

In regard to interest receipts, the position is better than formerly anticipated, there being now an estimated net decrease of £90,000 only. The decline in railway revenue now appears to have been checked, and the estimated decrease in interest payments to the Consolidated Fund is now only £59,000. For the balance of the net decrease lower interest rates for temporary investments of moneys in London are responsible. Interest receipts.

In the third revenue group, "Other Receipts," there is an estimated comparative shrinkage of £780,000, of which £500,000 is due to the fact that assistance from reserves this year will amount to £2,000,000, as against £2,500,000 for last financial year. The balance of £280,000 represents a further shrinkage in departmental receipts, the principal item concerned being Post and Telegraph profits, where the estimated decrease is £206,000. Other receipts.

All told, the estimated revenue for the year falls £263,000 short of the actual receipts for last year.

ESTIMATED EXPENDITURE.

On the other side of the picture we have first to make provision for £555,000 additional debt charges. The automatic increase under the statutory debt-repayment scheme accounts for £75,000, and payment of guaranteed loans of Land Settlement Associations £54,000. These loans have been met on maturity, but it is anticipated that a considerable proportion of the amount will be recovered in due course. The largest contributing item, however, is an increase of £415,000 in interest charges. Estimated expenditure.

The gross annual saving in interest as a result of the conversion operations is approximately £1,010,000, but the full benefit will not be received during the current financial year. The whole of the accrued interest on 31st March on the internal debt has, pursuant to the conversion arrangements, been the subject of special payment this financial year. Owing to the changes in interest dates, a full year's interest on a portion of the debt affected will be paid in addition. In other words, the accrued interest as at 31st March next on the debt subject to conversion will be £490,000 less than was paid on this account up to the 31st March last. To this extent the full benefit will not be received during this financial year, but the amount so lost will, of course, be saved in subsequent financial years. Redemptions effected mean a saving in interest charges of £135,000, but against this provision to the extent of £100,000 has to be made for interest charges on new loans to finance the capital programme already referred to. In addition, much more use will have to be made this year of short term borrowing on Treasury bills. The additional interest on the floating debt for the year is estimated at £690,000. Furthermore, recoveries of interest from the State Advances and other accounts will be less as the benefit from conversion, in so far as it affects the capital of those accounts, passes automatically to them, the amount recovered being based on the interest payable. As against this, a portion of the charges on the new loans will be recovered. The net comparative decrease in recoveries is £280,000. Taking all these factors into consideration, the net result, as already indicated, is an increase of £415,000 in interest charges for the year. Interest saving.

I may add that, following the Hoover moratorium, payments under our funded-debt agreement with the British Government were suspended and, as indicated in last year's Budget, the period of suspension was extended into this financial year. The question is to some extent bound up with that of the British war debt to America, which is at present the subject of negotiation and discussion, and it is not proposed to make any provision in the meantime for payments under the funded debt agreement. Funded debt.

Under the balance of the permanent appropriations the expenditure this year will be much the same as for last year, except for the large amount required to provide for the payment of exchange on the London credits purchased from the banks for normal requirements.