHER ECONOMIES EFFECTED, NOW BEING EFFECTED, AND PROPOSED.

Due to services reduced and financial adjustments, 1921–22:—	£
Expenditure voided owing to reduced services (including £578,106 due to termination of butter and flour subsidies, being difference between payment 1921–22 and estimated season's subsidies, £1,000,000)	780,000
Amalgamations, co-ordinations, increased fees, &c.	160,000
Improved stores control	200,000
Proportion of annual rate not yet operating of total reduction in cost-of-living bonus in terms of Public Expenditure Adjust- ment Act	466,000
Estimated savings on proposed redemption and cancellation of death duties stock and war-loan securities	45,000
By proposed transfer of £1,250,000 from surplus to public works and development accounts	25,000
	<hr/>
Total	<u>£1,676,000</u>

SUMMARY.

ECONOMIES, SAVINGS, REDUCTIONS, ETC.		£
Actual in Departments and special Acts from 1st April, 1921 ..		2,352,863
Interest and sinking-fund charges		696,950
Other economies proposed, effected, and in hand ..		1,676,000
Total Consolidated Fund		4,725,813
Miscellaneous Departments and accounts		464,606
Grand total		<u>£5,190,419</u>

In considering the foregoing it is necessary to remember that the estimated expenditure includes the cost of those automatic increases which inevitably follow the growth of population and expansion of business. These are substantial items which being statutory cannot be avoided, such, for instance, as interest and sinking fund, pensions, scale increases to salaries of public servants, education, hospital and other social services, whilst, of course, administrative charges are proportionately increased. As the country develops new services require also to be undertaken. All of this represents expenditure that cannot be eliminated, and amounts to a large sum, which tends to obscure the effect of the economies.

The figures, however, should, I think, satisfy honourable members that the attention I am giving to this important matter has already brought about satisfactory results. The estimated savings in full in respect of the economies and adjustments in course of operation should in the main be realized by the end of the current financial year.

I do not suggest that this is a complete programme of what is required to be done, as I am convinced that the most important part of the policy of this country for a considerable time to come (along with energetic development) must be retrenchment and economy. If we profit by the lessons of the last two years the depression from which we have suffered will not have been an unmixed evil. Every possible effort on the part of the Government, Parliament, and people should be used in the direction of reducing the cost of government, of reducing the cost of production, of reducing taxation, and consequently keeping the public expenditure within the public income. There will be no satisfaction until this is accomplished, and there should be no slackening-off.

These difficulties are not peculiar to New Zealand, and, as an illustration of the financial burdens imposed by the war on Governments in other parts of the world, I have included an interesting table showing the abnormal increases since 1913-14.

ESTIMATE OF REVENUE.

The causes which reduced the revenue of the last financial year will continue to be felt during the current year, especially as regards the land and income tax.

I estimate the revenue under the main heads of each of the important Departments at :—

	£
Customs	5,160,000
Beer duty	650,000
Railways	7,200,000
Stamp and death duties	2,726,000
Post and telegraph	2,766,000
Land-tax	1,500,000
Income-tax	4,100,000
Registration and other fees	147,000
Marine	52,000
Miscellaneous	1,400,000
Territorial	202,000
National endowment	105,000
Departmental and other receipts	242,000
Total	<u>£26,250,000</u>

ESTIMATED EXPENDITURE.

The expenditure for the year is estimated at :—

				£
Permanent charges :—				
Civil List	..	..	..	29, 831
Interest and sinking fund—				£
Ordinary debt	..	..	4, 315, 667	
War debt	..	..	4, 667, 437	
				8, 983, 104
Under special Acts :—				
Pensions—				
Civil and military	..	..	1, 061, 096	
War	..	..	1, 650, 000	
				2, 711, 096
Other Acts, including subsidies for social services				1, 302, 658
				13, 026, 689
Annual appropriations				14, 911, 526
				<u>£27, 938, 215</u>

The estimated expenditure shows a nominal increase of £208,000, representing Printing Office receipts now credited to Revenue Account instead of to the relative vote, and which for purposes of comparison with previous expenditure should be set off against the estimate for the current year.

ESTIMATED RESULT FOR THE YEAR.

To the estimated revenue I propose to add £2,000,000 of the excess Customs revenue of 1920-21, specially reserved for the purpose of meeting the inevitable effect upon the revenue of the years immediately succeeding the period of over-importation.

The net amount of the accumulated surpluses brought forward at 1st April, 1922, was £7,531,367, including excess Customs revenue. Securities representing £1,000,000 temporarily invested in the Railways Authorization Improvement Account are also included. As indicated, I propose to transfer £1,250,000 to public works and other developmental accounts, thus reducing our loan requirements for the current year and at the same time making provision for unemployment.

The estimated result of the year may be summarized thus :—

				£	£
Balance forward	..	..	7, 531, 367		
Estimated revenue	..	..	26, 250, 000		
				£33, 781, 367	
Less—					
Estimated expenditure	..	..	27, 938, 215		
Supplementary estimates	..	..	250, 000		
Transfer, public works	..	..	1, 250, 000		
				£29, 438, 215	
Estimated credit balance at 31st March, 1923				£4, 343, 152	

This balance will be available during the ensuing year to cover the margin between expenditure and revenue, and to meet with regularity the Dominion's commitments without incurring heavy interest charges prior to the receipt of the land and income tax.

RESULTS.

Consolidated Fund receipts, £28,127,007; expenditure, £28,466,838.

Transfers from accumulated surpluses to—

Discharged Soldiers Settlement Account, Loans Redemption Account, &c.,
£780,011.

Portion of excess Customs duty used for balancing, £279,831.

Excess Customs duty available to supplement revenue, £2,000,000.
 Income from Reserve Fund, London, £90,550.
 Accumulated surpluses carried forward, £7,531,367.
 Public-works expenditure, £5,461,407.
 Unemployment provided for.
 Extensive development of hydro-electric works.
 Loan redemptions, and renewals, £7,741,055.
 Customs revenue and excise, £5,554,334.
 Tariff arrangement with Australia.
 Land-tax receipts, £1,637,816.
 Income-tax receipts, £6,002,987.
 Stamp revenue, £3,444,504.
 Totalizator-tax, £515,248.
 Bank-note tax, £227,080.
 Amusements-tax, £103,815.
 Post and telegraph revenue, £2,748,481.
 Railway revenue, £6,600,000.
 Savings-bank deposits, £29,125,907.
 Total War-loan Certificates sold, £4,619,983.
 Total Post office Investment Certificates sold, £229,673.
 Machine printing telegraph installed.
 Rural mail-delivery extended.
 Waste lands developed and subdivided.
 Soldiers' privileges extended to South African War veterans.
 Kauri gum purchased, £38,600.
 Advances authorized to 20,392 discharged soldiers, £20,409,571.
 Modern dredge equipment for swamp-drainage.
 £3,000,000 increased value of drained swamp lands.
 Total value of exports for year, £43,794,883, including agricultural products,
 £39,236,528.
 Reduction in price of Nauru and Ocean Island phosphate.
 Financial assistance granted by the Repatriation Department to 58,622 men,
 amounting to £2,197,956.
 Block of sulphur-bearing land purchased in North Island.
 Publications Committee established.
 Expenditure on education services, £3,526,000.
 Defence Department reorganized.
 Saving of £50,000 per annum in contract for supply of small-arms ammunition.
 Centralized control of motor transport.
 War pensions paid since 1915, £7,335,044.
 Co-ordination of all pensions and annuities with Pensions Department.
 Total contributors National Provident Fund at 31st December, 1921, 21,713 :
 Funds, £632,653.
 Total cost-of-living allowances paid to Public Service annuitants, £137,461.
 Native Department reorganized.
 Native lands purchased by Crown, totalling 1,089,084 acres.
 State advances to settlers, workers, and local authorities during the year, £1,921,965.
 Subsidies to Hospital Boards paid, 1921-22, £471,711.
 Native Trust Office inaugurated.
 Westport Harbour vested in the Crown.
 Greymouth Harbour Board finances placed on satisfactory footing.
 Mediation in respect of dairy-farmers' mortgages.
 £5,000,000 5-per-cent. loan floated at par.
 Transfer of New Zealand Consolidated Stock (London issue) from London to New
 Zealand registers provided for.
 Reduction of free-of-income-tax securities.
 Interest, £17,161, earned through investment of surplus cash balances of Public
 Account.
 Total dividend from Bank of New Zealand for year 1921-22, £112,500, or 12 $\frac{6}{7}$ per
 cent. on amount (£875,000) invested.

Co-ordination of buying and control of stores and supplies.

Total savings and economies effected in Departments and under special Acts,
£2,352,863.

Savings in interest and sinking-fund charges, £436,800.

ESTIMATES AND PROPOSALS.

Consolidated Fund—

Estimated revenue, £26,250,000.

Estimated expenditure, £27,938,215.

Revenue to be supplemented by £2,000,000, excess Customs duty reserve.

£1,250,000 to be transferred to works and development capital accounts.

Expenditure to be further reduced.

Loan for public works.

Continued provision for unemployment.

Backblocks to be developed.

Hydro-electric development to be accelerated.

Land settlement to be actively promoted.

Primary and secondary industries to be stimulated.

Further extension of telephone system.

Additional wireless-telegraph facilities to be provided.

Estimated savings as result of improved control of stores and supplies, £200,000.

Conversion of free-of-income-tax securities.

Improvement in the system of sinking funds in connection with the public debt.

Provision for additional post-office accommodation.

Cost of departmental printing and publications to be reduced.

£350,000 to be provided for school buildings.

Transfer of £3,000,000 to Loans Redemption Account.

Increased contribution for naval defence.

Investigation of pension systems in general.

Stabilization of Superannuation Funds.

Redemption of Death Duty Stock.

Reduction of public debt by £5,000,000.

Funding of Imperial advances made during war, £27,532,164.

Development of reproductive irrigation schemes.

Progressive work on important lines of railway now under construction.

Further increase in value of national assets by swamp-drainage operations.

Representation at British Empire Exhibition.

Savings and economies operating and in hand, £1,676,000.

Establishment of Rural Credit Associations.

Estimated credit balance at 31st March, 1923, £4,343,152.

CONCLUSION.

I think I can claim, and with reason, that the outlook for the present financial year is very much better than was the case at the corresponding date in 1921. It is true that since then there has been a serious drop in revenue, but there has also been a decrease in departmental expenditure. The withdrawal of part of the bonuses which were agreed to and provided for in 1920 and preceding years as against the increased cost of living has naturally caused a certain amount of dissatisfaction, but I am glad to be able to express the opinion that the great majority of those in the Public Service realize that the burdens which the State is carrying at present are too heavy, and must be reduced if within a reasonable time we are to get back to normal prosperity. Economy and industry must be the watchword of the citizens of this country for a considerable time to come. So far as industry is concerned, there is little to find fault with. Undoubtedly the war and the aftermath of the war have had a very unsettling effect, but the manner in which most of the people of this country have gone back to work is beyond all praise, and this result is shown in the steadily increasing volume of our exports. It should be the duty of all concerned to reduce the prices of commodities required in New Zealand,

and to reduce the cost of production wherever possible so as to enable us to compete successfully in the markets of other countries, and at the same time bring down the cost of living in this country. There is no royal road to prosperity, and there is only one way, and that is the way of industry and co-operation. In a crisis such as that through which we are passing, every citizen must be prepared to do his share of the work and carry his share of the burden. No other method will bring complete success. In a country like New Zealand, with its good soil, good climate, and industrious population, and the best markets in the world ready to receive its products, a financial depression, however severe it may be, cannot last for long. With the steady application of those qualities which I believe New Zealanders possess in an unusual degree the time must come, and soon, when the depression will pass away as mist disappears before the morning sun.

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

	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	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	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	4,738 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
	3,603 8 5	2,726 11 3	15,233 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 ..	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	427 16 8	182 7 5	592 14 6	397 4 6	393 7 8	1,588 14 2	7,707 16 7	33,827 13 6	10,991 11 11	51,929 0 9
Post and Telegraph Department ..	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	172,451 0 0	150,514 0 0	136,909 0 0	157,575 0 0	113,679 0 0	123,112 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 ..	1,961 15 11	3,487 6 1	1,719 8 6	9,195 0 0	6,231 0 0	4,964 0 0	14,463 0 0	11,131 0 0	20,400 0 0	16,078 0 0
Justice Department*	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	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 ..	11,911 12 2	10,968 16 10	19,064 12 2	14,655 17 5	10,791 15 6	19,572 3 3	20,796 2 2	33,587 10 3	16,115 9 8	32,599 12 3
Defence Department	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	5,637 7 1	6,396 0 9
Customs Department	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 .. .. .	..	..	..	..	..	..	..	..	..	..
Labour Department	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
Lands Department	6,170 12 3	11,385 5 3	4,065 19 9	2,625 5 2	1,695 8 10	1,914 19 2	1,404 15 3	2,998 17 4	828 12 3	4,528 0 5
Agriculture Department	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
Education Department	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	641 13 8
	290,054 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	446,825 6 9	510,418 1 2	702,736 17 5
Services not provided for ..	82 10 1	..	..	..	..	..	87 1 0	..	..	5 16 6
Totals	293,740 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

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

Table No. 4a.

STATEMENT OF THE ESTIMATED LIABILITIES CHARGEABLE ON THE CONSOLIDATED FUND (REVENUE ACCOUNT) OUTSTANDING ON THE 31ST MARCH, 1922.

REVENUE ACCOUNT.

	£	s.	d.
Permanent appropriations—			
Civil List	232	10	1
Under Special Acts of the Legislature	37,669	6	0
Pensions	412	12	4
Annual appropriations—			
Legislative Departments	3,855	16	8
Treasury Department	35	18	10
Land and Income Tax Department	1,969	12	7
Stamp Duties Department	91	12	10
National Provident and Friendly Societies Department	1,884	0	0
Working Railways	182,645	0	0
Post and Telegraph Working-expenses	115,335	0	0
Public Buildings	4,882	0	0
Government Domains	122	0	0
Maintenance and Improvement of Roads	6,360	0	0
Native Department	186	5	9
Department of External Affairs	444	0	0
Department of Industries and Commerce	34,586	11	7
Department of Justice	779	12	6
Supreme and Magistrates' Courts	951	9	9
Prisons Department	2,746	11	2
Police Department	7,299	13	10
Cook Islands	604	0	0
Mines Department	1,350	0	0
Department of Internal Affairs	5,922	5	4
Audit Department	233	10	8
Printing and Stationery	9,745	19	10
Mental Hospitals	11,714	8	9
Department of Health	32,218	9	4
Naval Defence	21,044	0	0
New Zealand Military Forces and Cadets	6,920	9	2
Aviation	169	8	10
Rifle clubs	121	19	0
Customs Department	517	0	8
Marine Department	3,970	0	2
Department of Labour	2,302	2	1
Department of Lands and Survey	5,835	4	8
Valuation	2,113	5	7
Electoral	192	11	2
Agriculture	12,693	0	0
Tourists	3,671	7	2
Education Department	25,963	3	4
Total	£549,791	19	8

Table No. 5.

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

	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.						
Annual Appropriations—																																				
Public Works, Departmental	283	19	3	566	16	8	105	17	1	1,930	0	0	710	0	0	1,316	0	0	691	0	0	239,396	19	9	869	0	0	240,240	0	0	818,593	0	0			
Railways	622,761	12	2	255,340	3	0	287,777	3	10	417,718	0	0	293,522	0	0	233,271	0	0	150,492	0	0	150,492	0	0	229,396	19	9	240,240	0	0	818,593	0	0			
Development of Water-power	56,157	9	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Irrigation and Water-supply	176,855	6	3	80,910	10	11	235,148	17	9	175,040	13	11	188,640	8	11	1,424	0	0	117,774	10	4	1,360	0	0	4,322	0	0	64,969	2	7	112,903	14	9	3,257	0	0
Public Buildings .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lighthouses, Harbour-works, and Har- bour-defences	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	49	5	6
Tourist and Health Resorts	880	17	6	1,791	0	0	4,889	0	0	1,642	0	0	1,217	0	0	190	0	0	70	0	0	4,250	0	0	187	4	10	2,182	1	4	49	5	6			
Immigration	3,595	6	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Roads	219,069	0	0	162,258	11	6	226,114	16	4	250,195	0	6	174,220	0	0	116,564	0	0	129,710	0	0	156,409	0	0	304,313	0	0	266,273	0	0	463,842	17	6			
Development of Mining	111,372	0	0	171,297	1	0	1,192	4	9	247,113	17	4	11,468	0	0	..	..	..	10,887	11	6	15,907	0	0	..	..	..	..	..	..	..	..	..	..	..	..
Telegraph Extension .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Contingent Defence .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lands Improvement	148	15	2	1,240	18	2	203	16	1	399	7	4	34	11	8	2,980	0	0	38,621	0	0	38,621	0	0	72,893	0	0	138,698	0	0	..	..	..	..	..	..
Plant, Material, and Stores..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Electric Supply .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Services not provided for	1,191,847	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	1,983,433	19	1	..	..	..	..	..	..
Totals	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	1,983,433	19	1	..	..	..	..	..	..

Table No. 5—continued

STATEMENT of the ESTIMATED LIABILITIES chargeable on the undermentioned Separate Accounts outstanding on the 31st March, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, and 1922.

	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.		31st March, 1922.	
	£	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 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Discharged Soldiers Settlement Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Education Loans Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Electric Supply Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Government Accident Insurance Account ..	606	14 4	293	8 10	313	16 5	279	1 4	315	18 4	140	18 3	218	12 9	191	10 10	273	9 10	210	1 3	355	636 0 0
Government Life Insurance Account ..	412	11 10	1,256	11 0	447	19 0	645	6 6	366	9 0	347	11 0	253	1 0	459	18 0	677	14 10	600	1 6	3,740	12 9
Hauraki Plains Settlement Account ..	1,861	3 1	163	7 10	45	15 7	165	3 9	100	17 7	143	16 7	130	4 3	371	4 1	118	4 8	4,210	16 10	8,477	4 7
Housing Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Irrigation and Water-supply Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Kauri-gum Industry Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Land for Settlements Account ..	2,977	3 9	1,195	19 0	3,385	13 7	3,452	5 4	2,452	0 0	737	18 10	311	9 11	165	5 6	515	18 8	525	18 9	982	8 0
Land for Settlements Account (Discharged Soldiers Settlements Account) ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Land for Settlements Account (Opening up Crown Lands for Settlement Account) ..	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	4,253	0 0
National Endowment Account ..	4,687	5 8	2,732	18 3	468	0 0	4,862	0 0	3,177	0 0	1,680	0 0	..	..	..	..	..	..	..	..	..	..
Native Land Settlement Account ..	429	10 0	2,559	10 11	2,567	17 10	1,294	8 9	1,105	11 7	433	1 6	16	16 0	12,150	14 11	673	7 0	1,426	9 1	1,426	9 1
Nauru and Ocean Islands Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Public Service Superannuation Fund Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Railways Improvements Account ..	132,486	0 0	103,293	0 0	63,669	0 0	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Railways Improvement Authorization Act 1914 Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Rangitaiki Land Drainage Account ..	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	7,388	0 0
Scenery Preservation Account ..	102	2 3	76	8 9	899	0 0	131	6 0	115	16 0	29	0 0	413	11 3	189	7 10	459	4 5	1,081	0 6	2,767	15 1
State Advances Account ..	389	0 11	470	8 8	899	0 0	331	3 11	361	0 0	362	8 8	572	8 5	..	..	707	19 11	615	9 2	632	15 10
State Coal-mines Account ..	..	..	..	..	2,044	15 10	..	..	10,000	0 0	..	..	10,000	0 0	11,000	0 0	17,800	0 0	22,000	0 0	22,000	0 0
State Fire Insurance Account ..	884	1 7	10,707	3 7	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	18	10 4
State Forests Account ..	600	19 8	390	4 6	183	10 7	286	10 1	153	9 11	..	..	124	12 10	59	17 5	163	7 11	5,066	10 1	4,485	12 2
Swamp Land Drainage Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	4,853	0 0	500	0 0	1,877	0 0	1,877	0 0
Waikou Bush-fire Relief Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
War Expenses Account ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Wellington-Hutt Railway and Road Improvement Account ..	7,600	0 0	7,777	0 0	3,679	0 0	200	0 0	916,436	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	724,278	6 1

Table No. 5a.

STATEMENT OF THE ESTIMATED LIABILITIES CHARGEABLE ON THE PUBLIC WORKS FUND							OUTSTANDING ON THE 31ST MARCH, 1922.		
Annual appropriations—							£	s.	d.
Public Works, Departmental	..	..	..	..	..	..	562	0	0
Railway-construction	..	..	..	..	..	..	371,746	0	0
Additions to Open Lines	..	..	..	..	..	..	84,656	0	0
Public Buildings, General	..	..	..	..	..	..	33,773	0	0
Courthouses	..	..	..	..	..	..	214	0	0
Prisons	..	..	..	..	..	..	1,601	0	0
Police-stations	..	..	..	..	..	..	912	0	0
Postal and Telegraph	..	..	..	..	..	..	17,098	0	0
Agricultural	..	..	..	..	..	..	82	0	0
Mental Hospitals	..	..	..	..	..	..	1,982	0	0
Hospitals and Charitable Institutions	..	..	..	..	..	..	1,281	17	4
Timber-supply	..	..	..	..	..	..	1,734	0	0
Lighthouses	..	..	..	..	..	..	550	0	0
Tourist and Health Resorts	..	..	..	..	..	..	78	1	4
Roads, &c.	..	..	..	..	..	..	210,609	0	0
Roads on Goldfields	..	..	..	..	..	..	600	0	0
Telegraph Extension	..	..	..	..	..	..	385,109	0	0
Lands, Miscellaneous	..	..	..	..	..	..	1,926	1	9
Irrigation and Water-supply	..	..	..	..	..	..	4,591	0	0
Plant, Material and Stores	..	..	..	..	..	..	24,498	0	0
Total	..	..	..	..	..	..	£1,143,603	0	5

Table No. 6.

STATEMENT showing the Total WAYS and MEANS of the PUBLIC WORKS FUND and the Total Net EXPENDITURE to the 31st MARCH, 1922.

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,—							
Finance Act, 1919, Section 5	.. .. .	600,000	0	0			
Aid to Public Works and Land Settlement Act, 1921	.. .. .	191,740	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			
Aid to Public Works and Land Settlement Act, 1921	.. .. .	1,963,550	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	.. .. .	2,500,000	0	0			
Finance Act, 1921, Section 10	.. .. .	2,673,111	10	11			
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			
					68,670,478	18	10
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	.. .. .	57,013	15	5			
Special Receipts under the Railways Authorization and Management Act, 1891	.. .. .	2,257	1	9			
Special Receipts under the North Island Main Trunk Railway Loan Application Act, 1886	.. .. .	114,550	19	6			
Sinking Funds released	.. .. .	506,819	19	3			
					11,913,732	8	3
					£80,584,211	7	1

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, 1922—continued.

Expenditure on—	NET EXPENDITURE.		£	s.	d.	£	s.	d.
Immigration			2,507,270	15	7			
Public Works, Departmental			1,817,406	14	6			
Railways, including Surveys of New Lines			40,735,641	1	3			
Roads			13,111,959	14	3			
Land-purchases			2,061,738	9	4			
Development of Mining			885,805	8	4			
Telegraph Extension			5,000,426	15	4			
Public Buildings			8,635,602	17	7			
Lighthouses, Harbour Works and Defences			1,175,553	7	5			
Contingent Defence			1,086,052	3	5			
Rates on Native Lands			68,671	16	10			
Thermal Springs			14,599	13	2			
Tourist and Health Resorts			304,180	17	7			
Lands Improvement			157,846	2	9			
Plant, Material, and Stores			435,638	4	4			
Charges and Expenses of raising Loans			1,427,537	18	10			
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			332,892	5	1			
Timber Supply, Sawmills, &c.			16,369	3	11			
Balance on 31st March, 1922,—						80,154,528	17	6
Cash in the Public Account			26,346	1	3			
Imprests outstanding			403,336	8	4			
						429,682	9	7
						£80,584,211	7	1

Table No. 7.

ESTIMATED EXPENDITURE of the ORDINARY REVENUE ACCOUNT for 1922-23, compared with Actual Expenditure of 1921-22.

	Estimate for 1922-23.	Actual for 1921-22.	Differences.	
			Increase.	Decrease.
	£	£	£	£
REVENUE ACCOUNT.				
Permanent Charges,—				
Civil List	29,831	29,884	..	53
Interest and Sinking Fund	8,983,104	8,442,278	540,826	..
Under special Acts	4,013,754	4,401,999	..	388,245
	13,026,689	12,874,161	540,826	388,298
Annual Appropriations,—				
Legislative Departments	63,901	73,843	..	9,942
Treasury Department	31,106	41,103	..	9,997
Land and Income Tax Department	63,022	60,533	2,489	..
Stamp Duties Department	80,181	101,415	..	21,234
National Provident and Friendly Societies Department	21,785	24,935	..	3,150
Working Railways Department	6,164,000	6,473,234	..	309,234
Post and Telegraph Working Expenses	2,349,268	2,448,688	..	99,420
Public Buildings	101,915	109,092	..	7,177
Government Domains	4,815	4,513	302	..
Maintenance and Improvement of Roads	59,468	62,280	..	2,812
Maintenance of Irrigation Works	2,250	1,295	955	..
Native Department	20,945	22,862	..	1,917
Department of External Affairs	18,756	21,478	..	2,722
Department of Industries and Commerce	31,530	157,518	..	125,988
Department of Justice	40,291	45,875	..	5,584
Supreme and Magistrates' Courts	91,127	101,219	..	10,092
Prisons Department	78,324	79,545	..	1,221
Crown Law Office	5,927	6,021	..	94
Police Department	403,560	411,056	..	7,496
Cook Islands	20,521	15,406	5,115	..
Pensions Department	119,801	138,734	..	18,933
Mines Department	35,600	47,076	..	11,476
Department of Internal Affairs	268,904	367,062	..	98,158
Audit Department	24,793	21,685	3,108	..
Public Service Commissioner's Office	8,312	8,861	..	549
Printing and Stationery	218,344	230,178	..	11,834
Mental Hospitals	301,736	269,199	32,537	..
Health Department	221,473	223,388	..	1,915
Naval Defence	256,656	303,517	..	46,861
Defence Department	317,616	415,450	..	97,834
Customs Department	108,507	136,475	..	27,968
Marine Department	126,305	151,695	..	25,390
Department of Labour	35,762	35,762	..	..
Department of Lands and Survey	193,666	215,672	..	22,006
Valuation Department	42,353	55,278	..	12,925
Electoral Department	84,548	6,295	78,253	..
Department of Agriculture	253,312	275,176	..	21,864
Tourist Department	71,792	86,943	..	15,151
Education Department	2,569,354	2,580,562	..	11,208
Services not provided for .. .. .	..	2,156	..	2,156
	14,911,526	15,833,075	122,759	1,044,308
			663,585	1,432,606
				663,585
Total expenditure	27,938,215	28,707,236	..	769,021
For comparison with last year's expenditure deduct Printing and Stationery receipts now credited to revenue	208,125	240,398	..	..
Totals	27,730,090	28,466,838	..	736,748

Table No. 8.

ESTIMATED REVENUE of the CONSOLIDATED FUND (Ordinary Revenue Account) for 1922-23, compared with the Actual Revenue of 1921-22.

	Estimate for 1922-23.	Actual for 1921-22.	Differences.	
			Increase.	Decrease.
	£	£	£	£
ORDINARY REVENUE ACCOUNT.				
Customs	5,160,000	5,095,436	64,564	..
Beer Duty	650,000	458,898	191,102	..
Stamp and Death Duties	2,726,000	3,444,504	..	718,504
Postal and Telegraph	2,766,000	2,748,481	17,519	..
Land-tax	1,500,000	1,637,816	..	137,816
Income-tax	4,100,000	6,002,987	..	1,902,987
Railways	7,200,000	6,683,236	516,764	..
Registration and other Fees	147,000	146,548	452	..
Marine	52,000	51,849	151	..
Miscellaneous	1,400,000	1,410,478	..	10,478
Territorial Revenue	202,000	200,697	1,303	..
National Endowment Revenue	105,000	102,481	2,519	..
Departmental and other Receipts	242,000	143,596	98,404	..
			892,778	2,769,785
				892,778
Total	26,250,000	28,127,007	..	1,877,007

Table No. 9.

STATEMENT showing the Amount charged to "UNAUTHORIZED" in each Financial Year from 1st July, 1875, to 31st March, 1922.

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.						
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 8	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	12,287	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	1,830	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	4,133	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
1921-1922	2,455	13 7	105,962	14 10	108,418	8 5	2,982	1 6	292,233	1 4	403,633	11 3

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

	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.
From To			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
1/4/21-31/3/22	932	1,446	228,336	..	..	..	15	145	17,047*	947	1,591	245,383
Totals ..	9,860	18,850	3,419,353	22	162	20,734	237	2,556	820,323	10,119	21,568	4,260,410
Ordinary Crown land selected under settlement conditions during the ten years ending the 31st March, 1922	..	..	..	..	..	..	..	..	..	..	7,727	1,589,088
Native land vested in the Maori Land Boards disposed of for closer settlement during the nine years ending the 31st March, 1922	..	..	..	..	..	..	..	..	..	..	454	167,078
Grand total made available for closer settlement during ten years ended the 31st March, 1922	..	..	..	..	..	..	..	..	..	..	29,749	6,016,576

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, 1922, as compared with the 31st March, 1921 :—

[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, 1922.]

CONSOLIDATED FUND.				£	£
Balance on 31st March, 1921	..	..	..	8,591,209	
Liabilities on 31st March, 1921	..	..	..	710,653	
Balance on 31st March, 1922	..	..	..	7,531,367	
Liabilities on 31st March, 1922	..	..	..	549,792	
STATE FORESTS ACCOUNT.				£	£
Balance on 31st March, 1921	..	..	..	9,537	
Unexhausted authority for raising loan	..	..	..	310,000	
Liabilities on 31st March, 1921	..	..	..	..	319,537
Balance on 31st March, 1922	..	..	..	9,377	
Unexhausted authority for raising loan	..	..	..	223,219	
Liabilities on 31st March, 1922	..	..	..	..	232,596
					4,486
STATE COAL-MINES ACCOUNT.				£	£
Balance on 31st March, 1921 ..	..	..	..	48,293	
Unexhausted authority for raising loan	..	..	..	55,000	
Liabilities on 31st March, 1921	..	..	..	..	103,293
Balance on 31st March, 1922 ..	..	..	..	55,191	
Unexhausted authority for raising loan	..	..	..	55,000	
Liabilities on 31st March, 1922	..	..	..	..	110,191
					22,200

Table No. 11—continued.

SCENERY PRESERVATION ACCOUNT.				£	£
Balance on 31st March, 1921 .. .. .	..	..	..	2,901	
Unexhausted authority for raising loan .. .. .	..	..	..	6,000	
				<hr/>	8,901
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.
Balance on 31st March, 1922 .. .. .	..	..	..	3,113	
Unexhausted authority for raising loan .. .. .	..	..	..	11,000	
				<hr/>	14,113
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	29
NAURU AND OCEAN ISLANDS ACCOUNT.					£
Balance on 31st March, 1921 .. .. .	..	..	..	..	28,172
Balance on 31st March, 1922 .. .. .	..	..	..	..	24,884
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	22,870
PUBLIC WORKS FUND.				£	£
Balance on 31st March, 1921 .. .. .	..	..	..	489,489	
Unexhausted authority for raising loan .. .. .	..	..	..	3,060,000	
				<hr/>	3,549,489
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	1,933,434
Balance on 31st March, 1922 .. .. .	..	..	..	429,682	
Unexhausted authority for raising loan .. .. .	..	..	..	2,844,710	
				<hr/>	3,274,392
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	1,143,603
RAILWAYS IMPROVEMENTS AUTHORIZATION ACT 1914 ACCOUNT.				£	£
Balance on 31st March, 1921 .. .. .	..	..	..	7,206	
Unexhausted authority for raising loan .. .. .	..	..	..	2,487,510	
				<hr/>	2,494,716
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	7,388
Balance on 31st March, 1922 .. .. .	..	..	..	1,904,166	
Unexhausted authority for raising loan .. .. .	..	..	..	458,310	
				<hr/>	2,362,476
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	11,768
WAIHOU AND OHINEMURI RIVERS IMPROVEMENT ACCOUNT.				£	£
Balance on 31st March, 1921 .. .. .	..	..	..	27,751	
Unexhausted authority for raising loan .. .. .	..	..	..	82,000	
				<hr/>	109,751
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	1,877
Balance on 31st March, 1922 .. .. .	..	..	..	16,294	
Unexhausted authority for raising loan .. .. .	..	..	..	34,000	
				<hr/>	50,294
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	5,298
ELECTRIC SUPPLY ACCOUNT.					
(FORMERLY AID TO WATER-POWER WORKS ACCOUNT.)				£	£
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
Balance on 31st March, 1922 .. .. .	..	..	..	2,171,117	
Unexhausted authority for raising loan .. .. .	..	..	..	7,010,990	
				<hr/>	9,182,107
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	299,214

Table No. 11—*continued.*

CHEVIOT ESTATE ACCOUNT.					£	
Balance on 31st March, 1921	..	..	..	..	160,712	
Balance on 31st March, 1922	..	..	..	..	173,840	
NATIONAL ENDOWMENT ACCOUNT.					£	
Balance on 31st March, 1921	..	..	..	..	102,481	
Liabilities on 31st March, 1921	..	..	..	..	Nil.	
Balance on 31st March, 1922	..	..	..	..	97,465	
Liabilities on 31st March, 1922	..	..	..	..	Nil.	
LAND FOR SETTLEMENTS ACCOUNT.					£	£
Balance on 31st March, 1921	..	..	..	373,756		
Authority for raising loan	..	..	..	500,000		
				—————		873,756
Liabilities on 31st March, 1921	..	..	..	..		526
Balance on 31st March, 1922	..	..	..	383,138		
Unexhausted authority for raising loan	..	..	..	500,000		
				—————		883,138
Liabilities on 31st March, 1922	..	..	..	..		982
NATIVE LAND SETTLEMENT ACCOUNT.					£	£
Balance on 31st March, 1921	..	..	..	90,693		
Unexhausted authority for raising loan	..	..	..	500,000		
				—————		590,693
Liabilities on 31st March, 1921	..	..	..	..		1,426
Balance on 31st March, 1922	..	..	..	40,446		
Authority for raising loan	..	..	..	500,000		
				—————		540,446
Liabilities on 31st March, 1922	..	..	..	..		2,717
LAND FOR SETTLEMENTS ACCOUNT. (DISCHARGED SOLDIERS SETTLEMENTS ACCOUNT.)					£	£
Balance on 31st March, 1921	..	..	..	173,146		
Authority for raising loan	..	..	..	1,000,000		
				—————		1,173,146
Liabilities on 31st March, 1921	..	..	..	..		1,565
Balance on 31st March, 1922	..	..	..	10,903		
Authority for raising loan	..	..	..	1,000,000		
				—————		1,010,903
Liabilities on 31st March, 1922	..	..	..	..		1,282
LAND FOR SETTLEMENTS ACCOUNT. (OPENING UP CROWN LANDS FOR SETTLEMENT.)					£	£
Balance on 31st March, 1921	..	..	..	18,035		
Unexhausted authority for raising loan	..	..	..	250,000		
				—————		268,035
Liabilities on 31st March, 1921	..	..	..	..		4,253
Balance on 31st March, 1922	..	..	..	42		
Authority for raising loan	..	..	..	250,000		
				—————		250,042
Liabilities on 31st March, 1922	..	..	..	..		6,584

Table No. 11—continued.

HAURAKI PLAINS SETTLEMENT ACCOUNT.				£	£
Balance on 31st March, 1921				9,378	
Unexhausted authority for raising loan				100,000	
				<hr/>	109,378
Liabilities on 31st March, 1921 .. .. .				..	4,211
Balance on 31st March, 1922				8,348	
Unexhausted authority for raising loan				58,000	
				<hr/>	66,348
Liabilities on 31st March, 1922 .. .. .				..	7,544
RANGITAIKI LAND DRAINAGE ACCOUNT.				£	£
Balance on 31st March, 1921				4,822	
Unexhausted authority for raising loan				70,000	
				<hr/>	74,822
Liabilities on 31st March, 1921 .. .. .				..	1,081
Balance on 31st March, 1922				2,370	
Unexhausted authority for raising loan				90,000	
				<hr/>	92,370
Liabilities on 31st March, 1922 .. .. .				..	2,768
WORKERS' DWELLINGS ACCOUNT.				£	£
Balance on 31st March, 1921 .. .. .				..	52,100
Balance on 31st March, 1922 .. .. .				..	52,100
HOUSING ACCOUNT.				£	£
Balance on 31st March, 1922				15,346	
Unexhausted authority for raising loan				1,000,000	
				<hr/>	1,015,346
Liabilities on 31st March, 1922 .. .. .				..	Nil.
STATE ADVANCES ACCOUNT.				£	£
Balance on 31st March, 1921				177,246	
Loan-money to receive				900,000	
Unexhausted authority for raising loan				3,250,000	
				<hr/>	4,327,246
Liabilities and commitments on 31st March, 1921 .. .. .				..	615
Balance on 31st March, 1922				156,932	
Unexhausted authority for raising loan				3,250,000	
Loan-money to receive				485,000	
				<hr/>	3,891,932
Liabilities and commitments on 31st March, 1922 .. .. .				..	623
LOANS TO EMPLOYERS FOR WORKERS' DWELLINGS ACCOUNT.				£	£
Balance on 31st March, 1922				130	
Unexhausted authority for raising loan				250,000	
				<hr/>	250,130
Liabilities on 31st March, 1922 .. .. .				..	Nil.
WAR EXPENSES ACCOUNT.				£	£
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
Balance on 31st March, 1922				3,710,439	
Unexhausted authority for raising loan				4,467,360	
				<hr/>	8,177,799
Liabilities on 31st March, 1922 .. .. .				..	724,278

Table No. 11—continued.

WAIMARINO BUSH-FIRE RELIEF ACCOUNT.					£	
Balance on 31st March, 1921 .. .. .	..	..	..	..	41,479	
Liabilities on 31st March, 1921 .. .. .	..	..	..	..	Nil.	
Balance on 31st March, 1922 .. .. .	..	..	..	..	39,518	
Liabilities on 31st March, 1922 .. .. .	..	..	..	..	Nil.	
MINING ADVANCES ACCOUNT.					£	£
Balance on 31st March, 1921 .. .. .	..	..	..	1,696		
Unexhausted authority for raising loan..	..	..	..	50,000		
				-----		51,696
Liabilities on 31st March, 1921 .. .. .	..	..	..	..		Nil.
Balance on 31st March, 1922 .. .. .	..	..	..	552		
Unexhausted authority for raising loan ..	..	..	..	50,000		
				-----		50,552
Liabilities on 31st March, 1922 .. .. .	..	..	..	..		Nil.
KAURI-GUM INDUSTRY ACCOUNT.					£	£
Balance on 31st March, 1921 .. .. .	..	..	..	7,418		
Unexhausted authority for raising loan ..	..	..	..	22,000		
				-----		29,418
Liabilities on 31st March, 1921 .. .. .	..	..	..	..		Nil.
Balance on 31st March, 1922 .. .. .	..	..	..	1,945		
Unexhausted authority for raising loan ..	..	..	..	Nil.		
				-----		1,945
Liabilities on 31st March, 1922 .. .. .	..	..	..	..		Nil.
FRUIT-PRESERVING INDUSTRY ADVANCES ACCOUNT.					£	£
Balance on 31st March, 1921 .. .. .	..	..	..	2,382		
Unexhausted authority for raising loan ..	..	..	..	40,000		
				-----		42,382
Liabilities on 31st March, 1921 .. .. .	..	..	..	..		Nil.
Balance on 31st March, 1922 .. .. .	..	..	..	1,229		
Authority for raising loan .. .. .	..	..	..	40,000		
				-----		41,229
Liabilities on 31st March, 1922 .. .. .	..	..	..	..		Nil.
DISCHARGED SOLDIERS SETTLEMENT ACCOUNT.					£	£
Balance on 31st March, 1921 .. .. .	..	..	..	3,478,454		
Unexhausted authority for raising loan ..	..	..	..	1,760,696		
				-----		5,239,150
Liabilities on 31st March, 1921 .. .. .	..	..	..	..		Nil.
Balance on 31st March, 1922 .. .. .	..	..	..	832,755		
Unexhausted authority for raising loan..	..	..	..	1,222,320		
				-----		2,055,075
Liabilities on 31st March, 1922 .. .. .	..	..	..	..		Nil.
DISCHARGED SOLDIERS SETTLEMENT LOANS ACT 1920 DEPRECIATION FUND ACCOUNT.					£	£
Balance on 31st March, 1921 .. .. .	..	..	..	50,000		
Unexhausted authority for raising loan ..	..	..	..	Nil.		
				-----		50,000
Liabilities on 31st March, 1921 .. .. .	..	..	..	Nil.		
Balance on 31st March, 1922 .. .. .	..	..	..	101,775		
Unexhausted authority for raising loan ..	..	..	..	Nil.		
				-----		101,775
Liabilities on 31st March, 1922 .. .. .	..	..	..	Nil.		

Table No. 11—*continued*.

SWAMP LAND DRAINAGE ACCOUNT.				£	£
Balance on 31st March, 1921				29,057	
Authority for raising loan				150,000	
				<hr/>	179,057
Liabilities on 31st March, 1921 .. .. .				..	683
Balance on 31st March, 1922				18,222	
Unexhausted authority for raising loan				150,000	
				<hr/>	168,222
Liabilities on 31st March, 1922 .. .. .				..	3,453
COLD-STORAGE ADVANCES ACCOUNT.				£	£
Balance on 31st March, 1921				22,819	
Unexhausted authority for raising loan				149,250	
				<hr/>	172,069
Balance on 31st March, 1922				36,533	
Unexhausted authority for raising loan				149,250	
				<hr/>	185,783
EDUCATION LOANS ACCOUNT.				£	£
Balance on 31st March, 1921				55,429	
Unexhausted authority for raising loan				1,730,000	
				<hr/>	1,785,429
Liabilities on 31st March, 1921 .. .. .				..	9,510
Balance on 31st March, 1922				9,598	
Unexhausted authority for raising loan				1,962,420	
				<hr/>	1,972,018
Liabilities on 31st March, 1922 .. .. .				..	1,692
FISHING INDUSTRY PROMOTION ACCOUNT.				£	£
Balance on 31st March, 1921				96	
Unexhausted authority for raising loan				25,000	
				<hr/>	25,096
Liabilities on 31st March, 1921 .. .. .				..	Nil.
Balance on 31st March, 1922				1,289	
Unexhausted authority for raising loan				25,000	
				<hr/>	26,289
Liabilities on 31st March, 1922 .. .. .				..	Nil.
WESTPORT HARBOUR ACCOUNT.				£	£
Balance on 31st March, 1922				5,510	
Unexhausted authority for raising loan				Nil.	
				<hr/>	5,510
Liabilities on 31st March, 1922 .. .. .				..	Nil.
HUNTER SOLDIERS ASSISTANCE TRUST ACCOUNT.				£	£
Balance on 31st March, 1922				183	
Unexhausted authority for raising loan				Nil.	
				<hr/>	183
Liabilities on 31st March, 1922 .. .. .				..	Nil.
RESERVE FUND ACCOUNT.				£	£
Balance on 31st March, 1921 .. .. .				..	2,000,000
Liabilities on 31st March, 1921 .. .. .				..	Nil.
Balance on 31st March, 1922 .. .. .				..	2,000,000
Liabilities on 31st March, 1922 .. .. .				..	Nil.

Table No. 12.

STATEMENT OF ASSETS HELD, AND CAPITAL EXPENDITURE, AS AGAINST THE PUBLIC DEBT ON THE 31ST MARCH, 1922, TOGETHER WITH SUPPORTING SCHEDULES.

						<i>Liabilities.</i>	
						£	£
Public debt—							
Ordinary	..	..	..	..	..	115,255,162	
State advances	..	..	..	..	..	12,619,950	
						<hr/>	127,875,112
War	..	..	..	..	..	81,843,543	
Discharged-soldiers settlement (including purchase of estates)	..					9,335,730	
						<hr/>	91,179,273
							219,054,385
Less raised for redemption of loans maturing 1922/23						..	157,870
							<hr/> <hr/>
							£218,896,515
						<i>Assets.</i>	
							£
Sinking funds accrued (Schedule I)	..	..	..	..	..		10,655,394
Investments of cash balances of the Public Account* (Schedule II)	..	..	..	..	..		11,402,894
Bank of New Zealand shares, nominal value	..	..	..	..	..		1,125,000
Reserve Fund securities, at cost	..	..	..	..	..		2,000,000
New Zealand Consols—Investments and cash	..	..	..	..	..		475,992
State advances, mortgages, and investments	..	..	..	..	..		13,529,851
Advances made by Treasury (Schedule III)	..	..	..	..	..		1,286,346
Cash in Public Account*	..	..	..	..	..	£5,451,405	
Cash in hands of officers of the Government*	..	..	..	..	..	1,006,212	
						<hr/>	
						6,457,617	
Less outstanding liabilities 31st March, 1922						..	2,811,015
							<hr/>
							3,646,602
							44,122,079
Total amount expended for railways, public buildings, telegraphs, Native lands, harbours, lighthouses, housing, electric development, &c., to 31st March, 1922 (Schedule IV)							†85,989,788
Crown lands—Estimated value (including settlement lands and education reserves)						..	25,750,000
State forests—Estimated value of forests, reserves, plantations, and nurseries‡						..	37,909,875
Excess of liabilities over assets						..	25,124,773
							<hr/> <hr/>
							§ £218,896,515

Sinking Funds accrued : Schedule I.

						£
Public Debt Extinction Act, 1910	..	..	..	..	..	2,313,330
War loans (Finance Act, 1918 (No. 2), section 6)	..	..	..	..	..	3,451,107
Local Bodies' Loans Act, 1908	..	..	..	..	..	799,601
Naval Defence Act, 1909	..	..	..	..	..	931,429
War and defence loans	..	..	..	..	..	192,691
New Zealand Loans Act, 1863	..	..	..	..	..	2,207
State advances debt	..	..	..	..	..	1,663,537
State Coal-mines Act, 1908	..	..	..	..	..	24,580
Westport Harbour loans	..	..	..	..	..	261,200
State Advances Act, 1913, section 26—						
Land for settlements	..	..	..	..	..	996,457
Native-land settlement	..	..	..	..	..	11,977
Local authorities	..	..	..	..	..	6,497
Guaranteed mining advances	..	..	..	..	..	781
						<hr/>
						£10,655,394

Investments of Cash Balances of Public Account : Schedule II.

						£
Ordinary Revenue Account	..	..	..	..	..	2,359,183
State Coal-mines Account	..	..	..	..	..	20,000
Railways Improvement Authorization Act, 1914, Account	..	..	..	..	..	1,826,000
Electric-supply Account	..	..	..	..	..	2,104,460
Cheviot Estate Account	..	..	..	..	..	170,140
Workers' Dwellings Account	..	..	..	..	..	52,100
Waimarino Bush-fire Relief Account	..	..	..	..	..	37,000
War Expenses Account	..	..	..	..	..	3,498,001
Land for Settlements Account	..	..	..	..	..	316,400
National Endowment Account	..	..	..	..	..	72,000
Discharged Soldiers Settlement Account	..	..	..	..	..	662,470
Discharged Soldiers Settlement Loans Act, 1920, Depreciation Fund Account	..	..	..	..	..	100,000
Co'd-storage Advances Account	..	..	..	..	..	32,690
Loans Redemption Account	..	..	..	..	..	152,450
						<hr/>
						£11,402,894

* Does not include local bodies or deposits funds.

† This does not include £18,920,325 (Schedule V) expended on indirectly productive services, such as roads, immigration, &c., shown in table.

‡ Valuation not complete.

§ Stores and supplies on hand not included in assets.

Table No. 12—continued.

Advances made by Treasury: Schedule III.

	£
Fishing industry promotion	4,286
Mining	35,128
Fruit-preserving	71,981
Kauri-gum	75,000
Cold storage	92,087
Loans to employers for workers' dwellings	3,620
Silver and bronze coin	2,525
Samoa (loan)	77,000
To other Governments	50,527
Repatriation (advances outstanding 31st March, 1922)	874,152
	£1,286,346

Total Amounts expended to 31st March, 1922: Schedule IV.

	£
Railways (including unopened lines and assets taken over from provinces)	44,309,754
Public buildings	8,635,603
Telegraph extension	5,000,427
Purchase of Native lands (Native Land Settlement Account)	1,920,200
Lighthouses, harbour-works, &c.	1,175,553
Discharged soldiers settlement	19,777,680
Electric-power supply and development	1,637,407
Nauru and Ocean Islands	600,000
Housing	776,564
Scenery-preservation	154,000
Hauraki Plains settlement	392,000
Rangitaiki land-drainage	360,000
Swamp-land drainage	223,000
State coal-mines	227,600
Westport Harbour works, railway, dredging plant, &c.—Estimated value of assets taken over	800,000
	£85,989,788

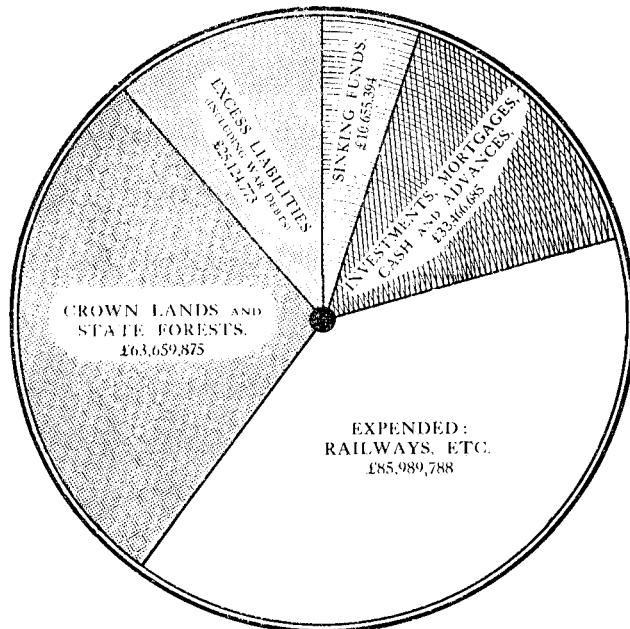
Indirectly Productive Services: Schedule V.

	£
Roads	13,111,960
Immigration	2,507,271
Tourist and health resorts	304,181
Development of mining	885,805
Roads to open up Crown lands	1,360,548
Lands-improvement	157,846
Waihou and Ohinemuri Rivers improvement	243,453
Irrigation and water-supply	332,852
Timber-supply, sawmills, &c.	16,369
	£18,920,325

Table No. 12—continued.

ASSETS HELD AS AGAINST THE PUBLIC DEBT ON 31ST MARCH, 1922.

Gross public debt	...	...	...	...	...	...	...	£219,054,385
Less amount raised for redemption of loans	...	...	...	...	...	...	...	157,870
								<u>£218,896,515</u>



ALLOCATION OF GROSS PUBLIC DEBT FOR FINANCIAL YEAR 1921-22.

Total, £219,054,385.

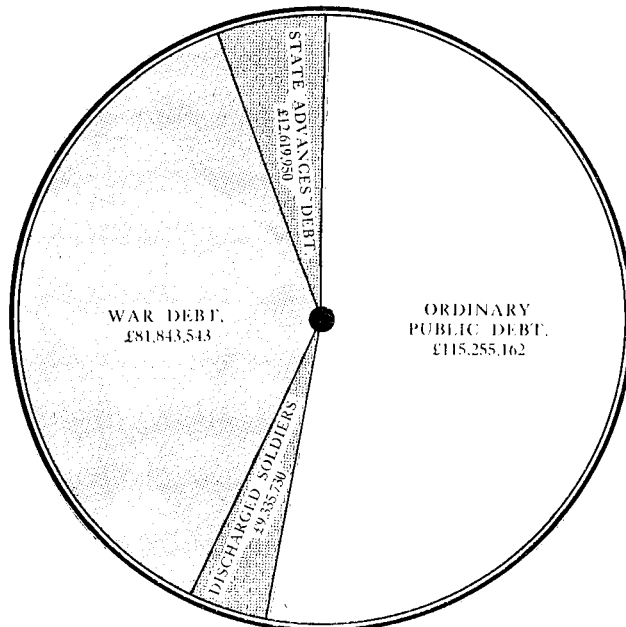


Table No. 13.

ECONOMIES AND SAVINGS IN THE PUBLIC SERVICE.

Since 1st April, 1922, Departments have been requested to furnish returns showing—

- (1.) The total amount saved from the 1st January to the 31st March, 1922, as a result of the first deduction from the cost-of-living increase or bonus under the Public Expenditure Adjustment Act, 1921-22. The saving is shown separately in respect of the permanent and temporary staff under each departmental vote or account.
- (2.) The savings resulting from economies effected in specified items of expenditure during the financial year 1921-22. The savings in salaries or wages of permanent staff, temporary assistance, and in "other charges" are shown separately under the different votes or accounts.

(3.) Amounts by which cost-of-living increases or bonuses are reducible for the nine months from 1st July, 1922, to 31st March, 1923, by the second reduction under the Public Expenditure Adjustment Act, 1921-22.

(4.) Additional revenue or credits accruing from adjustment of fees and methods of collection, &c.

The figures supplied by the various Departments are set out in the following tables:—

	(1.)			(2.)				(3.) Estimated Savings for Nine Months (1st July, 1922, to 31st March, 1923) as Result of Second Reduction in Cost-of-living Increase.
	Actual Savings from 1st January to 31st March, 1922, as Result of First Reduction in Cost-of-living Increase.			Savings effected from Economies in specified Items during Financial Year ended 31st March, 1922.				
	Per- manent Staff.	Tem- porary Staff.	Total.	Salaries and Wages.		Other Charges.	Total.	
	£	£	£	£	£	£	£	£
CONSOLIDATED FUND.								
UNDER SPECIAL ACTS ..	2,550	..	2,550	..	..	414,163	414,163	687
<i>Annual Appropriations.</i>								
<i>VOTE.</i>								
Legislative	253	148	401	751	802	5,385	6,938	875
Treasury	272	30	302	391	848	..	1,239	480
Land and Income Tax ..	510	35	545	285	..	..	285	933
Stamp Duties	720	16	736	1,614	2,101	835	4,550	1,227
National Provident and Friendly Societies	161	67	228	..	145	5,081	5,226	335
Working Railways ..	38,000	14,000	52,000	98,000	35,440	92,730	226,170	65,000
Post and Telegraph Work- ing-expenses	26,354	1,903	28,257	..	20,045	28,671	48,716	53,229
Public Buildings ..	187	825	1,012	3,273	710	..	3,983	2,085
Government Domains ..	30	195	225	..	..	..	..	150
Maintenance and Improve- ment of Roads	100	100	200	..	..	..	..	606
Native	302	18	320	884	256	14	1,154	514
External Affairs ..	26	..	26	90	..	..	90	41
Industries and Commerce	136	..	136	1,209	441	1,503	3,153	124
Justice	88	10	98	682	..	..	682	192
Supreme and Magistrates' Courts	805	..	805	1,215	..	..	1,215	1,417
Prisons	1,020	59	1,079	1,150	275	70	1,495	1,615
Crown Law	115	..	115	..	..	..	..	22
Police	4,705	..	4,705	..	..	..	..	7,368
Cook Islands	113	..	113	..	..	..	..	131
Pensions	369	149	518	1,015	4,145	7	5,167	744
Mines	208	62	270	313	2,868	342	3,523	370
Internal Affairs ..	1,553	842	2,395	7,178	4,181	29,008	40,367	3,824
Audit	480	42	522	792	1,482	12	2,286	752
Public Service Commis- sioner's Office	85	..	85	90	..	115	205	135
Printing and Stationery ..	1,125	286	1,411	1,020	..	3,400	4,420	2,349
Mental Hospitals ..	3,181	..	3,181	..	..	..	..	5,955
Health	1,613	1,484	3,097	110	695	28,445	29,250	4,100
Naval Defence	14	..	14	..	..	..	..	30
N.Z. Military Forces and Cadets	2,792	88	2,880	28,191	896	70,913	100,000	3,624
Aviation	21	..	21	..	700	6,364	7,064	36
Non-effective Services ..	..	..	..	..	..	444	444	..
Rifle Clubs .. ..	..	..	..	..	..	174	174	..
Customs	1,246	5	1,251	1,024	150	173	1,347	2,009
Marine	824	74	898	1,726	363	1,783	3,872	1,486
Labour	355	14	369	446	444	3,738	4,628	661
Lands and Survey ..	2,449	142	2,591	1,288	1,207	550	3,045	4,273
Valuation	461	56	517	659	1,223	600	2,482	763
Electoral	11	..	11	..	..	..	..	34
Agriculture	2,209	472	2,681	1,400	1,475	13,177	16,052	3,675
Tourists	526	234	760	2,378	57	4,254	6,689	1,301
Education	25,101	216	25,317	5,424	637	8,850	14,911	29,387
Totals, Consolidated Fund	121,070	21,572	142,642	162,598	81,586	720,801	964,985	202,539

NOTE.— Against No. 2 column there are increases in other items due to normal expansion of services.

Table No. 13—continued.

	(1.)			(2.)				(3.) Estimated Savings for Nine Months (1st July, 1922, to 31st March, 1923) as result of Second Reduction in Cost-of-living Increase
	Actual Savings from 1st January to 31st March, 1922, as Result of First Reduction in Cost-of-living Increase.			Savings effected from Economies in specified Items during Financial Year ended 31st March, 1922.				
	Per- manent Staff.	Tem- porary Staff.	Total.	Salaries and Wages.		Other Charges.	Total.	
	£	£	£	£	£	£	£	£
PUBLIC WORKS FUND.								
VOTE.	£	£	£	£	£	£	£	£
Public Works, Departmental	2,648	248	2,896	..	..	..	..	3,544
Railway-construction ..	50	11,500	11,550	..	..	..	..	18,659
Additions to Open Lines ..	2,550	850	3,400	..	..	..	..	4,250
Tourist and Health Resorts	..	20	20	..	..	1,045	1,045	..
Immigration	50	6	56	..	26	3,000	3,026	90
Roads, &c. .. ..	..	6,100	6,100	..	..	..	..	5,580
Telegraph Extension ..	..	738	738	..	..	..	..	2,250
Contingent Defence ..	..	..	..	..	..	1,914	1,914	..
Lands, Miscellaneous ..	..	..	..	..	..	16	16	..
Irrigation and Water-supply	..	830	830	..	..	..	..	285
Totals, Public Works Fund	5,298	20,292	25,590	..	26	5,975	6,001	34,658
OTHER ACCOUNTS.								
State Forests	394	14	408	2,598	200	128,240	131,038	1,639
State Coal-mines	184	65	249	..	..	24	24	266
Railways Improvement Authorization Act Acct.	450	150	600	..	..	..	..	750
Waihou and Ohinemuri Rivers Improvement	..	330	330	..	..	..	..	1,050
Electric Supply .. ..	..	1,350	1,350	..	..	..	..	4,605
Land for Settlements ..	19	..	19	91	..	238	329	7
Opening up Crown Lands	..	550	550	..	..	785	785	1,725
Land for Settlements, Dis- charged Soldiers Settle- ment Account	..	..	..	..	..	315	315	..
Native Land Settlement ..	16	10	26	198	..	..	198	40
Hauraki Plains Settlement	..	..	..	..	..	475	475	..
Rangitaiki Land Drainage	..	..	..	..	..	500	500	..
Housing	120	29	149	309	931	35,854	37,094	70
Swamp Land Drainage ..	..	..	..	..	..	113	113	..
War Expenses Account, General	53	1,507	1,560	..	22,000	120,000	142,000	1,148
War Expenses Account, Repatriation	25	320	345	..	10,730	7,118	17,848	322
Totals, Other Accounts	1,261	4,325	5,586	3,196	33,861	293,662	330,719	11,622
DEPARTMENTS OUT- SIDE PUBLIC AC- COUNT.								
Public Trust	2,113	39	2,152	14,443	9,718	12,360	36,521	3,163
Native Trust	44	..	44	..	236	156	392	90
Government Life Insurance	569	13	582	3,305	..	..	3,305	848
State Fire Insurance ..	364	..	364	370	..	..	370	585
State Advances	210	30	240	306	1,282	6	1,594	392
Public Service Superannua- tion Fund	34	..	34	..	..	..	..	60
Totals, Outside Depart- ments	3,334	82	3,416	18,424	11,236	12,522	42,182	5,138

Table No. 13—continued.

4. ADDITIONAL REVENUE ACCRUING FROM ADJUSTMENT OF FEES AND METHODS OF COLLECTION, ETC.

	£
Treasury Department	500
Stamp Duties Department	20,850
Postal and Telegraph Department	22,000
Native Department	8,832
Mines Department	135
Internal Affairs Department	6,510
Health Department	10,250
Defence Department	597
Valuation Department	412
Department of Agriculture	1,513
Tourist and Health Resorts Department	500
Total, Consolidated Fund	<u>£72,099</u>

SUMMARY OF TABLES.

(1.) Total amount saved during the three months, January, February, and March, 1922, as a result of the first deduction from the cost-of-living increase or bonus under the Public Expenditure Adjustment Act, 1921-22 :—

	Pemanent Staff. £	Temporary Staff. £	Total. £
Consolidated Fund—			
Special Acts	2,550	..	2,550
Administrative and Revenue Departments	26,238	5,365	31,603
Railways	38,000	14,000	52,000
Postal and Telegraph	26,354	1,903	28,257
Defence	2,827	88	2,915
Education	25,101	216	25,317
Total, Consolidated Fund	<u>121,070</u>	<u>21,572</u>	<u>142,642</u>
Public Works Fund	5,298	20,292	25,590
Other Accounts	1,261	4,325	5,586
Total, Public Account	<u>127,629</u>	<u>46,189</u>	<u>173,818</u>
Departments outside Public Account	3,334	82	3,416
Total	<u>130,963</u>	<u>46,271</u>	<u>177,234</u>

Equivalent to annual saving of £752,936.

(2.) Savings resulting from economies in specified items during financial year ended 31st March, 1922 :—

	Pemanent Staff. £	Temporary Staff. £	Other Charges. £	Total. £
Consolidated Fund : Annual appropriations	162,598	81,586	720,801	964,985
Public Works Fund .. .. .	..	26	5,975	6,001
Other Accounts	3,196	33,861	293,662	330,719
Total, Public Account	<u>165,794</u>	<u>115,473</u>	<u>1,020,438</u>	<u>1,301,705</u>
Departments outside Public Account	18,424	11,236	12,522	42,182
Total	<u>184,218</u>	<u>126,709</u>	<u>1,032,960</u>	<u>1,343,887</u>

Table No. 13—continued.

(3.) Estimated amounts by which cost-of-living increases or bonuses are reducible for the nine months, 1st July, 1922, to 31st March, 1923, by the second reduction under the Public Expenditure Adjustment Act, 1921–22:—

	£	£	£
Consolidated Fund—			
Special Acts	687		
Administrative and Revenue Departments	50,546		
Railways	65,000		
Postal and Telegraph	53,229		
Defence	3,690		
Education	29,387		
Total, Consolidated Fund	202,539		
Public Works Fund		34,658	
Other Accounts		11,622	
Total, Public Account		248,819	
Departments outside Public Account			5,138
Total			<u>£253,957</u>
Equivalent to annual saving of £338,609.			

Total saving due to Public Expenditure Adjustment Act, 1921–22, by first and second reduction in all services at annual rates:—

	£
First deduction	752,936
Second deduction	338,609
	<u>£1,091,545</u>

(4.) Additional revenue accruing from adjustments of fees and methods of collection, &c.:—

Consolidated Fund	£72,099
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Table No. 14.

STATEMENT SHOWING ADVANCES FOR WAR AND OTHER PURPOSES RECEIVED FROM THE IMPERIAL GOVERNMENT TO THE 31ST MARCH, 1922, THE CAPITAL LIABILITIES, AND ANNUAL INTEREST PAYABLE THEREON.

Authorizing Acts.	Amounts advanced.	Capital Liabilities.	Rate of Interest.	Annual Interest Payable.
	£	£ s. d.	Per Cent.	£ s. d.
For war purposes—				
Public Revenues Amendment Act, 1914 (section 8)	2,000,000	1,168,421 1 0 898,089 18 0	3½ 4½	40,894 14 8 40,454 10 10
	2,000,000	2,067,410 19 0		81,349 5 6
Public Revenues Amendment Act, 1915 (section 5)	3,200,000	3,232,323 4 7	4½	145,454 10 10
	4,000,000	1,600,000 0 0	5	80,000 0 0
	710,000	2,526,300 0 0	5	126,315 0 0
	7,910,000	747,368 8 5	5	37,368 8 6
	7,910,000	8,105,991 13 0		389,137 19 4
Finance Act, 1916 (section 35)	4,500,000	4,736,842 2 1	5	236,842 2 0
War Purposes Loan Act, 1917 (section 2), and War Purposes Loan Act, 1917 (No. 2)	1,530,000	1,530,000 0 0	5	76,500 0 0
	3,300,000	3,300,000 0 0	5½	177,375 0 0
	4,830,000	4,830,000 0 0		253,875 0 0
Finance Act, 1918 (section 10)	6,600,000	6,600,000 0 0	5½	354,750 0 0
Total for war purposes	25,840,000	26,340,244 14 1	..	1,315,954 6 10
For redemptions—				
New Zealand State-guaranteed Advances Acts, 1909–10—				
Advances to settlers	1,745,000	1,762,626 5 3	4½	79,318 3 8
Advances to workers	325,000	328,282 16 6	4½	14,772 14 6
	2,070,000	2,090,909 1 9	..	94,090 18 2
Aid to Public Works and Land Settlement Act, 1910	189,100	191,010 2 0	4½	8,595 9 0
Land for Settlements Act, 1908	37,400	37,777 15 6	4½	1,700 0 0
Naval Defence Act, 1909	953,500	963,131 6 3	4½	43,340 18 2
Total for redemptions	3,250,000	3,282,828 5 6	..	147,727 5 4
Grand totals	29,090,000	29,623,072 19 7	..	1,463,681 12 2

Table No. 15.

INCREASED FINANCIAL BURDENS.

Comparisons in Expenditure, Pre- and Post-war Years.

Country.	1914.	1921.
The United Kingdom	£197,492,969	£1,039,728,000
United States of America	\$700,254,489	\$5,517,110,000
Dominion of Canada	£26,184,670	£74,192,299
Union of South Africa	£17,662,014	£25,695,584
Australian Commonwealth (Federal expenditure only)	£21,740,423	£64,624,087
Australian States—		
New South Wales	£17,701,851	£34,476,892
Victoria	£10,594,551	£19,043,197
Queensland	£6,962,516	£12,591,201
South Australia	£4,604,129	£7,543,640
West Australia	£5,348,303	£7,476,291
Tasmania	£1,162,514	£2,189,157
Dominion of New Zealand	£11,825,864	£28,068,730

NOTE.—In comparing the Australian increases with those of New Zealand it should be remembered that the expenditure by the State Governments has to be added to that of the Federal Government to make the comparison a fair one, the functions of government being divided between the State and the Federal Governments in Australia, while in the Dominion they are all discharged by the one Government. Compared with 1914 the expenditures of the Federal and State Governments of Australia rose from £68,113,287 to £147,944,465—that is, by £79,831,178.

Per Capita Expenditure Increases, Australian States, 1914–1921.

The following table shows the increase in the expenditure of the several Australian States, together with their proportionate share of the Commonwealth Government's expenditure, which must necessarily be shown in any comparison between the expenditure by the Government of this country and that of the Australian States, which divide the functions of government with the Commonwealth, whereas in this Dominion they are all discharged by the one Government:—

State.	1914.	1921.	Increase.
New South Wales—			
State expenditure	£ 9 12 8	£ 16 9 9	£ 6 17 1
Federal expenditure	3 3 5	11 16 10	8 13 5
	12 16 1	28 6 7	15 10 6
Queensland—			
State expenditure	10 12 7	16 14 9	6 2 2
Federal expenditure	3 3 5	11 16 10	8 13 5
	13 16 0	28 11 7	14 15 7
West Australia—			
State expenditure	17 13 4	22 12 0	4 18 8
Federal expenditure	3 3 5	11 16 10	8 13 5
	20 16 9	34 8 10	13 12 1
South Australia—			
State expenditure	10 11 1	15 7 2	4 16 1
Federal expenditure	3 3 5	11 16 10	8 13 5
	13 14 6	27 4 0	13 9 6
Victoria—			
State expenditure	8 3 8	12 7 11	4 4 3
Federal expenditure	3 3 5	11 16 10	8 13 5
	11 7 1	24 4 9	12 17 8
Tasmania—			
State expenditure	6 17 5	10 5 9	3 8 4
Federal expenditure	3 3 5	11 16 10	8 13 5
	10 0 10	22 2 7	12 1 9
New Zealand	10 4 2	23 10 0	13 5 10

