

ment of hydro-electric power, a further loan of £5,500,000 was successfully floated in London in May. The issue price was £99 per cent., bearing interest at £5 per cent. The price is deemed very satisfactory in view of the general conditions of the money-market, and the fact that the loan was largely oversubscribed is striking evidence of the confidence that investors have in this Dominion and the management of its finances.

Arrangements have also been made to provide out of local resources additional capital for land-settlement, State advances, forestry, and other activities being carried on by my Ministers with the object of assisting the development of the country.

It is regretted that the heavy fall in the prices obtained for our primary products in the overseas markets has involved a lessened return from the exports of the Dominion. This contraction in the national income, arising from causes beyond our control, inevitably means a period of financial stringency for the whole community.

So far as the national finances are concerned, my Ministers anticipate during the current financial year a substantial decline in Customs revenue, and also a falling-off in the yield from land and income tax.

Recognizing that the present is not an opportune time for placing additional burdens upon the taxpayers, my Ministers propose to meet the position as far as possible by a drastic curtailment of expenditure. This means suspending or severely restricting services and monetary assistance given by the State wherever such action is feasible without upsetting the basic organization of the Departments of State or causing undue hardships to the institutions or sections of the community directly benefiting by particular items of expenditure.

It is a matter for regret that at a time like the present the difficulties of the situation should be greatly accentuated by the fact that the railways, owing to the losses incurred, have now reached the end of their separate financial resources, and cannot longer meet their obligations without substantial assistance, which in this instance can only be derived from taxation. In order that the additional burden to be borne by the taxpayers may be reduced to an absolute minimum, a Royal Commission has been set up to investigate fully all branches of the Railway Department's activities and to advise the Government where economies can be effected.

Being fully aware that the basic cause of the losses incurred by the railways is the rapid development of motor transport and the lack of co-ordination in transport generally, my Ministers will place before you legislative proposals which it is confidently expected will minimize the wasteful competition which now greatly increases the burdens of the people.

While it is probable that the present financial difficulties cannot be overcome without some increases in taxation, the Government are confident that, given the support and co-operation of the public, the position can be met and the Budget for the year balanced without economic strain or imposing undue hardship on any section of the community.

It is a sad fact that unemployment is still a serious problem in this Dominion. My Government, realizing the hardship imposed upon the unfortunate members of the community who are unable to obtain work, will continue their endeavours to provide as much employment as possible on public works and other State activities. To assist in dealing with the special difficulties of married men who are unable to leave the cities because of their domestic ties, my Government has decided to pay subsidies on labour costs at double the former rate to urban and suburban local authorities which undertake additional approved works.

It is satisfactory to note that the position of the State superannuation funds is being investigated, and that an increased amount of subsidy was paid into the funds last year. In due course the proposals of the Government for improving the financial position of these funds will be submitted for your consideration.