

1926.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 8th July, 1926.)

BY THE HON. W. DOWNIE STEWART, MINISTER OF FINANCE.

MR. HOCKLY,—

It is gratifying to find that as a result of last year's operations the Dominion finances have been maintained in a sound and satisfactory state.

The surplus revenue of £1,150,000 shown in the Ordinary Revenue Account of the Consolidated Fund is largely due to increased Customs receipts, while the expenditure, although showing an increase on the previous year, is not more than was anticipated.

The principle of enforcing economy and effecting savings has been sustained, and in this respect I will adhere to the established policy.

For the current year it will be inadvisable to expect any increase in the gross revenue—in fact, the preparation of this Statement is based on the expectation of a possible reduction.

It is imprudent to expand services in reliance on increased revenue mainly derived from Customs duties, a source inherently liable to fluctuations. Inflated revenue due to increased imports cannot be regarded as stable, and surpluses from such a source should, when available, be applied as far as possible to debt-reduction purposes, and not be regarded as a basis for reducing taxation. In this connection, and apart from our statutory obligations to reduce debt, the year's surplus has enabled about £414,000 out of the Ordinary Revenue Account to be utilized for debt-reduction, besides ensuring the transfer of £500,000 to Public Works Fund.

EFFECT OF RECENT LEGISLATION ON ACCOUNTS.

Before making the usual comparisons of revenue and expenditure with the figures for the preceding year I will explain briefly the effect on the accounts of the Consolidated Fund of certain enactments of last session.

Consequent on the passing of the Government Railways Amendment Act, 1925, the railway receipts and payments no longer form part of the Ordinary Revenue Account, but are to be found under a separate Working Railways Account. In place of these there is a new item of revenue, "Interest on Railway Capital Liability," that is practically an equivalent of the difference between the railway receipts and payments formerly appearing on either side of the Ordinary Revenue Account.

Effect of recent legislation on accounts.

Government Railways Amendment Act, 1925.