

INDEX.

	PAGE
Annual Appropriations, 1934-35	13
Banks Indemnity (Exchange) Act	5
Borrowing, new	7
Budgetary position	12, 15
Business recovery	15
Capital expenditure	7
Capital programme, summary of	8
Customs	12
Dairy industry	1
Debt redemption	6
Debt services, savings	13
Debt summary	6
Defence expenditure	13
Deposit rates	3
Domicile of Public Debt	7
Economic tendencies	1
Estimated expenditure	13
Exchange	13
Expenditure, 1933-34	4
Expenditure, 1934-35	13
Export prices	1
Forecast for 1934-35.. .. .	12
Funded debt	6
Highways expenditure	8
Highways revenue	13
Housing schemes	8
Hydro-electric works	7
Interest and other receipts, 1934-35	12
Interest rates	2
Interest-rate tendencies	3
Land development	9
Liquidation of reserves	5, 12
Loan conversion, Public Debt	7
Loan programme	7
Local-body schemes, unemployment	10
London loan conversion	7
Main highways	8, 13
Miscellaneous works	8
Mortgage investments	2

	PAGE
National Mortgage Corporation	2
Native-land development	10
New works	8
Old-age pensions, increase	14
Outlook abroad	1
Primary production	1
Progress, Small Farms Scheme	9
Public Accounts, 1933-34	4
Public buildings	8
Public Debt	6
Public Works	7
Railway construction, &c.	7
Reproductive works, unemployment	10
Reserve Bank	3
Reserves, liquidation of	5, 12
Restoration of cuts in salaries and wages, partial	14
Revenue, 1933-34	4
Revenue, 1934-35	12, 15
Revenue, unemployment, 1934-35	11
Salaries and wages, partial restoration of cuts	14
Sales tax	12
Savings, debt services	13
Silver coinage	3
Small Farm Scheme	9
Sterling, disposal of	5
Summary of Budgetary position	15
Summary of year's operations	4
Superannuation funds	13
Surplus	15
Taxation	4, 12
Taxation, unemployment, special exemptions and reductions	11
Treasury bills	5
Unemployment	10
Unemployment, local-body schemes	10
Unemployment, reproductive works	10
Unemployment revenue, 1934-35	11
Unemployment, taxation reductions	11
Unemployment, taxation, special exemptions	11

1934.

NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 23rd August, 1934.)

BY THE RIGHT HON. J. G. COATES, MINISTER OF FINANCE.

MR. CHAIRMAN,—

Viewing world conditions generally, there can be no doubt that the past year witnessed substantial progress towards economic recovery. The movement is more marked in some countries than in others, with the United Kingdom well in the lead. On grounds both of sentiment and of self-interest this is gratifying to New Zealand, in that the United Kingdom still remains the principal market for our large export trade, which, of course, is a major factor in our economic recovery.

Outlook abroad.

The progress already made overseas is reflected in the increase in our export prices. The recovery in wool prices was spectacular, amounting to a substantial increase over the previous year. This not only eased the difficulties of wool-growers, but put fresh heart into the whole community. At more recent sales prices have receded a little from the peak level.

Export prices.

Prices of meat also rose considerably during last year, conditions in the United Kingdom meat-market showing a gratifying improvement following the Ottawa Conference in 1932. The index number of our export prices has increased by 40 per cent. At the present time His Majesty's Government in New Zealand, in close association with the New Zealand Meat Producers' Board, are discussing with His Majesty's Government in the United Kingdom the future of our meat-marketing.

The prices of dairy-produce have, unfortunately, remained at a disastrously low level. At the same time, the dairy-produce marketing situation in the United Kingdom has been under anxious scrutiny by His Majesty's Government in the United Kingdom, and steps have been taken there to render assistance to milk-producers. Having regard to the urgency and the complexity of the problem, and to the need in the national interest for laying solid foundations for our future in this industry, the New Zealand Government set up a Royal Commission, the report and recommendations of which will shortly be available.

Dairy industry.

Meat and dairy-produce together account for not less than 65 per cent. of New Zealand's total export-values. For this reason we are vitally concerned in the steps that are being taken in the United Kingdom in the direction of assisting and planning her agriculture. It is a development that goes to the heart of our own economic life. The present tendency in the United Kingdom, as elsewhere, is to seek a greater degree of self-sufficiency in food-supplies. Production of meat and dairying are types of farming that have long existed and can be extended in the United Kingdom, and it so happens that these are the particular products in which New Zealand has specialized.

Economic tendencies.

The farming industry generally has experienced a favourable season, resulting in a substantial increase in butterfat production and a record lambing in sheep-farming. The yield per acre in grain-growing was appreciably above the average, while there has been considerable increase in pig-keeping. The Dominion's frozen-pork exports for the past three calendar years were: 1931, 117,078 cwt.; 1932, 143,640 cwt.; 1933, 321,338 cwt.

Primary production.

In the general interests of the country the assistance given to farmers in the form of subsidies on the carriage of lime and fertilizers, and also on the manufacture of fertilizers, has been continued. I may add that, after careful investigation of the position of the fertilizer companies, the Government found it necessary to take a firm stand in regard to the selling-price of fertilizers. Where necessary, reduced railage freights on farm-produce have also been continued.

The benefits received from the increase in the prices of a substantial proportion of our exports, combined with the raising of the exchange-rate, have substantially bridged the serious gap between costs and market prices for a great many of our farmers. Since 1932 the export-price indices show an average rise of 20 per cent. On the other hand, prices internally have remained remarkably stable, the index for wholesale prices showing an increase of 3 per cent. and retail prices a decrease of 3 per cent. In fact, since the raising of the London - New Zealand exchange-rate retail prices have been stabilized, not increased. This is borne out by the tables issued by the Government Statistician showing that, in January and February, 1933 the New Zealand retail price-index stood at 26 per cent. and 27 per cent. above July, 1914. Despite the imposition of the sales-tax, and the increased exchange-rate, this increase above the July, 1914, level remained at 26 per cent. and 27 per cent. throughout the year 1933.

Interest-rates.

The success of the Government's policy of bringing about lower interest-rates is another powerful factor in aiding economic recovery. Following the conversion of the public debt and the substantial progress already made in the conversion of the debts of local bodies, the cheaper credit has now permeated through all avenues of investment. As a result, money is being freely offered now for investment in mortgages at $4\frac{1}{2}$ per cent. and even lower. These rates are lower than the minimum of 5 per cent. fixed for the statutory reductions under the National Expenditure Adjustment Act, and a marked contrast to the rates of $6\frac{1}{2}$ per cent. and 7 per cent. ruling prior thereto.

Mortgage investments.

The mortgage situation generally is complicated and an obstacle to economic recovery. The statutory reductions under the National Expenditure Adjustment Act and the operation of the Mortgagors' Relief legislation from the nature of things cannot be anything more than a temporary expedient, and what is wanted now is a sound method of liquidating the position that will tend to strengthen confidence in mortgage investments. Having succeeded in obtaining lower market rates of interest, the problem resolves itself into finding more adequate means of taking full advantage of those lower interest-rates. As there is no such thing as uniformity of conditions in mortgage investments, any further general reductions by legislation would be inequitable and would tend to shatter confidence and thereby keep capital away from mortgages, which would harden interest-rates and be a retrograde step.

National Mortgage Corporation.

It is accordingly considered that the solution does not lie in further legislation bearing directly on interest-rates, but in facilitating the refinancing of existing debts at lower interest-rates. For this purpose, and to organize mortgage finance on a comprehensive basis, it is proposed next session to bring down legislation for the incorporation by statute of a National Mortgage Corporation upon a basis somewhat similar to that of the Reserve Bank. To bridge the gap between the stock exchanges and mortgages, and thereby obtain finance at the lowest possible rates of interest, this corporation will be empowered to raise capital by the sale of mortgage bonds similar to the Rural Advances bonds which have been issued against the assets of that branch of the State Advances Office. Huge sums have been raised by the sale of such bonds on the Stock Exchanges of Europe and America. The underlying idea of these bonds is to spread risks by making the bonds a charge over all mortgages held and to turn mortgages into readily saleable stock exchange securities representing small amounts.

It is considered that the proposed corporation, if properly established under the control of a Board that would command confidence, would be able to sell bonds at 4 per cent. or lower and generally be able to lend for repayment of existing mortgages at $\frac{1}{2}$ per cent. above its borrowing-rate. A great many mortgages are at present running on overdue, and in these cases refinancing could proceed without delay. Other flat mortgages are falling due from day to day, and the opportunity to refinance the bulk of them will occur within a few years.

Present long-term mortgages bearing high rates of interest without a condition allowing repayment in a lump sum will present a difficulty that may have to be specially provided for.

As it is clear that mortgages can be satisfactorily dealt with only individually on their merits, an essential requirement is an efficient field force to inspect and report upon properties and afterwards keep in touch with mortgagors. Operating on a large scale, it will be practicable for the corporation to maintain such a force and keep it fully employed.

To save a costly duplication of machinery in this respect for reviewing the position of present State mortgages, and to obviate duplication and overlapping in other directions, the new organization, under suitable financial arrangements with the Government, will take over the present investments of the State Advances Office, the Lands Department, and the Rural Intermediate Credit Board.

The whole proposal is too big to be dealt with this session, as a considerable amount of preliminary work will be necessary in elaborating it in detail before legislation can be drafted. I may add that it is not intended that the corporation should take over all mortgages, but its operations will be large enough to influence the market, and other mortgagees will doubtless follow its lead in the matter of rates of interest.

It is realized that rearranging and stabilizing mortgage finances generally is a task of national importance, but until it is done the financial rehabilitation of this Dominion cannot be considered complete. With this corporation established to do the work, however, farmers and other mortgagors can rely upon expert assistance free from any suspicion of undue profit-taking.

Innumerable arrangements with second and subsequent mortgagees will be involved in the effort to rearrange finances within the limit of the productive capacity of the farm, but if cheaper rates are obtained for a first mortgage as large as a present-day productive value warrants, second mortgagees stand to gain from the arrangement, and, generally, should be willing to meet the corporation in a reasonable spirit.

On the 1st August the Reserve Bank commenced operations and assumed control of our banking structure and of the exchanges. Apart from the change-over in the note-issue, the public will notice little or no alteration in their banking and exchange transactions, but actually some fundamental and far-reaching changes have been effected by the establishment of the Reserve Bank. We now have a co-ordinated banking system and deliberate and disinterested control of the credit structure. The general benefits that will accrue to the community in the long-run cannot fail to be substantial. In the immediate future the Bank will undoubtedly prove a powerful factor in furthering the Government's policy of aiding economic recovery by stabilizing interest-rates at a lower level.

Reserve Bank.

Although the two things are not directly connected, I may mention here that, concurrently with the setting-up of a national control of our credit structure, we are engaged in a change-over to our own silver coinage, a further indication of our monetary independence.

Silver coinage.

The general movement in interest-rates is still downward, and this movement, by progressively lightening the burden of debt, is a powerful incentive to recovery. As honourable members are aware, the trading banks made a further reduction in their deposit rates, ranging from $\frac{1}{2}$ to $\frac{1}{4}$ per cent., operative from 5th July, while the maximum rates of interest that could be paid for deposits by building and investment societies and trading companies were lowered proportionately as from the 1st August. From the same date the interest-rate on Post Office Savings-bank deposits above £500 was reduced to $2\frac{1}{2}$ per cent.

Interest-rate tendencies.

The Government's efforts in bringing about these reductions in deposit rates are, of course, intended to facilitate a further reduction in lending rates, and particularly overdraft rates. The immediate position is governed by the rates payable on existing deposit contracts. However, the Government expects a further substantial reduction in the bank overdraft rate for best accounts in November next. I may add that the Rural Intermediate Credit Board and also the Lands Department, in so far as current accounts advances are concerned, have recently announced a reduction in interest-rates to 5 per cent.

PUBLIC ACCOUNTS.

Public Accounts. The improvement in economic conditions during last year was to some extent reflected in the public revenues, and this fact, combined with a saving of £250,000 in expenditure, enabled the deficit to be reduced from the Budget forecast of £2,094,000 to £709,000. All things considered, it will, I think, be generally agreed that this was a satisfactory outcome to a very difficult year.

The accounts for the year have already been published, and are summarized in comparative form in the tables attached to this statement.

Revenue. The total revenue received during the year amounted to £23,492,749, comprising taxation receipts, £17,059,830; interest, £2,863,856; other departmental receipts, £1,569,063; in addition to which £2,000,000 was obtained by liquidating reserves invested in discharged - soldiers - settlement mortgages, advances being obtained from the Bank of New Zealand against the hypothecation of the securities.

Taxation. From the comparative tables attached to this statement it will be seen that the total receipts from taxation exceeded the Budget estimate by £845,830, the principal items in excess being Customs duties, £285,000; income-tax, £261,000; stamp and death duties, £113,000; and sales tax, £97,000. Practically all the items of taxation produced more than the estimate, and the total amount received from this source was £1,455,000 more than in the previous year.

Interest receipts. The only important feature of the interest receipts was the fact that interest on railway capital liability showed an increase of £294,000 over the estimate, and was £234,000 greater than the amount received in the previous year. This is a further indication of an improvement in the economic position of the Dominion.

Other receipts. Little comment is called for regarding the receipts from other departmental activities, which, in total, were £28,000 greater than estimated. The improved position of the farming community is reflected in the increased returns from territorial revenue (£65,000) and national-endowment revenue (£19,000).

Expenditure. The net expenditure for the year amounted to £24,202,027, against an estimate of £24,456,846, a net saving of £254,819. The bulk of this saving was made under the annual appropriations, and, as the various votes had received careful consideration, this result can be regarded as eminently satisfactory, and is a clear indication of the continued efforts of all Departments to maintain efficiency at the lowest possible cost. As will be seen from the comparative tables, almost all Departments contributed their share to the saving.

SUMMARY OF YEAR'S OPERATIONS.

The operations for the year may be summarized as follows:—

		<i>Expenditure.</i>		£	£
Permanent appropriations—					
Debt services	.. .. .	..	..	10,397,332	
Exchange	.. .. .	..	..	1,797,188	
Highways	.. .. .	..	..	1,201,837	
Other services	.. .. .	..	..	353,797	
Annual appropriations—					
Social services	.. .. .	..	..	6,841,819	
Other services	.. .. .	..	..	3,610,054	
					24,202,027
		<i>Revenue.</i>			
Taxation	.. .. .	..	..	17,059,830	
Interest	.. .. .	..	..	2,863,856	
Other receipts..	.. .. .	..	..	1,569,063	
From reserves..	.. .. .	..	..	2,000,000	
					23,492,749
Deficit	.. .. .	..	..	..	£709,278

Extensive operations also took place during the year under the Banks Indemnity (Exchange) Act, the amount of sterling purchased from the banks being £26,684,000. Of this sum, however, £8,500,000 was utilized by the Government for its own requirements, so the net surplus sterling taken over for the year was £18,184,000. Banks Indemnity (Exchange) Act.

As the Act has now been repealed, I may mention for the information of honourable members, that, during its currency, covering the period from the 20th January, 1933, to the 31st July, 1934, the total amount of sterling purchased under its provisions amounted to £36,208,000, of which £13,198,692 was utilized by the Government for its own requirements. The net amount of surplus sterling taken over was thus £23,009,308.

The greater part of the surplus sterling has already been sold to the Reserve Bank at its public buying rate of £124 New Zealand for £100 sterling, and the balance will similarly be disposed of before the end of September, the whole operations being governed by the maturity dates of investments in London and of liabilities in New Zealand. The proceeds in New Zealand will be sufficient to pay off the Treasury bills and to extinguish the suspense item, and are being applied to these purposes.

TREASURY BILLS.

Apart from renewals and conversions, the Treasury bills issued under the Banks Indemnity (Exchange) Act during the year amounted to £29,384,732, of which £12,360,197 had been repaid by the 31st March. Thus the net increase for the year was £17,024,535, and this, added to £2,380,337 of bills carried forward from the previous year, resulted in £19,404,872 of this class of Treasury bills, of which £16,319,672 bore interest at 5 per cent. per annum and the balance at rates varying from $2\frac{3}{4}$ per cent. to 4 per cent., being outstanding on 31st March, 1934. Bills to more than this amount have recently been redeemed with the proceeds from the sale to the Reserve Bank of New Zealand of surplus sterling.

In so far as revenue bills are concerned the published accounts show that Treasury bills issued during the year amounted to £39,606,077, including issues in renewal. The total accommodation received, however, was £11,346,000, of which £6,977,000 was obtained from the banks and £4,369,000 from Government accounts and the public. The balance consisted of issues in renewal of these bills and also of the £1,585,000 of bills outstanding on the 31st March, 1933. The bills issued had a currency not exceeding six months, and were discounted at rates ranging from $2\frac{3}{4}$ per cent. to 3 per cent. in the case of bills taken up by Government accounts and the public, and 5 per cent. per annum in the case of bills issued to the banks. Treasury bills.

In the aggregate £37,738,968 of revenue bills was paid off, the amount being £1,867,109 less than the issues during the year. The result was that by the 31st March last revenue bills outstanding had been increased to £3,452,109.

As a result of all these operations, the floating debt as at 31st March last amounted to £22,856,981, as compared with £3,965,337 as at 31st March, 1933, an increase of £18,891,644 for the year. The greater part of the bills issued under the Banks Indemnity (Exchange) Act were redeemed on the 1st August last, and the balance of this class of bill will be repaid shortly.

I may add that, although it does not form part of the public debt in the ordinary sense of the term, there is also the liability under the arrangements made for liquidation of reserves by the hypothecation of discharged-soldier-settlement securities to two of the banks. This is a self-contained arrangement whereby the liability incurred to secure immediate liquidation for the Consolidated Fund will be gradually repaid from the capital repayments received under the table mortgages in which the reserves are invested. The amount of the liability in question is now £4,050,000, representing a net increase of £1,800,000 during the last financial year. Liquidation of reserves.

PUBLIC DEBT.

Public Debt.

Apart from the operations affecting the floating debt which I have just explained, there was a net increase in the amount of the public debt during the year of £1,277,394, £491,254 being due to premiums arising under the conversion operations and £786,140 to operations during the year. The successful conversion of £5,000,000 5-per-cent. debt into 3½-per-cent. securities at 97 in October last, referred to in last year's Budget, was the only debt operation undertaken in London during the financial year. In the Dominion additional long-term debt to the amount of £4,522,765 was raised for the following purposes:—

	£	£
Capital expenditure—		
Public works (including hydro-electric supply) ..	1,662,690	
Land for settlements	198,000	
Main highways	203,000	
State Forests	75,000	
		2,138,690
Redemptions of debt		2,384,075
		<u>£4,522,765</u>

Of this £4,522,765 raised in New Zealand, £1,906,090 was obtained from the public at 3¾ per cent., while the balance of £2,616,675 was derived from departmental investments.

Debt redemption.

Redemptions of long-term debt during the financial year amounted to £3,736,625, the funds for the purpose being derived from the following sources:—

	£	£
For debt repayment—		
Repayment of Public Debt Act, 1925	596,270	
Reparations and war credits	650	
Separate accounts	754,040	
		1,350,960
From issues in redemption		2,385,665
		<u>£3,736,625</u>

Thus the additional debt incurred exceeded repayments by £786,140. Of the redemptions effected, £104,560 was held in Australia and the balance in New Zealand.

Thanks to the generosity of Great Britain in extending the moratorium on our funded war debt and certain other debts due to the British Government, no payments were made in respect of this portion of the debt during last financial year.

Debt summary.

The debt operations for last financial year may be summarized as follows:—

	£
Debt as at 31st March, 1933	282,622,958
Plus net increase in floating debt (mostly temporary) as previously mentioned	18,891,644
	<u>301,514,602</u>
Plus net increase in long-term debt—	£
(a) Due to loan conversion	491,254
(b) Due to operations during year	786,140
	<u>1,277,394</u>
Public debt as at 31st March, 1934	<u>£302,791,996</u>

Following the simplification of the internal debt as a result of the conversion operations, the opportunity has been taken to alter the form of the debt table (B.-1 [Part III]), which honourable members will find now contains a concise

statement showing the amount, interest-rate, maturity date, and domicile of the debt, together with a subsidiary statement showing the purposes for which it was raised. The domicile of the debt as a whole on the 31st March, 1934, was as follows :—

	£
London	160,908,105
Australia	2,908,150
New Zealand	138,975,741
	£302,791,996

Mention was also made in last year's Financial Statement of the only other loan over which the Dominion had the immediate right to exercise an option of repayment, and honourable members will be pleased to learn that this loan has now been dealt with on very satisfactory terms. The loan carried interest at 4 per cent. and of the original £4,000,000 the amount of £3,989,100, being the balance of the loan held in London, was recently offered for conversion into 3½-per-cent. stock at par maturing 1955-60. Cash subscriptions were invited from the public to meet redemptions of any unconverted holdings, and advices to hand indicate that the new issue was favourably received. Holders of the loan were given the right to convert into the new issue, and applications to the extent of £2,501,265 were received under this category. Cash applications, from the proceeds of which the unconverted balance will be paid off, amounted to £1,522,000, the net result showing an oversubscription of £34,165. Loan conversion.

The comment of London financial authorities is to the effect that the transaction from the Dominion's viewpoint is very satisfactory, this being evident from the favourable terms on which the new issue has been placed. The result also indicates the proximity to current market values of the price of issue emphasizing the successful gauging of the London market conditions.

CAPITAL EXPENDITURE.

The new loan-moneys raised last financial year, augmented from balances in hand, were used in carrying out the programme of capital works outlined in last year's Budget, although, as will be seen from the details included in the public-works estimates to be tabled to-night, the expenditure in respect of some of the items was less than was anticipated. Public Works.

For the current financial year it is again intended to proceed with a moderate programme of capital expenditure amounting in the aggregate to £3,560,000. It is anticipated that funds already in hand, together with departmental investments, will be sufficient to finance this expenditure. Accordingly, it will not be necessary to issue any special loan or make any further offer of Government securities to the public this financial year. The proposals are embodied in detail in the estimates, but it will perhaps assist honourable members if I briefly outline the principal items concerned. Loan programme.

With the completion of the main line between Taranaki and the North Island Main Trunk, to be handed over to the Railways Department on the 1st September, railway construction will cease. There is in hand, however, an improvement work of considerable magnitude in the Wellington terminal facilities including the Tawa Flat deviation and the electrification of the line to Paekakariki. It is estimated that a net amount of £227,000 will be required for these purposes during the current financial year, but nearly £1,000,000 will be required to complete the whole undertaking. Railway construction, &c.

The only other large single undertaking at present in hand is Waitaki River Electric-power Scheme, which, it is anticipated, will come into operation towards the end of this year after further expenditure amounting to £306,000. In addition, some substantial amounts shown in the estimates will be required for various extensions to the other large schemes. The net estimate of the total capital expenditure for the year on hydro-electric works is £550,000. I may add that Hydro-electric works.

these hydro-electric schemes continue to be a financial success. The net surplus for last financial year, after providing for working-expenses, depreciation, and interest, was £117,000, which is to be applied towards sinking fund and reduction of past losses.

Public buildings.

Another major item in this year's capital programme is public buildings, including schools, for which a net vote of £435,000 is proposed. The largest single work in hand is the Dunedin Post-office, for which it is estimated £120,000 will be required this year. In addition, £150,000 is to be provided for school buildings, primary and secondary, and £90,000 for mental hospitals, where additional accommodation is urgently needed. An instalment of £30,000, being portion of the subsidy of up to £100,000 promised for the National Art Gallery and Dominion Museum, is also provided on the estimates.

New major works.

Finally, I may mention, now that financial commitments on major works generally are becoming lighter, it is proposed to commence the erection of new administrative blocks of buildings to house Government Departments in Wellington and Auckland. The present Government buildings are old and the accommodation is quite inadequate. In fact, the amount now being paid by way of rent for additional accommodation would probably be sufficient to pay interest and sinking fund on the capital cost of new buildings to house all Departments. The gain in convenience to the public and administrative efficiency would be considerable. In addition to proceeding with these works, the carrying-out now of other necessary building-works is considered by the Government as economically sound quite apart from the associated immediate benefits that will accrue in acceleration of employment in the various trades concerned. At the same time the proposals have a close bearing on the problem of finding further useful employment, and from this aspect are to be considered in conjunction with other measures to which I will refer presently. As it will be some time before construction work can be started, very little expenditure on these projects will be involved this financial year.

Housing schemes.

Before departing from the subject of building operations, I may say that some local bodies are giving consideration to the problem of improved housing conditions in what may be termed slum areas. In England it is noted that considerable activity by local bodies in this matter exists, and here I may say this Government is willing to co-operate as far as possible with local bodies in New Zealand in any projects of this nature.

Highways expenditure.

Provision to the extent of £1,910,000 is being made for expenditure on highways and roads apart from cost of administration. Of this amount £900,000, representing an increase of £255,000 over last year's expenditure, is being provided out of the Main Highways Revenue Fund for maintenance expenditure. On the highways-construction work it is proposed to spend £510,000, about half of which is for bridges and the balance for sealing and other surface improvements. This leaves £500,000 for expenditure under the Public Works Fund vote for settlement roads in the various counties throughout the Dominion. The expenditure will be mostly for metalling roads in the more remote districts. In addition, as was the case last year, a considerable amount of road works will be carried out with assistance from unemployment funds.

Miscellaneous works.

Other items in the programme are £260,000 for extensions of the telephone and telegraph systems, and £220,000 for irrigation, lands improvement, and swamp drainage. Continuation of the work on the Omakau Irrigation Scheme in Central Otago will absorb £64,000, while £50,000 will be spent on the Taupiri Drainage Scheme, and considerable sums in continuing the reclamation of valuable harbour flats in North Auckland.

Summary of capital programme.

As may be seen from the estimates, various smaller amounts have been set down for other votes. To summarize the position, I may say that the capital programme is broadly made up as follows:—

	£
Public works	2,862,000
Small Farms Scheme	375,000
Additional expenditure for land-development ..	150,000
Native-land development	120,000
Forestry	53,000
	<hr/>
	£3,560,000
	<hr/> <hr/>

SMALL FARMS SCHEME.

The Small Farms Scheme has now been under the administration of the Small Farms Board for a little over one year, and the results may be classed as satisfactory having regard to the falling prices of dairy-products and to the fact that the fall has not been reflected in the prices asked for land. The main difficulty met with by the Board has been that of acquiring suitable land at prices in keeping with productive capacity.

Small Farm Scheme.

Dairying has been the principal basis of calculation in subdividing land for small farms, but each settler has had the option of developing such side-lines as suited the particular property and his own qualifications. Most settlers, however, have confined themselves almost entirely to dairying.

In view of the state of the dairying industry, however, the Board has recently considered it desirable to give more encouragement to mixed farming or lamb-fattening on a small scale, under intensive farming conditions. This type of farming leaves the settler in a position to increase or reduce his activities from year to year in any particular line according to market fluctuations.

It should not be inferred from this that the Small Farms Scheme has been confined solely to dairying and sheep-farming in relatively large holdings. A number of 5-acre lots has been provided in localities deemed suitable—the settlers to grow fruit, to go in for market-gardening and poultry, and to keep one or two cows for household purposes, and perhaps a few pigs. As examples, the Richmond Block, near Napier (thirty-eight settlers) and the Karamu Block, near Hastings (nineteen settlers) may be quoted. Others have been established in localities where seasonal work is obtainable.

At the beginning of last financial year the number of men settled under the original Small Farms Scheme was 753, of which 265 were “share milkers,” and 488 were settled on individual holdings of the type popularly known as “10-acre farms.” During the year it was found necessary for various reasons to close twenty-five of these small holdings and, in addition, four were removed from the “share milking” list.

The progress made under the administration of the Board is illustrated by the following figures of the position as at the end of May, 1934 :—

Progress recorded.

	Number of Holdings.	Total Area. Acres.
(1) Individual holdings settled up to 31st May, 1934	321	20,495
(2) Blocks in course of development or the development of which has been approved (including Ahuriri Lagoon)	554	35,850
(3) Number of share milkers approved ..	59	..

In addition to the above, the Board has now under negotiation the acquisition of approximately 24,981 acres, estimated to provide 269 holdings.

One of the subsidiary objects of the Small Farms Scheme has been to provide work immediately for unemployed men, apart from those settled on individual properties, and approximately seven hundred men are at present engaged on land-improvement and development work.

LAND DEVELOPMENT.

Satisfactory progress has been made with the development of various blocks under the supervision of the Lands Development Board. As a result of the activities in this connection, an area of approximately 21,600 acres of previously unproductive land has now been laid down in grass, and, upon completion of the development work which has been authorized, some three hundred new holdings will have been created. The total expenditure to the 31st March last on development purposes was £305,000, which amount included the cost of the surface development of twelve blocks and the survey and roading of thirty-four blocks, containing 292 sections where the settlers themselves have attended to the development with assistance from the Board by way of loans.

Land development.

In connection with the Lands Development Board's activities in the matter of granting loans to Crown tenants on undeveloped areas for improvements and live-stock, the number assisted as at the 31st March last was 455, and the loans involved totalled £188,000.

Much interest has been aroused in the Lands Development Board's operations in connection with the preparation of the Galatea Settlement for occupation. It had been intended to offer for selection during this year some twenty sections; but the uncertain situation in regard to the dairying industry has caused the offering of these sections to be postponed. In the meantime, arrangements have been made to utilize ten available sections for dairying on a share-milking basis. This action will defer the permanent settlement of the land pending more stable economic conditions, and enable the Board to exercise control over the management of the new pasture. The remainder of the settlement is being run as a sheep and cattle station. After meeting interest on the total capital invested in the block and in the live-stock thereon, a substantial profit resulted from the working of the station last year.

Native-land
development.

During the year good progress was also made in the development of Native lands for subdivision and settlement by members of the Native race.

In addition, where Native lands are scattered in small areas, the work of development has been continued successfully under the system of supervision and assistance to units or family groups.

Up to the 31st March last the total amount expended on schemes and unit farms was approximately £715,000, but as receipts amounted to £136,000 and subsidies from the Unemployment Board to £73,000, the net expenditure was £506,000.

The number of adult Maoris living permanently on the lands developed or improved is 3,609, and the children dependent upon them 4,748.

UNEMPLOYMENT FUND.

Unemployment.

Despite the very heavy demands that have been made on the Unemployment Fund during the past year, it is gratifying to report that at the end of the year the unemployment finances are in a sound position. During the last year the number assisted from the fund reached the record figure of 75,000 men, and without the introduction of the Building Subsidy Scheme and other measures adopted by the Unemployment Board to stimulate employment in ordinary industry this figure would have been greatly exceeded.

Generally, the unemployment position is considerably better than it was at this time last year. The latest figures of those workers who, in one way or another, are a charge on the Unemployment Fund are 60,000, which represents a decrease of 9,000 over the figures at the corresponding date last year.

In previous years the number of unemployed commenced to rise in March with the cessation of seasonal employment. No such movement has taken place this year, and, as a matter of fact, the total figures are now lower than at any period since the end of March, 1932. This is satisfactory, and indicates a general improvement in industrial and economic conditions. The commencement of seasonal occupations in the summer should reflect a further reduction in the figures.

Reproductive
works.

A satisfactory feature of the Board's work for the year was the progress made in finding useful and productive full-time employment for those in need of relief. As a result of the introduction of the gold-prospecting and building schemes, the placement of workers in camps with the Public Works and Forestry Departments, and various other measures adopted by the Board, the number employed on part-time work has been considerably reduced. Three years ago over 90 per cent. of the unemployed were in receipt of part-time relief under Scheme 5, whereas to-day under 60 per cent. are so employed, and every effort is being made to reduce the number still further.

Local-body
schemes.

Numbers of local employing authorities are now making special efforts to put in hand new works, such as street-improvement, drainage, water-supply, &c., under normal working-conditions. Where local bodies are unable to finance the whole of the cost themselves the Unemployment Board, to enable the work to proceed, has come to their assistance by subsidizing the wages of relief workers on the understanding that they are employed for a full week at standard rates of pay.

At the commencement of the year it was estimated that revenue from unemployment-taxation would return £4,300,000. The actual receipts were £4,427,000, of which £428,500 was derived from the levy, £2,892,000 from the tax on salaries and wages, and £1,106,500 from the special charge on other income.

Finances.

The receipts from the tax on salaries and wages represent a rise of £421,000 over the previous year's revenue from this source. Part of this increase may be attributed to the fact that the increased tax of 1s. in the pound was in force for the whole year as against eleven months in the previous year, and also to a more effective check on those taxpayers who were failing to meet their obligations for the payment of the tax, but, even so, the result clearly indicates an increase in the volume of employment in industry.

Revenue.

As far as the charge on other incomes is concerned a decrease of about 10 per cent. in comparison with receipts for 1932-33 was anticipated, but did not occur, there being a decline of £14,000 only. This shows that the national income was maintained during 1933-34, and, with the improvement in trading conditions since then, we could expect a considerable increase in the revenue from this source during the current year.

The Unemployment Board commenced the year with a balance of £424,500, and with the £4,427,000 from taxation, and other miscellaneous receipts from interest, repayment of loans, &c., it had available for the provision of unemployment relief the sum of £4,865,000.

Disbursements from the fund totalled £4,243,000 during the year, the sum of £3,972,000 being expended in direct relief payments to the unemployed under the Board's various schemes; £104,000 in the purchase of food, clothing, and other necessities for distribution to relief workers; £33,500 in sustenance payments where work could not be provided; £21,000 in loans made by the Board for the creation of employment, mostly in new channels; and £112,500 in administration expenses, representing 2.65 per cent. of the actual expenditure. Criticism is often levelled at the Board's administration costs, but, in actual fact, they are remarkably low. Administration costs in England amount to about 8 per cent. The year closed with a balance of £621,500 to the credit of the fund, against which, of course, there were considerable commitments.

Expenditure.

The Government desires to do as much as possible for the unfortunate members of the community, but cannot overlook the fact that many who are paying unemployment-taxation are not much better off than the unemployed themselves, in addition to which a reduction in taxation will tend to promote more regular employment in trade and industry. It should be borne in mind that the Government's proposals for capital expenditure on buildings will also provide for an expansion of employment.

For the current year it is estimated that on the present basis of taxation the revenue of the fund would amount to £4,770,000, and, with the balance carried forward on 1st April last, the total amount available would be £5,390,000. As this is about £1,000,000 more than the expenditure for 1933-34, and the numbers of unemployed are declining, it is proposed to exempt from the wages-tax the salary or wages received by any person under twenty years of age. In addition, the special exemption for women in respect of "other income" is to be raised from £20 to £50, and elderly people and also persons with physical or mental disabilities with incomes not exceeding £2 a week are to be given the right to declare their exemption from the emergency unemployment charge. These and some other adjustments will be included in amending legislation to be introduced shortly. Steps have already been taken to reduce the levy for relief workers to 1s. a quarter.

Special exemptions.

In addition, it is proposed to reduce the rate of unemployment-taxation from 1s. to 10d. in the pound as from 1st October. These concessions and reductions will reduce the revenue by £500,000 for this financial year and by £1,000,000 in a full year. Further than this it is not advisable to go at present, as the efforts of the Board to promote new industries and stimulate existing industries by such means as the building subsidy in order to increase normal productive full-time employment require greater expenditure than pure relief works or sustenance, although the rates for the latter have been increased. If, however, conditions continue to improve, it may be found possible to make a further reduction in the taxation next financial year.

Taxation reductions.

BUDGETARY POSITION FOR 1934-35.

Forecast for
1934-35.

Turning now to the position of the main Budget for the current financial year, I find my present task much more congenial than was the case last year. The public revenues are no longer going down, but are moving steadily upward, a definite indication that economic conditions are on the mend. Accordingly, it is not necessary to bring down any proposals for increasing taxation. The situation, however, does not yet warrant making any further reductions.

Customs.

Customs revenue during the closing months of last financial year and the first four months of this year has been more buoyant, and I am satisfied that we can rely upon a comparative increase of approximately £1,115,000 for the year.

Sales tax.

The returns from the sales tax are also satisfactory, and I have allowed for an increase of £300,000 under this heading.

Other taxation.

Income-tax last year exceeded expectations, and, as last year was certainly a better trading year than the previous one, it is reasonable to allow for a further substantial increase in tax for this year. In the unsettled conditions that have prevailed it is difficult to assess the amount of increase to be expected, but, after careful consideration, it has been set down at approximately £690,000. Land-tax, on the other hand, is affected by decreases in valuations, so for this item I have allowed for a fall of £20,000 in the yield. For all other items of taxation excepting beer duty I expect increases over last year's receipts as follows:—

	£
Highways revenue	156,000
Stamp and death duties	17,000
Film-hire tax	12,000
Gold-export duty	3,000

In so far as beer duty is concerned the reduction in import and excise duties already announced will more than absorb the increase that otherwise would have occurred.

The aggregate net increase for all items of taxation is estimated at £2,245,000.

Interest and
other receipts.

In regard to interest receipts and "other receipts" apart from reserves, it is anticipated the aggregate amount to come in will be £214,000 in excess of last year's receipts. Profits from the change-over to our own silver coinage account for £100,000 of this net increase.

Reserve Funds.

Last year the revenue was augmented by £2,000,000 drawn from reserves liquidated by hypothecating discharged-soldiers-settlement mortgages in which the amount was invested. It is not considered advisable, however, to anticipate further the repayment of these mortgages. There is, however, a balance in the general Reserve Fund that can be made available this year. Section 4 of the Finance Act, 1931 (No. 4), empowered the transfer to the Consolidated Fund of any balance remaining after taking into account all commitments for the purposes of the Hawke's Bay Earthquake Act, 1931. The remaining commitments can now be definitely assessed, so it is intended to exercise the authority cited and transfer £300,000 to augment the Budget revenues for this year. The use of reserves has been criticized in some quarters, but it appears to have been overlooked that they were accumulated in more prosperous times for the express purpose of easing the strain on taxation in times of stress. In other words, the reserves were intended for use in such times as we have experienced during the last four years. The reserves have been invaluable in keeping the public finances within safe limits during a most difficult period, and, carefully husbanded, they materially assisted in seeing us over the worst of our budgetary difficulties. When circumstances permit, an effort should be made to build up fresh reserves against any future period of stringency that may come along.

Summary.

The aggregate estimated increase in the items of revenue that I have reviewed is £2,460,000. Deducting the comparative decrease of £1,700,000 in the amount of reserves to be used, there remains a net increase in the total Budget receipts of £760,000.

ESTIMATED EXPENDITURE.

On the other side of the picture there is a saving of £620,000 in the cost of debt services, primarily due to two causes: firstly, to the fact that this year we obtain the full benefit from the public debt conversion operations; and, secondly, to a saving in interest on Treasury bills. As honourable members are aware, all bills issued for the purposes of the Banks Indemnity (Exchange) Act are now being paid off. Debt services.

The estimates of the cost of exchange on London for normal requirements show a decrease in comparison with last year's expenditure of £492,000. The amount of sterling required this year is somewhat less, but to the extent of £330,000 the saving is due to a recovery of past expenditure arising out of the sale to the Reserve Bank of the surplus sterling acquired under the Banks Indemnity (Exchange) Act. It may be explained that the exchange on £1,910,000 purchased in 1932-33 was charged to the Budget of that year, and, as a result, this balance of £330,000 remains after the suspense item has been extinguished. Exchange.

Against these decreases, totalling £1,112,000, have to be set off unavoidable increases in which a few items are mainly concerned. Firstly, there is an increase of £160,000 in the payments for highways purposes, but this is the counterpart of the somewhat similar increase in the revenue item previously mentioned. Concerning this item, honourable members will recollect that last year legislative provision was made to retain up to £500,000 of these moneys for general use in the Consolidated Fund. It is considered advisable to make a similar provision in respect of the current financial year. In doing so, I am not unmindful of the necessity for maintaining the highways of the Dominion and have gone into the matter very carefully. As I have indicated earlier in this Statement, the provision being made for maintenance work this year is £255,000 greater than was expended last year, while for construction work on bridges, sealing, and surface improvements an additional £318,000 is being provided. The total increase for highways is thus £573,000, representing about 70 per cent. increase over last year's expenditure. Highways revenue.

An increase of £54,000 shown for "other special Acts" is mostly due to a larger amount of national-endowment receipts being available for the purposes of education and pensions, in consequence of which the net expenditure out of the votes is not as large as it otherwise would have been.

Under the annual votes, the estimates for this year are £300,000 greater than the expenditure for last year. This increase is accounted for by an additional provision of £260,000 being made for Defence, chiefly for more up-to-date coast defences and aircraft, and £56,000 additional required for Naval defence. Annual Appropriations.

There is also a normal increase of £100,000 in pensions, but this, as well as various smaller increases under other votes, is offset by a reduction under Vote "Agriculture" of £195,000 due to smaller subsidies to manufacturers of fertilizers and the abolition of the special rebates on railway freights on those farm-products for which better prices are now obtained.

The expenditure figures just referred to are included in the main estimates, which will shortly be in the hands of honourable members.

Extended consideration has been given to the problem of the Government Superannuation Funds, which, as honourable members know, show a very substantial actuarial deficit. The Bill introduced during last session of Parliament provided for a revision of retiring-allowances and of conditions of retirement, and also for an increase in Government subsidies. The intention of these was to bring the Funds into an actuarially sound condition and thus to give an added and visible assurance of the payment in full of all benefits that may in future become payable. Superannuation Funds.

There has, however, been a marked reluctance on the part of contributors and annuitants to agree to the suggested changes. This reluctance the Government shares, and it is most anxious to avoid anything in the shape of interference with the superannuation rights of Government employees or retired employees. The aim is, therefore, to make some arrangement that will both preserve these rights and avoid the present difficulties in respect to the funds.

There are two methods by which the payment of superannuation allowances to State employees on their retirement can be assured: either the building up of an adequate capital fund, or the acceptance by the State of responsibility for the allowances. In New Zealand the intention at the commencement of the superannuation schemes was that both methods should be used; but experience has

shown that, with the provision made, the first method was not effectively possible. In short, reliance has come to be placed on the second of the two methods, that is to say, on the State's responsibility for current requirements. It is of interest to note that only the second method is applied in Great Britain; retiring-allowances to Civil servants are a part of the regular expenditure provided for in the annual Budget. No fixed fund is accumulated.

Is there any necessity for continuing to build up a capital fund to cover future superannuation requirements of Government employees? This is the question to which I invite attention. British experience is certainly significant in suggesting that there may be something in the view contrary to that which we have hitherto accepted. Already we have gone far in New Zealand in applying the principle that the Government's responsibility should attach to the meeting of current requirements rather than to the amassing of funds. The Government is thus responsible for subsidies, for payment of additional allowances to widows and dependent children, and for reimbursing the funds for loss of income due to statutory adjustments in interest-rates. The State's contribution to the three funds for last financial year amounted to £430,000, made up of £340,000 in fixed subsidies, £55,000 to offset the reductions in interest on investments as a result of conversions and the statutory reduction in mortgage interest, and £35,000 to cover pensions paid to widows and children of deceased contributors and annuitants and cost-of-living bonus to annuitants with small pensions. Of the aggregate cost approximately £385,000 was borne by the Consolidated Fund directly or indirectly, and the remaining £45,000 by the trading Departments.

The proposition put forward, as an alternative to the revision of superannuation legislation on lines that would make the funds actuarially sound, is as follows:—

- (1) The Government to accept direct responsibility for payment of all retiring-allowances due:
- (2) The existing funds, which amount in the total to £5,166,000, to be held intact as a reserve fund, the interest thereon being applied towards meeting retiring-allowances of each class. The accumulated funds to be held in trust by the Public Trustee, but not to be further increased:
- (3) An absolute statutory right to retiring-allowances to be conferred on Government employees, provision being made for payment thereof without further appropriation:
- (4) The control and administration of the existing funds to be unified under one authority.

Before legislation is introduced early next session of Parliament, every opportunity will be afforded to those affected to make representations. Meanwhile, it is proposed for this year to pay into the funds an additional subsidy of approximately £200,000 required to provide for present pensions without further diminishing the existing capital of the Funds.

As honourable members will have gathered from my remarks in regard to the revenue, there are now definite indications that the position is steadily improving, although economically we have still some difficult problems to solve. In these circumstances, the Government feels justified in granting a 5-per-cent. increase in salaries and wages as from 1st April last to all public servants and others charged on the Budget who suffered both the first and second cut. This will be almost equivalent to a restoration of the second cut so far as the lower-paid officers are concerned. The net cost to the Budget will be approximately £380,000. To the extent of £175,000 this will be reflected in lower receipts, chiefly from interest on railway capital already allowed for, while the balance of £205,000 will mean additional expenditure out of the Consolidated Fund. In view of the state of the public finances at the time, with all items of revenue shrinking rapidly, the cuts were unavoidable, but all along it has been felt that as soon as the position of the finances would enable it to be done, in justice to the public servants, steps should be taken to restore some portion of the reductions.

It is also proposed to grant a 5-per-cent. increase in old-age pensions, operative from 1st October next, the cost for the balance of this financial year being £34,000.

Partial
restoration of
cuts in salaries
and wages.

Increase in
old-age pensions.

The addition thus made to salaries, wages, and pensions will undoubtedly go into immediate circulation, and, in conjunction with the reductions to be made in unemployment and Customs taxation and the expansion of building operations, should give a decided fillip to business. In saying this, I am counting on not only the direct benefit, but also the psychological reactions throughout the Dominion. Given a little more confidence and the freer spending that would follow, the volume of business during the coming Christmas season would completely eclipse that for last year, and generally do much to increase employment and bring about an all-round improvement.

SUMMARY OF POSITION.

To sum up the whole position the estimates of revenue are as follows:—

Taxation—	£	£	Summary of revenue.
Customs	7,600,000		
Beer duty	625,000		
Sales tax	2,150,000		
Film-hire tax	45,000		
Gold-export duty	120,000		
Highways	1,860,000		
Stamp and death duties	2,730,000		
Land-tax	480,000		
Income-tax	3,650,000		
Miscellaneous	45,000		
Total taxation.. .. .		19,305,000	
Interest receipts		2,885,000	
Other receipts.. .. .		1,762,000	
From reserves.. .. .		300,000	
		<u>£24,252,000</u>	

The Budget estimates of expenditure may be summarized as follows:—

	£	£	Summary of expenditure.
Debt services	9,777,000		
Exchange	1,305,000		
Transfer of highways revenue	1,362,000		
Other permanent appropriations	409,000		
Annual votes—			
Social services	6,961,000		
Other votes	3,791,000		
Total, main estimates		23,605,000	
Additional superannuation subsidies		200,000	
Five-per-cent. increase in salaries and wages		205,000	
Five-per-cent. increase in old-age pensions		34,000	
Other supplementary estimates		200,000	
		<u>£24,244,000</u>	

On this basis the financial year will close with a small surplus of £8,000. If my expectations are fulfilled, and I am confident they will be, the result will doubtless give general satisfaction throughout the Dominion. Finally, I may say that if the present steady improvement in conditions generally continues, I should next year be able to make further reductions in taxation. But if this is to be possible, expenditure must be held in check, and accordingly I trust the fact that the Budget has been balanced will not be taken as an encouragement to press the Government for additional expenditure in various directions.

TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

	Page
TABLE NO. 1.—ABSTRACT OF RECEIPTS AND EXPENDITURE OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1934. SEE PARLIAMENTARY PAPER B.-1 [PART I].	
TABLE NO. 2.—THE PUBLIC DEBT ON 31ST MARCH, 1934. SEE PARLIAMENTARY PAPER B.-1 [PART III].	
TABLE NO. 3.—REVENUE FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933	ii
TABLE NO. 4.—COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934	iii
TABLE NO. 5.—ESTIMATED REVENUE FOR 1934-35, COMPARED WITH THE ACTUAL REVENUE FOR 1933-34 ..	iv
TABLE NO. 6.—STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933	iv
TABLE NO. 7.—STATEMENT OF THE CUSTOMS DUTIES COLLECTED FOR 1933-34, COMPARED WITH 1932-33 ..	v
TABLE NO. 8.—STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933	v
TABLE NO. 9.—COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934	vii
TABLE NO. 10.—ESTIMATED NET EXPENDITURE FOR 1934-35, COMPARED WITH THE ACTUAL NET EXPENDITURE FOR 1933-34	ix
TABLE NO. 11.—PUBLIC WORKS FUND—STATEMENT SHOWING NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933	x
TABLE NO. 12.—STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO 31ST MARCH, 1934 ..	xi
TABLE NO. 13.—STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1924, TO 31ST MARCH, 1934	xii
TABLE NO. 14.—STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1934, AS COMPARED WITH THE 31ST MARCH, 1933	xiii
TABLE NO. 15.—STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, FROM 1930 TO 1934	xiii
TABLE NO. 16.—EDUCATION EXPENDITURE—TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS SINCE 1913-14	xiv
TABLE NO. 17.—STATE BALANCE-SHEET AS AT 31ST MARCH, 1933	xv
TABLE NO. 18.—STATEMENT SHOWING MATURITY DATES AND DOMICILE OF DEBT OUTSTANDING AS AT 31ST MARCH, 1934	xvi
TABLE NO. 19.—STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF DEBT FUNDED WITH IMPERIAL GOVERNMENT	xvii
TABLE NO. 20.—STATEMENT SHOWING VALUES OF IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, FROM 1930 TO 1934	xvii
COPY OF LOAN PROSPECTUS FOR OVER-COUNTER ISSUE, 7TH NOVEMBER, 1932	xviii
COPY OF LOAN PROSPECTUS FOR OVER-COUNTER ISSUE, 1ST JULY, 1933	xix
COPY OF PROSPECTUS OF 1933 LONDON LOAN	xx
COPY OF PROSPECTUS OF RESERVE BANK OF NEW ZEALAND	xxii

Table No. 3
REVENUE FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED
31ST MARCH, 1933.

—	Year ended 31st March, 1934.	Year ended 31st March, 1933.	Increase.	Decrease.
Taxation—	£	£	£	£
Customs	6,485,014	6,131,414	353,600	..
Beer duty	655,464	654,227	1,237	..
Sales tax	1,847,333	38,253	1,809,080	..
Film-hire tax	32,960	30,102	2,858	..
Gold-export duty	117,090	15,636	101,454	..
Highways	1,703,527	1,680,605	22,922	..
Stamp and death duties	2,712,855	2,999,278	..	286,423
Land-tax	498,978	498,916	62	..
Income-tax	2,961,243	3,556,775	..	595,532
Miscellaneous	45,366	..	45,366	..
Total—Taxation	17,059,830	15,605,206	2,336,579	881,955
Interest—				
On capital liability—				
Working railways	1,085,000	850,544	234,456	..
Postal and telegraph	553,000	546,000	7,000	..
On Public Debt Redemption Fund	629,496	620,089	9,407	..
On other public moneys	596,360	625,077	..	28,717
Total—Interest	2,863,856	2,641,710	250,863	28,717
Other receipts—				
Registration and other fees	218,248	197,380	20,868	..
National-endowment revenue	134,249	81,732	52,517	..
Territorial revenue	245,162	153,812	91,350	..
External affairs	76,379	80,076	..	3,697
Justice	138,171	170,234	..	32,063
Marine	133,110	131,473	1,637	..
Native	3,876	4,975	..	1,099
Post and Telegraph Department profits	154,388	456,000	..	301,612
Printing and Stationery	160,925	154,768	6,157	..
Stamp duties	39,198	40,900	..	1,702
Tourist and Health Resorts	65,700	60,179	5,521	..
Miscellaneous	196,048	264,679	..	68,631
Recoveries on account of expenditure of previous years	3,609	25,397	..	21,788
From reserves	2,000,000	2,500,000	..	500,000
Total—Other receipts	3,569,063	4,321,605	178,050	930,592
			2,765,492	1,841,264
			1,841,264	..
Totals	23,492,749	22,568,521	924,228	..

Table No. 4.

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL REVENUE OF THE CONSOLIDATED FUND
(ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934.

	Estimate for 1933-34.	Actual for 1933-34.	Difference.	
			More.	Less.
	£	£	£	£
Taxation—				
Customs	6,200,000	6,485,014	285,014	..
Beer duty	650,000	655,464	5,464	..
Sales tax	1,750,000	1,847,333	97,333	..
Film-hire tax	25,000	32,960	7,960	..
Gold-export duty	140,000	117,090	..	22,910
Highways	1,650,000	1,703,527	53,527	..
Stamp and death duties	2,600,000	2,712,855	112,855	..
Land-tax	450,000	498,978	48,978	..
Income-tax	2,700,000	2,961,243	261,243	..
Miscellaneous	49,000	45,366	..	3,634
Total—Taxation	16,214,000	17,059,830	872,374	26,544
Interest—				
On capital liability—				
Working railways	791,000	1,085,000	294,000	..
Postal and telegraph	550,000	553,000	3,000	..
On Public Debt Redemption Fund	645,000	629,496	..	15,504
On other public moneys	565,000	596,360	31,360	..
Total—Interest	2,551,000	2,863,856	328,360	15,504
Other receipts—				
Registration and other fees	208,500	218,248	9,748	..
National-endowment revenue	115,000	134,249	19,249	..
Territorial revenue	180,000	245,162	65,162	..
External Affairs	80,000	76,379	..	3,621
Justice	160,000	138,171	..	21,829
Marine	131,310	133,110	1,800	..
Native	5,000	3,876	..	1,124
Post and Telegraph Department profits	250,000	154,388	..	95,612
Printing and Stationery	155,000	160,925	5,925	..
Stamp duties	40,000	39,198	..	802
Tourist and Health Resorts	62,000	65,700	3,700	..
Miscellaneous	150,000	196,048	46,048	..
Recoveries on account of expenditure of previous years	4,000	3,609	..	391
From reserves	2,000,000	2,000,000	..	..
Total—Other receipts	3,540,810	3,569,063	151,632	123,379
			1,352,366	165,427
			165,427	..
Total revenue	22,305,810	23,492,749	1,186,939	..

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDING 31ST MARCH, 1935, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1934.

	Estimate for 1934-35.	Actual for 1933-34.	Differences.	
			Increase.	Decrease.
	£	£	£	£
Taxation—				
Customs	7,600,000	6,485,014	1,114,986	..
Beer duty	625,000	655,464	..	30,464
Sales tax	2,150,000	1,847,333	302,667	..
Film-hire tax	45,000	32,960	12,040	..
Gold-export duty	120,000	117,090	2,910	..
Highways	1,860,000	1,703,527	156,473	..
Stamp and death duties	2,730,000	2,712,855	17,145	..
Land-tax	480,000	498,978	..	18,978
Income-tax	3,650,000	2,961,243	688,757	..
Miscellaneous	45,000	45,366	..	366
Total—Taxation	19,305,000	17,059,830	2,294,978	49,808
Interest—				
On capital liability—				
Working Railways	950,000	1,085,000	..	135,000
Postal and Telegraph	565,000	553,000	12,000	..
On the Public Debt Redemption Fund	645,000	629,496	15,504	..
On other public moneys	725,000	596,360	128,640	..
Total—Interest	2,885,000	2,863,856	156,144	135,000
Other receipts—				
Registration and other fees	220,000	218,248	1,752	..
National-endowment revenue	130,000	134,249	..	4,249
Territorial revenue	240,000	245,162	..	5,162
External Affairs	90,000	76,379	13,621	..
Justice	155,000	138,171	16,829	..
Marine	131,000	133,110	..	2,110
Native	4,000	3,876	124	..
Printing and Stationery	160,000	160,925	..	925
Stamp duties	40,000	39,198	802	..
Tourist and Health Resorts	68,000	65,700	2,300	..
Miscellaneous	520,000	350,436	169,564	..
Recoveries on account of expenditure of previous years..	4,000	3,609	391	..
From reserves	300,000	2,000,000	..	1,700,000
Total—Other receipts	2,062,000	3,569,063	205,383	1,712,446
			2,656,505	1,897,254
			1,897,254	..
Totals	24,252,000	23,492,749	759,251	..

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933.

Item.	Year Ended 31st March,		Increase.	Decrease.
	1934.	1933.		
	£	£	£	£
Adhesive stamps	80,581	70,104	10,477	..
Duty on instruments	199,639	192,179	7,460	..
Estate and succession duty	1,327,508	1,469,826	..	142,318
Gift duty	63,032	41,869	21,163	..
Impressed stamps, and duty on cheques	173,311	168,709	4,602	..
Stamp duty on interest	78,974	309,132	..	230,158
Company licenses	84,984	83,910	1,074	..
Sharebrokers' licenses	2,178	1,583	595	..
Bank-note duty	279,244	268,122	11,122	..
Totalization revenue	340,740	302,371	38,369	..
Amusements-tax	48,715	53,564	..	4,849
Lottery duty	15,245	17,306	..	2,061
Overseas-passenger duty	15,348	18,246	..	2,898
Rates, fines, and miscellaneous	3,356	2,357	999	..
			95,861	382,284
			..	95,861
Totals	2,712,855	2,999,278	..	286,423

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1933-34, COMPARED WITH THE YEAR 1932-33.

	1933-34.	1932-33.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer	675,096	709,739	..	34,643
Tobacco, cigars, and cigarettes	1,611,678	1,618,537	..	6,859
Apparel and textiles	686,175	853,553	..	167,378
Motor-vehicles and parts*	168,854	117,739	51,115	..
Other goods	2,786,707	2,106,823	679,884	..
Primage and surtax	556,503	725,023	..	168,520
Totals	6,485,013	6,131,414	730,999 377,400	377,400
			353,599	

* Excluding tire-tax and petrol-tax earmarked to Main Highways.

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1933.

	Year ended 31st March, 1934.	Year ended 31st March, 1933.	Increase.	Decrease.
	£	£	£	£
Permanent Appropriations :—				
Under special Acts of Legislature,—				
Civil List	22,505	22,184	321	..
Debt Services—				
Interest	8,836,467	8,498,681	337,786	..
Amortization of debt—				
Sinking fund	10,859	9,855	1,004	..
Repayment of Public Debt Act, 1925	1,392,257	1,291,182	101,075	..
Transfers to Loans Redemption Account	9,843	7,408	2,435	..
Administration and management	61,045	48,029	13,016	..
Payments on guaranteed loans	86,861	34,860	52,001	..
Total—Debt Services	10,397,332	9,890,015	507,317	..
Other Services—				
Education	53,221	51,938	1,283	..
Contribution towards Singapore Naval Base	100,000	100,000	..	..
Other grants and subsidies	35,875	31,668	4,207	..
Salaries and honoraria	56,013	59,133	..	3,120
Pensions	25,081	24,092	989	..
Motor-taxation—				
Transfers to Main Highways Account	1,079,097	1,059,941	19,156	..
Paid to boroughs	100,060	98,591	1,469	..
Expenses of collecting, &c... .. .	22,680	21,175	1,505	..
Advances	Cr. 4,630	11,991	..	16,621
Other special Acts—				
Cost of exchange on the purchase from banks of surplus sterling in London .. .. .	..	470,338	..	470,338
Exchange on remittances of public moneys to or from countries overseas	1,797,188	342,113	1,455,075	..
Miscellaneous	65,732	10,029	55,703	..
Total—Other Services	3,330,317	2,281,009	1,539,387	490,079
Total—Permanent Appropriations	13,750,154	12,193,208	2,047,025	490,079

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1933—continued.

	Year ended 31st March, 1934.	Year ended 31st March, 1933.	Increase.	Decrease.
	£	£	£	£
Annual Appropriations :—				
Vote,—				
Legislative	74,107	86,787	..	12,680
Prime Minister's Department	23,991	22,181	1,810	..
Finance—				
Treasury	31,080	27,259	3,821	..
Customs	83,511	78,235	5,276	..
Land and Income Tax	59,367	62,395	..	3,028
Stamp Duties	77,400	77,966	..	566
Audit	22,218	19,767	2,451	..
Total—Finance	273,576	265,622	11,548	3,594
General Administration—				
Public Service Commissioner's Office	4,349	4,290	59	..
Internal Affairs	320,414	523,418	..	203,004
External Affairs	81,160	83,094	..	1,934
Printing and Stationery	137,901	122,566	15,335	..
Marine	103,488	91,754	11,734	..
Labour	35,484	42,822	..	7,338
Native	65,163	56,744	8,419	..
Valuation	36,608	29,997	6,611	..
Electoral	5,642	5,924	..	282
Total—General Administration	790,209	960,609	42,158	212,558
Law and Order—				
Justice and Prisons	241,207	251,786	..	10,579
Crown Law Office	4,723	4,451	272	..
Police	427,344	426,988	356	..
Total—Law and Order	673,274	683,225	628	10,579
Defence—				
Naval Defence	397,384	362,094	35,290	..
Defence	264,724	207,827	56,897	..
Total—Defence	662,108	569,921	92,187	..
Maintenance—				
Maintenance of Public Buildings	44,017	35,223	8,794	..
Maintenance and Repairs to Roads	9,831	5,046	4,785	..
Maintenance of Irrigation Works, &c.	12,687	12,102	585	..
Maintenance of Unopened Lines	5,868	..	5,868	..
Total—Maintenance	72,403	52,371	20,032	..
Development of Primary and Secondary Industries—				
Lands and Survey	151,658	144,911	6,747	..
Agriculture	675,464	555,614	119,850	..
Industries and Commerce, Tourist, and Publicity	118,235	61,227	57,008	..
Scientific and Industrial Research	48,749	51,768	..	3,019
Mines	19,540	20,802	..	1,262
Transport	23,096	17,195	5,901	..
Total—Development of Primary and Secondary Industries	1,036,742	851,517	189,506	4,281
Social Services—				
Health	741,846	708,449	33,397	..
Mental Hospitals	233,501	240,047	..	6,546
Education	2,526,078	2,620,226	..	94,148
Pensions	3,260,109	3,139,225	120,884	..
National Provident and Friendly Societies	80,285	89,266	..	8,981
Total—Social Services	6,841,819	6,797,213	154,281	109,675
Unauthorized Expenditure,—				
Services not provided for	3,644	45,725	..	42,081
Total—Annual Appropriations	10,451,873	10,335,171	512,150	395,448
			2,559,175	885,527
Total Expenditure	24,202,027	22,528,379	1,673,648	..

Table No. 9.

NET EXPENDITURE.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934.

	Net Appropriations, 1933-34.	Actual Net Expenditure, 1933-34.	Difference.	
			More.	Less.
PERMANENT APPROPRIATIONS :—				
Under Special Acts of the Legislature,—	£	£	£	£
Civil List	22,745	22,505	..	240
Debt services—				
Interest	8,913,834	8,836,467	..	77,367
Amortization of Debt—				
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt Act, 1925	1,366,448	1,392,257	25,809	..
Transfers to Loans Redemption Account	9,500	9,843	343	..
Securities redeemed	1,000	..	..	1,000
Administration and Management	55,000	61,045	6,045	..
Payments on Guaranteed Loans	88,840	86,861	..	1,979
Total—Debt services	10,445,481	10,397,332	32,197	80,346
Other services—				
Education	53,221	53,221	..	..
Other Grants and Subsidies	130,800	135,875	5,075	..
Salaries and Honoraria	55,450	56,013	563	..
Pensions	24,081	25,081	1,000	..
Motor-taxation	1,179,000	1,201,837	22,837	..
Exchange	1,790,000	1,797,188	7,188	..
Other Special Acts	53,470	61,102	7,632	..
Total—Other services	3,286,022	3,330,317	44,295	..
TOTAL—PERMANENT APPROPRIATIONS	13,754,248	13,750,154	76,492	80,586
ANNUAL APPROPRIATIONS :—				
Vote,—				
Legislative	81,614	74,107	..	7,507
Prime Minister's Department	22,377	23,991	1,614	..
Finance—				
Treasury	34,133	31,080	..	3,053
Customs	86,710	83,511	..	3,199
Land and Income Tax	63,360	59,367	..	3,993
Stamp Duties	81,455	77,400	..	4,055
Audit	23,480	22,218	..	1,262
Total—Finance	289,138	273,576	..	15,562
General Administration—				
Public Service Commissioner's Office	4,965	4,349	..	616
Internal Affairs	325,622	320,414	..	5,208
External Affairs	87,700	81,160	..	6,540
Printing and Stationery	145,768	137,901	..	7,867
Marine	106,617	103,488	..	3,129
Labour	39,618	35,484	..	4,134
Native	61,563	65,163	3,600	..
Valuation	39,314	36,608	..	2,706
Electoral	5,700	5,642	..	58
Total—General Administration	816,867	790,209	3,600	30,258
Law and Order—				
Justice	257,917	241,207	..	16,710
Crown Law Office	5,109	4,723	..	386
Police	436,068	427,344	..	8,724
Total—Law and Order	699,094	673,274	..	25,820
Defence—				
Naval Defence	405,245	397,384	..	7,861
Defence	283,703	264,724	..	18,979
Total—Defence	688,948	662,108	..	26,840
Maintenance—				
Maintenance of Public Buildings	59,000	44,017	..	14,983
Maintenance and Repairs to Roads	11,600	9,831	..	1,769
Maintenance of Irrigation Works, &c.	14,000	12,687	..	1,313
Maintenance of Unopened lines	6,000	5,868	..	132
Total—Maintenance	90,600	72,403	..	18,197

Table No. 9—*continued.*NET EXPENDITURE—*continued.*COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1934—*contd.*

	Net Appropriations, 1933-34.	Actual Net Expenditure, 1933-34.	Difference.	
			More.	Less.
	£	£	£	£
ANNUAL APPROPRIATIONS— <i>continued.</i>				
Vote— <i>continued.</i>				
Development of Primary and Secondary Industries—				
Lands and Survey	171,909	151,658	..	20,251
Agriculture	689,172	675,464	..	13,708
Industries and Commerce, Tourist, and Publicity	119,617	118,235	..	1,382
Scientific and Industrial Research	47,727	48,749	1,022	..
Mines	24,134	19,540	..	4,594
Transport	25,594	23,096	..	2,498
Total—Development of Primary and Secondary Industries	1,078,153	1,036,742	1,022	42,433
Social Services—				
Health	749,266	741,846	..	7,420
Mental Hospitals	252,000	233,501	..	18,499
Education	2,560,015	2,526,078	..	33,937
Pensions	3,290,069	3,260,109	..	29,960
National Provident and Friendly Societies	84,457	80,285	..	4,172
Total—Social Services	6,935,807	6,841,819	..	93,988
Unauthorized Expenditure,—				
Services not provided for .. .. .	..	3,644	3,644	..
TOTAL—ANNUAL APPROPRIATIONS	10,702,598	10,451,873	9,880	260,605
			86,372	341,191
			..	86,372
TOTAL EXPENDITURE	24,456,846	24,202,027	..	254,819

Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR 1934-35, COMPARED WITH ACTUAL NET EXPENDITURE FOR 1933-34.

	Estimate for 1934-35.	Actual for 1933-34.	Difference.	
			Increase.	Decrease.
Permanent Appropriations,—	£	£	£	£
Civil List	23,637	22,505	1,132	..
Debt services—				
Interest	8,119,497	8,836,467	..	716,970
Sinking Fund	10,859	10,859	..	..
Repayment of Public Debt	1,546,000	1,392,257	153,743	..
Administration and Management	49,500	61,045	..	11,545
Payments of Guaranteed Loans, Redemptions, and Transfers	51,340	96,704	..	45,364
Total—Debt services	9,777,196	10,397,332	153,743	773,879
Under Special Acts of the Legislature—				
Education	87,207	53,221	33,986	..
Other Grants	135,500	135,875	..	375
Salaries and Honoraria	58,977	56,013	2,964	..
Pensions	40,375	25,081	15,294	..
Motor Taxation	1,361,500	1,201,837	159,663	..
Exchange	1,305,000	1,797,188	..	492,188
Other Special Acts	63,550	61,102	2,448	..
Total—Permanent appropriations	3,052,109	3,330,317	214,355	492,563
Total—Permanent appropriations	12,852,942	13,750,154	369,230	1,266,442
Annual Appropriations,—				
Legislative	81,258	74,107	7,151	..
Prime Minister's Department	22,900	23,991	..	1,091
Finance—				
Treasury	37,902	31,080	6,822	..
Customs	84,000	83,511	489	..
Land and Income Tax	62,689	59,367	3,322	..
Stamp Duties	76,000	77,400	..	1,400
Audit	24,833	22,218	2,615	..
Total	285,424	273,576	13,248	1,400
General Administration—				
Public Service Commissioner's Office	4,788	4,349	439	..
Internal Affairs	304,997	320,414	..	15,507
External Affairs	92,433	81,160	11,273	..
Printing and Stationery	147,000	137,901	9,099	..
Marine	106,500	103,488	3,012	..
Labour	37,629	35,484	2,145	..
Native	59,000	65,163	..	6,163
Valuation	38,000	36,608	1,392	..
Electoral	5,262	5,642	..	380
Total	795,519	790,209	27,360	22,050
Law and Order—				
Justice and Prisons	241,902	241,207	695	..
Crown Law	5,434	4,723	711	..
Police	436,000	427,344	8,656	..
Total	683,336	673,274	10,062	..
Defence—				
Naval Defence	453,037	397,384	55,653	..
Defence	524,600	264,724	259,876	..
Total	977,637	662,108	315,529	..
Maintenance of Public Works and Services	83,000	72,403	10,597	..
Development of Primary and Secondary Industries—				
Lands and Survey	165,389	151,658	13,731	..
Agriculture	479,992	675,464	..	195,472
Industries and Commerce, Tourist, and Publicity	119,000	118,235	765	..
Scientific and Industrial Research	49,000	48,749	251	..
Mines	24,000	19,540	4,460	..
Transport	25,000	23,096	1,904	..
Total	862,381	1,036,742	21,111	195,472
Social Services—				
Health	755,000	741,846	13,154	..
Mental Hospitals	233,000	233,501	..	501
Education	2,531,515	2,526,078	5,437	..
Pensions	3,359,998	3,260,109	99,889	..
National Provident and Friendly Societies	81,000	80,285	715	..
Total	6,960,513	6,841,819	119,195	501
Services not provided for .. .. .	..	3,644	..	3,644
Total—Annual appropriations	10,751,968	10,451,873	524,253	224,158
Total—Annual appropriations			893,483	1,490,600
Total—Annual appropriations				893,483
Totals	23,604,910	24,202,027	..	597,117

Table No. 11.
PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1934, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1933.

Vote	Year ended 31st March, 1934.	Year ended 31st March, 1933.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental	98,703	104,904	..	6,201
Railway-construction	<i>Cr.</i> 13,894	69,603	..	83,497
Railways Improvement and Additions to Open Lines	146,005	91,250	54,755	..
Public Buildings—				
General	642	2,107	..	1,465
Courthouses	72	970	..	898
Education Buildings	52,239	52,623	..	384
Prison Buildings and Works	1,018	2,026	..	1,008
Police-stations	74	1,022	..	948
Postal and Telegraph	21,078	2,763	18,315	..
Mental Hospital Buildings	73,021	28,756	44,265	..
Health and Hospital Institutions	1,248	300	948	..
Timber-supply and Sawmills, &c. .. ..	*	..	..	..
Acquisition and Operation of Quarries .. ..	*	..	..	..
Lighthouses	1,276	688	588	..
Harbour-works	11,988	<i>Cr.</i> 5,277	17,265	..
Development of Tourist Resorts	13,510	14,454	..	944
Roads, &c.	359,671	396,559	..	36,888
Telegraph Extension	144,160	99,999	44,161	..
Lands, Miscellaneous	71,825	38,906	32,919	..
Irrigation, Water-supply, and Drainage	66,838	53,290	13,548	..
Swamp Land Drainage	13,959	14,807	..	848
Plant, Material, and Services	1,421	<i>Cr.</i> 45,463	46,884	..
Settlement of Unemployed Workers	172,109	118,722	53,387	..
Native Land Settlement	179,485	..	179,485	..
			506,520	133,081
			133,081	..
Totals	1,416,448	1,043,009	373,439	..

* Now included under "Plant, Material, and Services."

Table No. 12.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1934.

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 Loan Act, 1864	..	..	..	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	..	..	..	5,060,613	0	3			
Aid to Public Works and Land Settlement Act, 1922	..	..	..	4,408,860	12	3			
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	..	..	..	750,000	0	0			
Finance Act, 1920, Section 15	..	..	..	2,500,000	0	0			
Finance Act, 1921, Section 10	..	..	..	2,673,111	10	11			
Finance Act, 1923, Section 2	..	..	..	4,306,608	17	6			
Finance Act, 1924, Section 2	..	..	..	2,086,274	6	11			
Finance Act, 1925, Section 2	..	..	..	4,151,450	10	2			
Finance Act, 1926, Section 2	..	..	..	5,220,134	10	7			
Finance Act, 1927 (No. 2), Section 2	..	..	..	4,319,594	10	3			
Finance Act, 1928, Section 2	..	..	..	3,185,132	14	8			
Finance Act, 1929, Section 2	..	..	..	4,017,764	4	6			
Finance Act, 1930 (No. 2), Section 2	..	..	..	3,000,000	0	0			
Finance Act, 1931 (No. 4), Section 2	..	..	..	1,358,380	0	0			
Stock issued for Expenses of Conversion, 1930-31	..	..	..	360,835	18	0			
Post and Telegraph Act, 1908	..	..	..	200,000	0	0			
Midland Railway Petitions Settlement Acts, 1902 and 1903	..	..	..	150,000	0	0			
Paeroa-Waihi Railways Act, 1903	..	..	..	75,000	0	0			
Waikaka Branch Railway Act, 1905	..	..	..	50,000	0	0			
Appropriation Act, 1912	..	..	..	15,000	0	0			
Irrigation and Water-supply Act, 1912	..	..	..	100,000	0	0			
Balances transferred from Separate Accounts, 1931-32—	£	s.	d.						
Waihou and Ohinemuri Rivers Improvement Account	5,518	10	10						
Education Loans Account	..	..	..	12,867	3	9			
Railways Improvement Authorization Act 1914 Account	420,783	17	4						
Native Land Settlement Account	..	..	..	3,445	4	10			
Hauraki Plains Settlement Account	..	..	..	44	10	4			
Rangitaiki Land Drainage Account	10,797	5	0						
Swamp Land Drainage Account	9,008	19	1						
				19,850	14	5			
Utilized for redemptions	..	..	..	19,850	14	5			
				442,614	16	9			
							107,433,453	0	8
RECEIPTS IN AID :—									
Amount transferred from Consolidated Fund	..	..	..	14,555,000	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			
Carried forward	..	..	..	14,922,474	9	4			
							107,433,453	0	8

Table No. 12—continued.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1934—continued.

WAYS AND MEANS—continued.		£	s. d.	£	s. d.
Brought forward		14,922,474	9 4	107,433,453	0 8
RECEIPTS IN AID—continued.					
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		68,183	0 3		
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		
Finance Act, 1932, Section 7 (4)—					
Sale of land under Hauraki Plains Act, 1926		2,021	3 1		
Settlement of Unemployed Workers		7,584	3 8		
Receipts under Section 12 of Native Land Amendment Act, 1932 ..		2,128	14 1		
				15,686,635	13 11
				£123,120,088	14 7
NET EXPENDITURE.					
Expenditure on—					
Immigration		3,313,791	3 1		
Public Works, Departmental		2,975,391	6 0		
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders		56,333,420	8 10		
Roads		22,171,077	16 8		
Land-purchases		2,054,023	13 8		
Settlement of Unemployed Workers		290,830	17 3		
Development of Mining		881,015	0 11		
Telegraph Extension		11,424,605	1 2		
Public Buildings		11,770,518	7 8		
Lighthouses, Harbour-works, and Harbour-defences		1,312,524	17 2		
Contingent Defence		1,401,847	5 3		
Rates on Native Lands		68,671	16 10		
Thermal Springs		14,599	13 2		
Development of Tourist Resorts		691,298	6 10		
Lands Improvement		809,763	17 5		
Swamp Land Drainage		28,469	13 0		
Plant, Material, and Services		129,644	17 3		
Charges and Expenses of raising Loans		3,827,707	3 7		
Coal-mines		10,835	8 0		
Interest and Sinking Fund		218,500	0 0		
Irrigation and Water-supply		1,126,524	5 0		
Timber Supply, Sawmills, &c.		*			
Acquisition and Operation of Quarries		*			
Motor Transport Service		33,635	5 3		
Transfer to Main Highways Account, Construction Fund		1,226,000	0 0		
Native Land Settlement		179,432	8 1		
				122,294,128	12 1
Balance on 31st March, 1934,—					
Cash in the Public Account		767,112	14 0		
Investments		58,847	8 6		
				825,960	2 6
				£123,120,088	14 7

* Included in plant, material, and services.

Table No. 13.

STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1924, TO 31ST MARCH, 1934.

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.
1924-1925 ..	22,526	15 9	63,690	15 3	86,217	11 0
1925-1926 ..	30,265	7 9	26,257	3 7	56,522	11 4
1926-1927 ..	27,913	18 1	45,418	12 4	73,332	10 5
1927-1928 ..	15,942	15 4	51,560	10 5	67,503	5 9
1928-1929 ..	7,959	7 3	43,312	14 4	51,272	1 7
1929-1930 ..	22,205	12 8	41,407	0 0	63,612	12 8
1930-1931 ..	4,585	0 0	129,903	7 1	134,488	7 1
1931-1932 ..	18,698	6 0	19,182	17 10	37,881	3 10
1932-1933 ..	45,724	18 4	16,005	18 3	61,730	16 7
1933-1934 ..	3,643	17 10	8,326	0 3	11,969	18 1
					27,390	19 0
					30,811	19 2
					1,581	10 7
					10,740	8 2
					11,891	14 4
					111,433	6 11
					3,450	8 7
					21,577	6 4
					40,160	8 3
					8,288	2 5
					101,970	16 2
					23,665	13 8
					2,801	18 9
					49,604	6 11
					20,639	17 2
					24,827	8 0
					1,586	13 11
					1,376	10 3
					159,558	6 8
					139,525	9 7
					60,835	0 5
					20,259	12 11

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1934, AS COMPARED WITH THE 31ST MARCH, 1933.

Account.	1934.			1933.		
	Balance on 31st March, 1934.	Liabilities on 31st March, 1934.	Unexhausted Authority for raising Loan on 1st April, 1934.	Balance on 31st March, 1933.	Liabilities on 31st March, 1933.	Unexhausted Authority for raising Loan on 1st April, 1933.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue	16,027,720	221,773	..	613,164	219,090	..
Public Works Fund—						
General Purposes	825,960	184,202	3,761,634	1,320,971	127,956	4,621,199
Electric Supply	416,260	51,274	488,990	133,430	94,128	1,033,990
Electric Supply Sinking Fund	107,871	..	..	83,792	..	..
Bank of New Zealand Shares	1,859,375	..	..	1,859,375	..	..
Discharged Soldiers Settlement	427,969	109	..	260,369	438	..
Land for Settlements	72,570	3,963	6,278,000	57,805	13,103	6,278,000
Loans Redemption	414,500	..	..	303,658	..	..
Loans Redemption Account Part II .. ..	..	..	..	6,398	..	..
Conversion Account .. ..	..	..	..	..	..	..
Main Highway—						
Revenue Fund	181,907	71,672	..	204,891	63,962	..
Construction Fund	68,507	28,637	487,400	57,787	20,327	690,400
Native Land Settlement .. ..	..	..	..	3,445	49,156	..
Public Debt Repayment	47,963	..	..	429,117	..	..
Reserve Fund	406,692	..	..	478,549	189,315	..
Samoan Loan Suspense .. ..	..	..	4,800	..	..	4,800
Silver and Bronze Coinage Account	22,714	307	..	..	..	..
State Coal-mines	66,101	15,094	55,000	65,976	15,469	55,000
State Coal-mines Sinking Fund	8,422	..	..	8,299	..	..
State Forests	25,792	7,025	606,225	14,299	5,141	681,225
Unemployment Fund	621,518	220,000	..	424,426	154,801	..
Working Railways	1,731,561	208,392	..	1,265,300	207,158	..
State Advances Loan	171	..	10,263,115	171	..	10,215,145
<i>Additional Unexhausted Authorities for raising Loans.</i>						
Government Accident Insurance Act, 1908 .. ..	..	..	23,000	..	..	23,000
State Fire Insurance Act, 1908 .. ..	..	..	98,000	..	..	98,000
Totals	23,333,573	1,012,448	22,066,164	7,591,222	1,160,044	23,700,759

Table No. 15.

PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH FROM 1930 TO 1934.

	Year ended 31st March,				
	1930.	1931.	1932.	1933.	1934.
	£	£	£	£	£
War	1,204,422	1,245,499	1,261,778	1,217,586	1,246,441
Old-age	1,105,069	1,158,788	1,277,107	1,271,157	1,350,982
Widows'	322,886	325,998	340,162	311,317	302,020
Miners'	51,676	58,441	69,785	62,563	56,810
Maori War	11,510	9,101	7,582	5,831	4,522
Epidemic	7,309	6,322	5,580	4,197	3,290
Civil Service Act, 1908	10,547	9,251	7,861	6,453	5,917
Defence Act, 1909	2,573	2,620	2,483	2,176	2,163
Judicature Act, 1908	3,333	2,285	1,833	1,833	2,272
Police	789	1,741	1,054	1,166	1,384
Blind	14,716	15,796	16,710	18,065	19,306
Family Allowance	60,876	63,608	90,100	122,810	146,766
Sundry	6,589	6,588	6,501	6,627	8,022
Totals	2,802,295	2,906,038	3,088,536	3,031,781	3,149,895

Table No. 16.

EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING UNIVERSITY, PRIMARY, SECONDARY, AND HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, AND CHILD WELFARE, 1913-14 TO 1933-34.

Year.	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	Vote, Education (excluding Superannuation Subsidies).	Revenue from Reserves.	Subsidies to Teachers' Superannuation Fund.	Public Works Fund.	Education Loans Account.		
	£	£	£	£	£	£	£	£	£ s. d.
1913-14 ..	27,742	50,681	1,131,756	71,808	17,000	121,954	..	1,420,941	1 5 3
1914-15 ..	26,128	55,139	1,207,983	70,802	17,000	122,940	..	1,499,992	1 6 2
1915-16 ..	46,874	64,858	1,329,166	84,390	17,000	97,972	..	1,640,260	1 8 6
1916-17 ..	58,408	60,180	1,406,264	90,535	17,000	70,367	..	1,702,754	1 9 8
1917-18 ..	59,362	70,345	1,511,256	90,518	17,000	63,082	..	1,811,563	1 11 5
1918-19 ..	57,716	76,177	1,602,995	92,095	43,000	115,656	..	1,987,639	1 14 1
1919-20 ..	79,747	78,988	2,031,825	99,352	43,000	195,500	..	2,528,412	2 1 10
1920-21 ..	101,972	70,313	2,460,116	100,758	43,000	244,722	214,571	3,235,452	2 11 8
1921-22 ..	96,217	71,737	2,580,562	105,448	43,000	2,469	563,411	3,462,844	2 13 10
1922-23 ..	90,393	66,610	2,514,991	112,378*	68,000	..	361,976	3,214,348	2 9 0
1923-24 ..	96,506	77,788	2,604,508	116,808*	68,000	..	295,681	3,259,291	2 8 11
1924-25 ..	128,844	86,746	2,752,271	118,973*	68,000	..	462,212	3,617,046	2 13 2
1925-26 ..	111,389	87,512	2,854,719	119,978*	70,952	..	564,946	3,809,496	2 14 9
1926-27 ..	115,499	88,545	2,954,597	119,073*	71,452	..	550,954	3,900,120	2 14 11
1927-28 ..	127,289	90,518	2,974,615	123,247*	71,497	..	369,134	3,756,300	2 12 1
1928-29 ..	137,233	94,934	3,067,296	127,444*	71,749	..	375,423	3,874,079	2 13 1
1929-30 ..	140,561	87,420	3,193,828	129,531*	146,781	..	428,764	4,126,885	2 15 10
1930-31 ..	125,331	94,506	3,230,200	106,405*	46,907	..	491,974	4,095,323	2 14 8
1931-32 ..	82,163	79,375	2,851,922	88,207*	46,935	259,148	..	3,407,750	2 4 11
1932-33 ..	..	51,938	2,574,929	85,716*	47,043	52,623	..	2,812,249	1 16 9
1933-34 ..	..	53,221	2,480,055†	107,129	46,784	51,435	..	2,738,624	1 15 6

* Net revenue after deducting expenses and cost of collection.

† Includes £760 charged to "Unauthorized."

In addition, post-primary schools and University colleges derive direct income (amounting for 1933-34 to £54,625) from reserves vested in them.

The following amounts were also paid out of the Government Fire Insurance Fund for rebuilding school buildings destroyed by fire:—

	£
1916-17 ..	2,127
1917-18 ..	2,658
1919-20 ..	15,682
1920-21 ..	16,162
1921-22 ..	27,103
1922-23 ..	8,542
1923-24 ..	12,490
1924-25 ..	32,829
1925-26 ..	4,938
1926-27 ..	10,337
1927-28 ..	12,474
1928-29 ..	12,197
1929-30 ..	6,357
1930-31 ..	6,671
1931-32 ..	7,768
1932-33 ..	6,424
1933-34 ..	3,846

Table No. 17.

STATE BALANCE-SHEET AS AT 31ST MARCH, 1933.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
Capital—			Land and buildings, including Crown, settlement and endowment land, departmental land and buildings..	41,863,827	11 4
Public debt*	284,872,957	15 5	State forests, nurseries, and plantations	37,966,683	18 7
Rural Advances bonds	4,213,050	0 0	Railways, including permanent-way and works, rolling-stock, and unopened lines	58,843,309	3 5
Public Debt Redemption Fund	19,225,644	10 6	Telegraphs, telephones, and wireless systems	10,929,750	12 2
Creditors—			Electrical schemes	12,109,989	15 7
Sundry	1,698,538	6 6	Drainage and irrigation schemes	3,908,354	1 2
Interest on debentures and stock due and unpaid	15,911	9 2	Collieries, sawmills, quarries, &c.	403,061	9 0
Interest accrued but not due	833,171	3 5	Armament and military stores, aviation equipment	2,903,408	11 8
Wages and other payments accrued	8,326	1 4	Oyster-beds, fish-hatcheries, equipment, &c.	123,647	10 7
Payments in advance, &c.	423,864	4 4	Wharves, bridges, harbour-works, lighthouses, &c.	827,671	14 3
Reserves—			Plant, material, and furniture	3,293,915	13 6
General	3,845,881	4 3	Libraries, books, museum exhibits, stationery, stamps, &c.	371,593	17 9
Sinking Fund and reserves for loan redemption	3,515,827	7 4	Live and dead stock, farm crops, &c.	177,393	1 4
Depreciation	7,286,761	11 2	Government steamers, launches, motor-cars, &c.	573,274	16 4
Fire, accident, and marine insurance, bad debts, &c.	749,219	5 7	Advances on loan or mortgage	58,953,799	8 5
Amount held on deposit	472,680	10 9	Debtors—		
Suspense	122,741	10 4	Sundry	2,556,584	11 6
Post Office investment and war-loan certificates	2,003,531	8 9	Unpaid purchase-price of land and buildings	1,466,200	3 2
Miscellaneous liabilities	26,000	17 10	Postponed rents, &c.	373,045	5 0
Excess of assets over liabilities	56,720,625	6 10	Interest and rent, due and unpaid, and due and accrued	3,001,897	11 6
			Principal and interest	707,752	15 3
			Special investments—		
			Nauru phosphate rights	565,040	0 0
			Bank of New Zealand shares	2,109,375	0 0
			Public Trust Office (Public Debt Redemption Fund)	7,966,688	11 2
			Special assets of various accounts—		
			Native land schemes, &c.	849,606	11 9
			Unallocated loan charges	577,697	0 0
			Earthquake expenditure	53,931	18 8
			Payments in advance	224,201	3 5
			Properties acquired by Crown and properties in course of realization	854,605	16 11
			Investments—		
			Reserve Fund	377,702	3 4
			Sinking funds	348,099	6 5
			Miscellaneous, including investment of Treasury accounts	8,692,751	5 2
			National Development Account—		
			Expenditure on—		
			Main highways, roads, &c.	27,246,371	19 1
			Development of mining	867,727	15 11
			Education	8,073,576	15 9
			Immigration	3,320,005	14 7
			Harbour-works	1,033,787	3 10
			Land-development	636,827	1 3
			Cost of raising loans	41,922	10 3
			Settlement of unemployed workers	118,721	14 1
				41,338,940	14 9
			Other loan expenditure—		
			War expenditure	66,534,446	2 5
			Naval defence	1,389,656	1 5
			Local bodies	3,037,229	19 2
			Maori-land settlement	247,050	0 0
			Miscellaneous	6,159,391	3 1
				77,367,773	6 1
			Cash—		
			New Zealand Government Indemnity Exchange Account	1,530,000	0 0
			Public Account	1,335,021	9 5
			Receiver-General	12,978	0 3
			State Advances Office Account	104,083	1 2
			Post Office or Post Office Savings-bank	299,272	5 11
			Deposit accounts	20,564	5 2
			In hand and in transit	41,044	6 5
			Miscellaneous assets	10,194	16 0
				£386,034,732	13 6

NOTES.—(1) To account for the whole public debt, loan expenditure on war and other purposes not represented by tangible assets has been included in the assets under the heading of "Other loan expenditure." Interest is received in respect to portion of the local bodies' loan expenditure.

(2) Included in the above Balance-sheet are assets and liabilities from the Native Land Settlement Account and New Zealand Reparation Estates Balance-sheets, which had not been audited at the date of preparation of the State Balance-sheet.

(3) Contingent liabilities—

	£	s. d.
Subsidies (not including accumulated interest) short paid to—		
Teachers' Superannuation Fund	1,169,084	0 0
Public Service Superannuation Fund	1,898,843	0 0
	3,067,927	0 0
Excess of subsidies recommended by Actuary over subsidies paid: Railways Superannuation Fund	1,020,000	0 0
	4,087,927	0 0
Local authorities loans guaranteed by Government	3,702,219	0 0
Less accumulated sinking fund	817,023	17 11
	2,885,195	2 1
	£6,973,122	2 1

* The analysis of the public debt on 31st March, 1933, was as follows:—

	£
Ordinary debt	169,826,539
War debt	66,724,765
State Advances debt	35,235,841
Discharged soldiers debt	9,120,476
Treasury bills issued in anticipation of revenue, outstanding 31st March, 1933	1,585,000
Treasury bills issued under Banks Indemnity (Exchange) Act, 1932-33, outstanding, 31st March, 1933	2,380,337
	£284,872,958

Table No. 18
PUBLIC DEBT.

STATEMENT SHOWING MATURITY DATES AND DOMICILE OF DEBT OUTSTANDING AS AT 31ST MARCH, 1934.

Year of Maturity (Year ended 31st March).	Due in				Total.
	London.	Australia.	New Zealand.		
			Public.	Departments.	
	£	£	£	£	£
Overdue .. .. .	..	500	43,870	..	44,370
1925-45	2,090,909	..	..	..	2,090,909*
1933-43†	3,989,100	..	10,900	..	4,000,000
1934-35	37,000	725,700	319,260‡	..	1,081,960
1935-36	120,800	186,700	24,620	..	332,120
1935-45†	10,135,800	..	..	..	10,135,800
1936-37	7,500	667,750	32,730	..	707,980
1936-51†	5,869,989	..	..	..	5,869,989
1937-38 .. .. .	..	92,200	254,300	..	346,500
1937-40|| .. .. .	..	..	12,430,835	..	12,430,835
1938-39	4,000	3,000	19,330	..	26,330
1938-41 .. .. .	..	..	2,327,850	..	2,327,850
1939-40	17,173,191	..	17,141	..	17,190,332
1940-43|| .. .. .	..	..	13,747,390	..	13,747,390
1940-41 .. .. .	..	..	15	..	15
1941-42 .. .. .	..	17,300	39,600	..	56,900
1943-44	7,339,656	..	..	..	7,339,656
1943-46|| .. .. .	..	..	10,301,785	..	10,301,785
1943-63†	10,505,989	..	378,639	..	10,884,628
1944-45	7,780,408	..	..	..	7,780,408
1945-46	22,543,590	..	2,500	..	22,546,090
1946-49|| .. .. .	..	..	9,475,395	..	9,475,395
1947-48	11,221,609	..	..	..	11,221,609
1948-49 .. .. .	..	..	..	10,500	10,500
1948-58†	19,225,465	..	..	..	19,225,465
1949-50	7,500,000	..	..	..	7,500,000
1949-52|| .. .. .	..	..	13,724,655	..	13,724,655
1949-54†	5,000,000	..	..	..	5,000,000
1950-51	1,250,000	1,215,000	..	..	2,465,000
1952-55|| .. .. .	..	..	11,175,530	..	11,175,530
1955-56 .. .. .	..	..	..	353,706	353,706
1956-71†	5,000,000	..	..	..	5,000,000
1956-57	12,900	..	..	4,048,020	4,060,920
1957-58	24,100,199¶	..	..	13,425,838	37,526,037
1958-59 .. .. .	..	..	..	15,626,466	15,626,466
1959-60 .. .. .	..	..	..	8,327,885	8,327,885
	160,908,105	2,908,150	74,326,345	41,792,415	279,935,015
Floating debt—					
Treasury bills issued in anti- cipation of revenue	..	..	3,372,109	80,000	3,452,109
Treasury bills issued under the Banks Indemnity (Ex- change) Act, 1932-33	..	..	16,509,872	2,895,000	19,404,872
Totals	160,908,105	2,908,150	94,208,326	44,767,415	302,791,996
			138,975,741		

* Advances by Imperial Government for State Advances purposes.
or after the earlier date on giving notice in the *London Gazette*.
and £212,500 deed security for repayment of purchase-money. Horahora electric-power works.
has option to redeem on or after the earlier date on giving three months notice in *New Zealand Gazette*.

† Government has option to redeem on
‡ Includes £65,000 redemption Treasury bill
§ Government
¶ Imperial

Government advances funded in terms of section 8, Finance Act, 1922.

Table No. 19.
PUBLIC DEBT.

STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF £27,532,164 ADVANCED BY THE IMPERIAL GOVERNMENT AND FUNDED IN TERMS OF THE AGREEMENT DATED 6TH SEPTEMBER, 1922.

Date Instalments paid.				Interest.	Principal.	Balance of Debt outstanding.
				£	£	£
1st December, 1922	..	..	..	684,794	141,171	27,390,993
1st June, 1923	..	..	..	681,282	144,683	27,246,310
1st December, 1923	..	..	..	677,684	148,281	27,098,029
1st June, 1924	..	..	..	673,996	151,969	26,946,060
1st December, 1924	..	..	..	670,216	355,749*	26,590,311
1st June, 1925	..	..	..	661,367	164,598	26,425,713
1st December, 1925	..	..	..	657,274	168,691	26,257,022
1st June, 1926	..	..	..	653,078	172,887	26,084,135
1st December, 1926	..	..	..	648,778	177,187	25,906,948
1st June, 1927	..	..	..	644,370	181,595	25,725,353
1st December, 1927	..	..	..	639,854	186,111	25,539,242
1st June, 1928	..	..	..	635,225	190,740	25,348,502
1st December, 1928	..	..	..	630,481	195,484	25,153,018
1st June, 1929	..	..	..	625,618	200,346	24,952,672
1st December, 1929	..	..	..	620,635	205,330	24,747,342
1st June, 1930	..	..	..	615,528	210,437	24,536,905
1st December, 1930	..	..	..	610,294	215,671	24,321,234
1st June, 1931	..	..	..	604,930	221,035	24,100,199
1st December, 1931†	..	..	..	..	..	24,100,199

* Includes £200,000 paid off the Naval Defence Loan in terms of the clause by which New Zealand has the right, on giving three months' notice, to repay at par any part of the principal.

† Following on the "Hoover" moratorium, the Imperial Government agreed to postpone the instalments of principal and interest due in December, 1931, and June, 1932, only one half-yearly payment was therefore made in 1931-32. Further postponements from 1st July, 1932, were agreed to by the Imperial Government. No payments were therefore made in 1932-33 and 1933-34.

Table No. 20.
EXTERNAL TRADE.

STATEMENT SHOWING THE RECORDED, STERLING, AND NEW ZEALAND CURRENCY VALUES OF IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, FROM 1930 TO 1934 (EXCLUDING SPECIE).

Year ended	Exports.		Imports.			Excess of Exports.	
	As Recorded (New Zealand Currency).	Sterling Equivalent.	As Recorded.	Full Sterling Equivalent.	New Zealand Currency Equivalent.	On New Zealand Currency Basis.	On Sterling Basis.
1930 ..	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
1930 ..	48,412	47,933	49,100	49,085	49,430	-1,018*	-1,152*
1931 ..	39,527	37,198	37,938	37,656	39,833	-306*	-458*
1932 ..	33,943	30,857	23,109	22,510	24,761	9,182	8,347
1933 ..	37,510	32,677	22,649	22,049	25,059	12,451	10,628
1934 ..	46,043	36,834	21,478	20,908	26,136	19,907	15,926
Totals ..	205,435	185,499	154,274	152,208	165,219	40,216	33,291

* Excess of imports.

Copy of Loan Prospectus for Over-counter Issue.

SALE OF 5-PER-CENT DEBENTURES OR INSCRIBED STOCK.

PRICE OF ISSUE : PAR. CURRENCY TO 15TH JUNE, 1940, REPAYABLE AT PAR.

THE 5-per-cent. Debentures and Inscribed Stock having currency to 1st September, 1937, are now withdrawn from sale, and the new issue now open for subscription in terms hereof may be withdrawn from sale at any time determined by the Minister of Finance.

*Capital required for General Purposes, including Redemption of Maturing Loans.**Applications :—*

Applications, the amounts in respect of which will require to be lodged in full, will be received on and after the 7th November, 1932, and will not be accepted for less than £50 for Debentures and £100 for Inscribed Stock.

The debentures will be issued in denominations of £50, £100, £500, and £1,000, or such higher denominations as may be arranged, and will be payable to bearer.

Stock will not be issued for any amount under £100, and any sum applied for in excess of £100 must be a multiple of £10.

Lodgments :—

Forms of application may be obtained and lodgments made at any Postal Money-order Office in New Zealand, or at any branch of the Bank of New Zealand in the Dominion, at the Treasury at Wellington, or at the District Treasury Offices at Auckland, Christchurch, and Dunedin.

Provisional receipts will be issued for all payments, and in the case of investments in Debentures these receipts will be exchangeable for Debentures payable to bearer as soon as the latter can be prepared.

In the case of Stock Investments, inscription certificates will be posted to investors when the amounts are inscribed.

Interest :—

Interest on Debentures and Stock will be paid half-yearly, on the 15th June and 15th December, and is *not* free of income-tax.

The provisions of Part IV of the National Expenditure Adjustment Act, 1932, in relation to the Stamp Duty Charge on interest, *do not apply* in respect to securities issued on or after the 10th May, 1932, consequently, interest on the new securities will not be subject to the Stamp Duty Charge under that Act.

Interest will accrue from the date of lodgment, and the first payment of interest will be made on the half-yearly interest date next following the date of lodgment.

Interest on Inscribed Stock will be paid by dividend warrant, which will be transmitted by post or will be credited to a banking account in the Dominion, at the option of subscribers.

Interest on Debentures will be paid on production of coupons, except the first payment, which will be by Treasury cheque.

Both warrants and coupons will be payable, free of exchange, at the Treasury, Wellington, at any Postal Money-order Office in New Zealand, or branch of the Bank of New Zealand in the Dominion.

Payment of interest on securities of this issue may by arrangement and at the discretion of the Minister, be made beyond the Dominion subject to such conditions as the Minister may determine.

Repayment at Maturity :—

Repayment will be made at par on 15th June, 1940, at the Treasury, Wellington, or at any branch of the Bank of New Zealand in the Dominion.

Repayment beyond the Dominion may be made by arrangement and at the discretion of the Minister subject to such conditions as the Minister may determine.

Trustee Investment :—

The issue is an investment authorized by the Trustee Act, 1908, and trustees may invest therein.

Death Duty Stock :—

Up to £400,000 of this issue will be reserved for individual persons who desire to invest in securities which will be available for payment of New Zealand Death Duties. Applications for this class of security, which will be in the form of Inscribed Stock only, must be specially marked. Such Inscribed Stock will not be transferable but may be exchanged by the holder for ordinary Inscribed Stock if so desired.

Inscription of Stock :—

The Stock will be inscribed in accordance with, and the issue will be subject to the provisions of, the New Zealand Inscribed Stock Act, 1917 (read in conjunction with the New Zealand Loans Act, 1908), and the regulations made thereunder, and the inscription-books of the issue will be kept at the Dominion Treasury, at Wellington, where all transfers of Stock will be made. Transfer-forms may be obtained at the Treasury offices at Auckland, Wellington, Christchurch, and Dunedin.

GEO. W. FORBES, Acting Minister of Finance.

The Treasury, Wellington, N.Z., 7th November, 1932.

[Withdrawn from issue, 28th February, 1933.]

Copy of Loan Prospectus for Over-counter Issue.

3¼-PER-CENT. STOCK AND BEARER DEBENTURES.

WITH CURRENCY TO 15TH NOVEMBER, 1941.

NOTICE is hereby given that the sale of New Zealand Government Debentures and Stock is being resumed by way of "over counter" sales through the Post Office and branches of the Banks of issue—the new securities to bear interest at 3¼ per cent. and to be subject to the conditions specified in this circular.

The moneys will be used to facilitate the capital works programme of the Government—*e.g.*, Land Development and Settlement, Forestry, Public Works, and General Purposes—and, in pursuance of Government policy, only works of a reproductive character will be undertaken. A ready response on the part of investors will materially assist in providing continued employment for our citizens, in aiding the maintenance of stability, and generally in smoothing the way to a return of greater prosperity in the Dominion.

The Government therefore with confidence issues this notification to all investors and emphasizes the point that the current issue will be reconsidered in keeping with the general trend of the internal money-market and may be withdrawn from sale at any time.

The securities issued hereunder will be subject to the condition that the Minister of Finance shall, on giving three months' notice in the *New Zealand Gazette*, have the option of redemption at any time within three years prior to 15th November, 1941.

Applications :—

Applications, the amounts in respect of which will require to be lodged in full, will be received on and after the 1st July, 1933, and will not be accepted for less than £50 for Debentures and £50 for Stock.

The debentures will be issued in denominations of £50, £100, £500, and £1,000, or such higher denominations as may be arranged, and will be payable to bearer.

Stock will not be issued for any amount under £50, and any sum applied for in excess of £50 must be a multiple of £5.

The attention of investors is invited to the advantages of Stock over Bearer Securities in that, firstly, the necessity for safe custody of a Security payable to bearer is obviated, and, secondly, directions may be given for payment of interest on Stock to a bank or savings-bank.

Lodgments :—

Forms of application may be obtained and lodgments made at any Postal Money-order Offices in New Zealand, or at any branch of the Banks of issue in the Dominion, or at the Offices of the Treasury at Auckland, Wellington, Christchurch, and Dunedin.

Provisional receipts will be issued for all payments, and in the case of investments in Debentures these receipts will be exchangeable for Debentures payable to bearer as soon as the latter can be prepared.

In the case of Stock Investments, inscription certificates will be posted to investors when the amounts are inscribed.

Interest :—

Interest on Debentures and Stock will be paid half-yearly, on the 15th May and 15th November, and is *not* free of income-tax.

Interest will accrue from the date of lodgment, and the first payment of interest will be made on the half-yearly interest date next following the date of lodgment.

Interest on Stock will be paid by dividend warrant, which will be transmitted by post or will be credited to a banking account in the Dominion, at the option of subscribers.

Interest on Debentures will be paid on production of coupons, except the first payment, which will be by Treasury cheque.

Both warrants and coupons will be payable, free of exchange, at the Treasury, Wellington, at any Postal Money-order Office in New Zealand, or branch of the Bank of New Zealand in the Dominion.

Repayment at Maturity :—

Repayment will be made at par on 15th November, 1941, at the Treasury, Wellington, or at any branch of the Bank of New Zealand in the Dominion.

Trustee Investment :—

Investment in these securities is authorized by the Trustee Act, 1908, and trustees may invest therein.

Death Duty Stock :—

Up to £100,000 will be reserved for individual persons who desire to invest in *Stock which will be available for payment of New Zealand Death Duties*. Applications for this class of security must be specially marked. Such Stock will not be transferable but may be exchanged by the holder for ordinary Stock if so desired.

Inscription of Stock :—

The Stock will be inscribed in accordance with, and subject to the provisions of, the New Zealand Loans Act, 1932, and the regulations made thereunder, and the inscription-books will be kept at the Dominion Treasury, at Wellington, where all transfers of Stock will be made. Transfer-forms may be obtained at the Treasury offices at Auckland, Wellington, Christchurch, and Dunedin.

J. G. COATES, Minister of Finance.

The Treasury, Wellington, N.Z., 1st July, 1933.

[Withdrawn from issue, 21st April, 1934.]

Copy of Prospectus of 1933 London Loan.

NEW ZEALAND GOVERNMENT £3 10s. PER CENT. INSCRIBED STOCK, 1949-1954.
(Interest payable Half-yearly at the Bank of England on the 1st February and the 1st August.)

ISSUE OF £5,000,000.

Authorized to be raised under the New Zealand Loans Act, 1932.

THE proceeds of this issue will be used to repay the £5,000,000 New Zealand 5-per-cent. Bonds, 1932-1934, due for repayment in London on the 16th January, 1934. The present issue does not involve, therefore, any increase in the New Zealand Public Debt.

A First Interest Payment of 10s. per £100 will be made on the 1st February, 1934.

PRICE OF ISSUE £97 PER CENT.		£
Payable as follows :—		
On Application		5 per cent.
On Thursday, the 19th October, 1933		12 „
On Thursday, the 30th November, 1933		35 „
On Wednesday, the 10th January, 1934		45 „
		£97 „
		£97 „

The Government of New Zealand undertake to observe forthwith the conditions prescribed under the Colonial Stock Act, 1900, as notified in the *London Gazette* of the 14th December, 1900, in order that Trustees may invest in this Stock under the powers of the Trustee Act, 1925, unless expressly forbidden in the instrument creating the Trust.

THE GOVERNOR and COMPANY of the BANK OF ENGLAND give notice that, on behalf of the Agents appointed for raising and managing Loans under the above Act, they are authorized to receive applications for £5,000,000 NEW ZEALAND GOVERNMENT £3 10s. per cent. INSCRIBED STOCK, 1949-1954.

If not previously redeemed, the Stock will be paid off at par at the Bank of England on the 1st February, 1954; but the New Zealand Government reserve to themselves the right to repay the Stock at par, in whole or in part, at any time on or after the 1st February, 1949, on three calendar months' notice having been given in the *London Gazette* and the *Times* of such intended redemption.

New Zealand Government Stock issued and payable in London and the Interest thereon so payable, the property of persons not domiciled in New Zealand, are not, and will not be, subject to any taxes, duties, or levies by the Dominion.

By Act 40 and 41 Vict. Ch. 59, the revenues of the Dominion of New Zealand alone will be liable in respect of this Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury will not be directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto.

In view of the present economic position the programme for capital expenditure in the Dominion has been and is being severely restricted to the completion of essential undertakings and no new work involving a charge against loan-moneys is being authorized which does not conform to this basis.

The transactions of the New Zealand Ordinary Revenue Account for the year ended 31st March, 1933, including £1,308,000 provided from revenue for the redemption of debt, resulted in a surplus of £40,000. In this connection it was necessary to transfer to revenue during the year the sum of £2,500,000 which was provided from surpluses accumulated since 1914.

Every effort is being made to maintain a balanced Budget for the current financial year, and substantial internal economies involving a reduction in interest charges and curtailment of non-essential services have already been effected.

The Exports from New Zealand during the financial year ended the 31st March, 1933, amounted to £37,510,000 and the Imports to £25,059,000—a favourable visible balance of trade of £12,451,000. Returns at present to hand in respect of the current financial year indicate that this favourable balance is being maintained.

The gross Public Debt of the Dominion on the 31st March, 1933, was £282,620,000, involving a gross increase for the year 1932-1933 of £5,710,000. Against this gross increase, however, must be offset redemptions totalling £5,030,000, thus the net increase in debt for the year was only £680,000. New loan-money received during the year (and included in the gross increase) totalled £1,750,000, which has been applied to Public Works (principally Railways, Electric Power, Telephone and Telegraph Extensions and other productive works).

Against the Public Debt of New Zealand must be set tangible assets valued on a conservative basis at approximately £305,000,000. Of these assets £265,000,000 are directly interest bearing and productive—*e.g.*, Railways, Telephones, and Telegraphs, Hydro-electric Development, Advances to Settlers and Workers, Crown Lands, Sinking Funds, &c.—and the remaining £40,000,000 are indirectly productive, such as Roads, Public Buildings, &c.

Redemptions of Debt amounting to £5,030,000 were carried out during the year ended 31st March, 1933, of which £2,000,000 represents long-term debt, the balance being applied to repayment of the Treasury Bills outstanding at the beginning of the financial year. These redemptions include portion of the War Debt, which has been reduced from £81,840,000 in 1921 to £66,740,000 on 31st March, 1933. This shows a total reduction in the War Debt of over £15,000,000 since 1921. Approximately £23,320,000 of the present outstanding War Debt is funded with the Imperial Government on a 6-per-cent. annuity basis, which provides for its extinction in about another twenty-seven years, with a proviso that the Debt may be redeemed at any time by the New Zealand Government. All Reparation moneys received from Germany have been applied in the reduction of War Debt.

The Repayment of the Public Debt Act passed by the New Zealand Parliament in 1925 substituted for the long term Sinking Fund system a method whereby the Dominion's Debt reduction resources are now made available to purchase New Zealand Government securities on the open market for cancellation or to pay them off at maturity, thereby ensuring an actual reduction in the Public Debt annually. For this purpose there is issued annually out of the Consolidated Fund a sum equal to $\frac{1}{2}$ per cent. of the Debt affected, and to this is added a sum equal to interest at $3\frac{1}{2}$ per cent. per annum on the Debt paid off under this scheme. By this means a portion of the savings in interest on the Debt paid off is applied to further repayments of Debt, so that the Debt reduction resources are increasing year by year. It is estimated that the present Debt will be liquidated over a period of about sixty years, while all future Loans will be liquidated within a similar period from the date of their inception. The Sinking Funds which accrued under previous legislation have been capitalized and will be held intact. The portion of the Debt, referred to above, which is funded with the Imperial Government, as well as certain other Loans which have their own separate Sinking Funds, such as State Advances, have been excluded from this scheme. Of the total redemptions made during the year ended 31st March, 1933, £1,000,000 was provided under this Debt Redemption Scheme.

On the 31st March, 1933, approximately 42 per cent. of the total New Zealand Public Debt was domiciled in the Dominion, as against only 17 per cent. in 1914.

The Books of the Stock will be kept at the Bank of England, where all assignments and transfers will be made. The Stock will be convertible, in due course, into Stock Certificates to Bearer of the denominations of £100, £500, and £1,000, with coupons attached and such Stock Certificates will be exchangeable for Stock, on payment of the usual fees. Transfers and Stock Certificates will be free of Stamp Duty.

Interest will be payable half-yearly at the Bank of England on the 1st February and the 1st August. Dividend Warrants will be transmitted by post. The first interest payment of 10s. per £100 will be made on the 1st February, 1934.

Applications, which must be accompanied by a despoit of £5 per cent., will be received at the Bank of England Loans Office, 5 and 6 Lombard Street, London E.C. 3. In case of partial allotment the balance of the amount paid as deposit will be applied towards the payment of the first instalment; any surplus remaining after making that payment will be refunded by cheque.

Applications may be for the whole or any part of the issue in multiples of £100. No allotment will be made of a less amount than £100 of Stock.

In case of default in the payment of any instalment by its proper date, the deposit and any instalment previously paid will be liable to forfeiture and the relative Allotment to cancellation.

Scrip Certificates to Bearer with coupon attached for the interest payable 1st February, 1934, will be issued in exchange for the Allotment Letters. These Certificates, when fully paid, may be lodged for inscription; or they may be retained to be exchanged, free of cost, for Stock Certificates to Bearer, as soon as the latter can be prepared, provided such exchange is effected not later than the 2nd July, 1934.

A commission of 5s. per £100 Stock will be paid to Bankers or Stockbrokers on Allotments made in respect of applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England Loans Office, 5 and 6 Lombard Street, London, E.C. 3, or at any of the Branches of the Bank of England; of Messrs. Mullens, Marshall, Steer, Lawford, and Co., 13 George Street, London, E.C. 4; at the Bank of New Zealand (the Bankers to the Government of New Zealand), 1 Queen Victoria Street, London, E.C. 4; of Messrs. J. and A. Scrimgeour, 3 Lothbury, London, E.C. 2; at any Stock Exchange in the United Kingdom; or at the Office of the High Commissioner for New Zealand, 415 Strand, London, W.C. 2.

The List of Applications will be opened and closed on Thursday, the 5th October, 1933.

Bank of England, London, 3rd October, 1933.

COPY OF PROSPECTUS OF THE RESERVE BANK OF NEW ZEALAND.

(To be established and become a body corporate pursuant to the Reserve Bank of New Zealand Act, 1933.)

CAPITAL, £500,000.

In 100,000 shares of £5 each carrying a cumulative Dividend of 5 per cent. on paid-up capital.

Offer for Public Subscription.

The Minister of Finance, pursuant to section 6 of the Reserve Bank of New Zealand Act, 1933, hereby offers for subscription at par the whole of the above-mentioned 100,000 shares, subject to the conditions of this Prospectus.

Application for and Allotment of Shares.

Application for shares should be made upon the form accompanying this Prospectus and forwarded to the Secretary to the Treasury, Wellington, together with accompanying remittance plus exchange or evidence of lodgment of the required amount to the Public Account at any branch of the Bank of New Zealand or to the Post Office, as hereinafter provided.

Payments in respect of shares applied for are to be made as follows :—

- £1 per share on application.
- £2 per share on or before 1st April, 1934.
- £2 per share on or before 1st June, 1934.

Applications will be received for one share or any number of shares not exceeding 500, and the Minister reserves the right to allot shares *pro rata* or otherwise in such manner as he may in his discretion determine.

In order that as many citizens as possible may have a direct interest in the Reserve Bank as a National Institution, allotment of the share capital will be distributed as widely as possible over the Dominion and to the greatest number of applicants.

Applicants for shares must be British subjects who are ordinarily resident in New Zealand or who, having been so resident, may at the time of allotment be temporarily out of New Zealand for the purpose of their business or for other sufficient reason.

Not more than 500 shares shall be allotted to any one person, whether in his own right or on behalf of any other person or persons.

Shareholders' Liability.

The liability of every shareholder shall be limited to the amount (if any) for the time being unpaid on the shares held by him.

Objects of the Reserve Bank.

The primary duty of the Reserve Bank shall be to exercise control, within the limits of the powers conferred on it by the Reserve Bank of New Zealand Act, 1933, over monetary circulation and credit in New Zealand to the end that the economic welfare of the Dominion may be promoted and maintained.

The particular functions of the Bank are as set out in the Reserve Bank of New Zealand Act, 1933.

Incorporation of Bank.

The shareholders of the Reserve Bank shall become a body corporate with perpetual succession and a common seal on the Minister of Finance giving public notice in the *Gazette* and in such other manner as the Minister thinks fit, of the subscription of the full amount of the capital of the Bank, such notice to specify the date on which incorporation is to take effect.

General Reserve Fund.

An initial reserve fund amounting to £1,000,000 is provided by payment of that sum to the bank from State Funds, and the legislation provides for proportionate amounts of the profits to be allocated to the General Reserve Fund so long as the amount of that Fund is less than twice the paid-up capital of the Bank.

Commencement of Business.

It is expressly provided that the Bank shall be entitled to commence business on the date on which it becomes entitled to the right to issue bank-notes in New Zealand, such date to be fixed by Proclamation in that behalf.

Trustee Investment.

The shares of the Reserve Bank are available for the investment of trust funds unless the instrument creating the trust expressly forbids such investment, but no trustee shall be qualified to hold more than 500 shares, either for the same or different beneficiaries, nor shall any person hold more than 500 shares altogether, whether in his own right or on behalf of any other person or persons.

Shares and Transfers.

The shares of the Bank shall be registered and transferable in the books of the Bank.

The Bank shall decline to accept—

- (1) Any transfer of shares except to a British subject, who is ordinarily resident in New Zealand, or who having been so resident is at the time of transfer temporarily out of New Zealand for the purpose of his business or for other sufficient reason; and
- (2) Any transfer of shares that would increase a holding of any person beyond 500 shares.

The Bank shall also be entitled without assigning any reason to decline to accept any person whomsoever as a transferee of any share.

Except with the special consent of the Minister of Finance no transfer of shares allotted to any person will be recognized pending incorporation of the Bank.

Management of the Reserve Bank.

The management of the Reserve Bank shall be vested in a Board of Directors consisting of a Governor, a Deputy-Governor, and seven other members, and in addition thereto the Secretary to the Treasury shall by virtue of his office be a member of the Board, but shall not be entitled to vote at any meeting thereof. Three members of the Board of Directors shall from time to time be appointed by the Governor-General in Council to hold office as State Directors, the additional members of the Board of Directors (4) shall hold office as shareholders' Directors, and shall in the first place be appointed by the Governor-General in Council and hold office until retirement in rotation, pursuant to section 29 of the Reserve Bank of New Zealand Act, 1933. After retirement in accordance with the Statute, the shareholders' Directors shall be elected for a period of five years by the shareholders at a general meeting.

Of the shareholders' Directors, two shall be persons who are or have been actively engaged in primary industry and two shall be persons who are or have been actively engaged in industrial or commercial pursuits.

General Meetings and Voting Rights of Shareholders.

Ordinary general meetings of shareholders shall be convened by the Board once in every year and shall be held not later than the 31st day of July in each year. Every shareholder of the Bank shall at any such meeting be entitled to one vote for every share of which he has been the registered proprietor for not less than six months immediately preceding the date of the meeting: Providing that no shareholder shall be entitled to more than five hundred votes. The right of voting at any general meeting may be transferred by a shareholder to any other shareholder as his proxy, provided, however, that no person shall be entitled at any time to exercise more than five hundred votes, whether in his own right or as proxy, or shall be competent to receive proxies purporting to authorize him to exercise more than five hundred votes in the aggregate, taking into account the number of votes to which he is entitled in respect of the shares held by him.

Distribution of Profits.

The financial year of the Bank shall end on the 31st day of March. After such provision as the Board thinks proper has been made for bad and doubtful debts, depreciation in assets, superannuation or retiring allowances for the staff, and all such other matters as are usually provided for by Banks, and after payment out of the net profits of a cumulative dividend of 5 per cent. per annum on the paid-up capital, the surplus for each financial year shall be applied in terms of paragraphs (a), (b), and (c) of section 36 of the Reserve Bank of New Zealand Act, 1933, which means that as long as the General Reserve Fund is not less than twice the paid-up capital (and that will be the position at the commencement) the whole of the remaining profits accrue to the State.

Taxation.

The Reserve Bank shall be exempt from public taxation (not including local rates) to the same extent as the Crown, but dividends received by any shareholder will be included in his assessable income for the purposes of the Land and Income Tax Act, 1923.

Security of Capital.

The safety of the investment of funds in the share capital of the Bank may be judged from the facts that not only is provision made for a General Reserve Fund at twice the amount of the paid-up capital, but the classes of business that may be conducted by the Bank are specified in section 13 of the Reserve Bank of New Zealand Act, 1933, and are of such a nature as will ensure ample security to the Bank in respect of its operations. These, it is particularly mentioned, include dealing in New Zealand Government securities and short-term negotiable paper bearing two or more good signatures.

General.

The Bank shall not be at any time dissolved except pursuant to an Act of Parliament passed in that behalf.

Copies of the Annual Accounts and report shall be available for shareholders at the offices of the Bank.

Two qualified accountants must be appointed as Auditors of the accounts of the Bank.

Copies of this Prospectus with the form of application for shares may be obtained at any Postal Money-order Office, at any Branch of the Trading Banks throughout the Dominion, or from members of any stock exchange in New Zealand. Applications, together with the amount payable on application, may be lodged at any branch of the Bank of New Zealand in the Dominion or at any postal money-order office.

Payment may be made in full on application or in instalments to be paid on or before the dates specified, and on allotment of the share capital any amount paid in excess of the full nominal value of the shares allotted will be refunded. Interest is not payable on application money or on allotments.

In case of default in the payment of any instalment by its proper date, the deposit and any instalments previously paid will be liable to forfeiture, and the relative allotment to cancellation.

A commission of $\frac{1}{8}$ of one per cent. will be paid to Registered Sharebrokers and Banks on allotments made in respect of applications bearing their stamp, with a minimum of 1s. in respect to each allotment.

The list of applications will be closed on or before the 15th day of February, 1934, but the Minister reserves the right to close the list on such earlier date as he may prescribe by notification in the *New Zealand Gazette* or otherwise.

J. G. COATES, Minister of Finance.

The Treasury, Wellington, C. 1, New Zealand, 1st February, 1934.

