

Owing to the increase in the number of students at training colleges provision has been made for additional expenditure under this heading, while provision has also been made for the appointment of a Chief Physical Instructor and of several additional Instructors, in pursuance of the Government's policy of improving the physique of the rising generation.

Good progress has been made in the preparation of suitable text-books for schools, and additional provision has been made this year.

The country library service which was mentioned in last year's Budget is now in operation, and motor-vans with supplies of literature are being used to visit the more remote centres in both North and South Islands.

**Mental hospitals.**

The cost of maintaining the mental hospitals throughout the Dominion shows a comparative increase for the year of £22,000.

**Pensions.**

In regard to pensions, an additional £445,000 has been provided. The principal increases are invalidity pensions (£102,000) and old-age pensions (£355,000), while a reduction of £36,000 has been allowed for in respect of family allowances. The present invalidity pensions were introduced in 1936, and based on past experience a new form of pension usually increases rapidly for the first eighteen months or two years, after which the number of claims becomes more normal. In regard to old-age pensions, honourable members will recollect that last year the period of residential qualification was reduced, and in addition applications are still coming to hand as a result of an easing which was made in 1936 of the private-income qualification.

**Development of primary and secondary industries.**

Under the heading of "Development of Primary and Secondary Industries" an increase of £139,000 has been provided for, vote "Agriculture" being responsible for £104,000 and vote "Industries and Commerce, Tourist and Publicity" for £63,000. These increases are offset by savings in other votes under this heading.

**Defence.**

Defence expenditure accounts for a comparative increase of £396,000, for which the Navy is responsible for £41,000, the Army for £174,000, and the Air Service for the balance of £181,000. I have already dealt with these services, and further details will be found in the estimates.

### REVENUE.

The total revenue receivable during the current financial year is estimated at £35,845,000, which is £214,000 less than last year's actual receipts of £36,059,000.

Although there is thus comparatively little variation as regards total revenue, it will be noted from the Budget tables that larger variations are anticipated in the individual items.

**Customs.**

Customs duties for the current financial year are estimated to bring in £759,000 less than was received last year. It is common knowledge that there has been over-importation in the case of many classes of goods, and this has been allowed for in the current year's estimates. Taking the various factors into consideration, I am of the opinion that a reasonable estimate of Customs' revenue for the present financial year is £10,000,000.

**Sales tax.**

While the anticipated reduction in imports will have an effect on the revenue from sales-tax, it is considered that counteracting influences will show a quicker improvement than in the case of Customs revenue, and accordingly a reduction of only £99,000 has been allowed for, reducing the estimate for the year to a total of £3,400,000.

**Highways revenue.**

Highways revenue has been estimated at £3,200,000, compared with last year's receipts of £2,839,000 under this heading. At the 31st March last a total of 280,327 motor-vehicles were licensed, compared with 255,748 at the previous 31st March, and owing to the increased spending-power in the community it follows that the consumption of motor-spirits should show an increase over that of last year. I have accordingly allowed for an increase in highways revenue of £361,000.

Highways revenue, in addition to petrol-tax, includes tire-tax, fees and fines arising in respect of motor-vehicles, and mileage-tax and penalties imposed on electrically propelled and other types of motor-vehicles. In accordance