

signed by

1940.

[SIXTEENTH PARLIAMENT.]

DEPT. OF THE SENATE
No. 1940/782
Presented 13 DEC 1940
R. A. Brown
CLERK OF THE SENATE

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

THE BUDGET, 1940-41.

(REVISED AT 13TH DECEMBER, 1940.)

SUPPLEMENTARY PAPERS PRESENTED BY THE HONORABLE A. W. FADDEN, M.P.,
FOR THE INFORMATION OF HONORABLE MEMBERS AFTER REVISION OF
THE BUDGET PROPOSALS IN ACCORDANCE WITH THE FINANCIAL
STATEMENT OF 13TH DECEMBER, 1940.

By Authority:

L. F. JOHNSON, Commonwealth Government Printer, Canberra.
(Printed in Australia.)

F.7720.

**THE CONSOLIDATED
COMMONWEALTH
FINANCIAL STATEMENT**

(Note.—The year ending 30th June 1940.)

EXPENDITURE.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£	£	£	£	£
Part 1.—Departments and Services other than Business Undertakings and Territories of the Commonwealth (page 12)	48,303,581	50,530,957	54,711,991	70,625,547	108,374,000
Part 2.—Business Undertakings (page 14)	16,590,139	17,554,166	20,222,229	18,300,799	16,797,000
Part 3.—Territories of the Commonwealth (page 14)	1,288,709	1,636,843	1,839,104	1,962,486	2,362,000
Part 4.—Payments to or for the States (page 14)	15,021,990	15,989,289	15,849,444	15,696,813	14,566,000
Relief to Primary Producers (page 14)	327,000	282,166	2,014,713	2,509,268	2,376,000
Total Ordinary Expenditure for year	81,531,419	85,983,431	94,437,481	105,966,409	146,335,000
Balance of Receipts over Ordinary Expenditure of the financial year	(a) 1,276,568	(b) 3,494,733	(b) 627,309	(c) 2,926,376	(c) 2,926,376
	82,807,977	89,458,164	95,064,790	111,913,784	149,261,376
Expenditure from Excess Receipts of previous years—					
Special Defence Provision	(d) 2,000,000	..	(d) 3,494,733	(d) 627,309	(c) 2,926,376
Special Post Office Works Provision	..	1,000,000	..	..	..
Non-recurring grants to the States	(e) 500,000	..	..	..	..
Reduction of accumulated deficit	1,087,720	276,568	..	..	..
	3,587,720	1,276,568	3,494,733	627,309	2,926,376
	86,375,697	90,734,712	98,559,523	112,541,093	151,278,376

(a) Appropriated under Act No. 50 of 1936 for Invalid and Old-age Pensions. (b) Appropriated under Act No. 8 of 1938 for Invalid and Old-age Pensions. (c) Appropriated under Act No. 3 of 1940 for Invalid and Old-age Pensions. (d) Expenditure from Special Defence Provision is spread over the year of appropriation and over subsequent years. (e) Paid to the States in the year of appropriation for 1936 purposes.

REVENUE FUND

OF AUSTRALIA.

MARY.

the Budget Papers of 21st November, 1940.)

RECEIPTS.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£	£	£	£	£
Excess receipts brought forward for payment of Invalid, Old-age, and War Pensions	5,567,730	1,276,558	3,494,733	627,309	2,926,376
Part 1.—Departments and Services other than Business Undertakings and Territories of the Commonwealth (page 13)	66,269,929	71,938,298	76,817,168	93,018,231	128,830,000
Part 2.—Business Undertakings (page 15)	16,247,795	17,188,881	17,892,221	18,485,141	19,090,000
Part 3.—Territories of the Commonwealth (page 15)	300,253	330,976	355,401	415,412	430,000
Total Receipts for year	82,807,977	89,458,164	95,064,790	111,913,784	149,261,376
	86,375,697	90,734,712	98,559,523	112,541,093	151,278,376

"STATEMENT OF ACCUMULATED DEFICIT.

Accumulated deficit at 30th June, 1931, met by advance from Loan Fund	£	17,516,840
Less Balance of excess receipts applied in reduction of accumulated deficit—		
at 30th June, 1932	..	215,476
at 30th June, 1933	..	1,627,150
at 30th June, 1937	..	276,558
Accumulated deficit at 30th June, 1940	£	15,897,722
		15,897,722

S. G. McFarlane

S. G. MCFARLANE,
Secretary to the Treasury,

13th December, 1940.

A. W. Fadden

A. W. FADDEN,
Treasurer.

II. CONSOLIDATED

OF

COMMONWEALTH

(NOTE.—The page references relate to

EXPENDITURE.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£	£	£	£	£
PART I.—DEPARTMENTS AND SERVICES—OTHER THAN					
War and Repatriation (1914-18) Services (see pages 44-45)—					
Interest, Sinking Fund and Exchange (a)	9,730,700	9,714,227	9,664,917	9,600,068	9,627,100
War Pensions	7,910,366	8,094,623	8,227,487	8,147,076	8,085,000
Repatriation of Soldiers	896,179	957,805	968,872	922,527	998,000
Other War Services	186,708	181,645	370,536	164,874	179,900
Additions, New Works, Buildings, &c. (see pages 51-52)	268,860	156,810	141,158	48,305	101,900
Total War and Repatriation (1914-18) Services	19,012,813	19,105,119	19,397,970	18,882,847	18,991,000
Defence and War (1939-40) Services— (see pages 34-39)					
Department of Defence Co-ordination	31,504	32,750	49,518	193,088	97,600
Department of the Navy	2,455,108	2,399,290	2,620,400	2,857,910	3,112,500
Department of the Army	1,770,112	1,797,524	3,006,831	3,297,391	2,738,000
Department of Air	919,263	1,256,873	1,315,354	1,058,752	2,556,300
Department of Supply and Development				147,035	65,000
Department of Munitions	375,133	459,477	477,695	512,833	376,000
War (1939-40) Services (see pages 37-39)				15,316,993	52,511,700
Additions, New Works, Buildings, &c. (see pages 51-52)	960,672	2,661	1,349,133	(b)	(b)
Total Defence and War (1939-40) Services	6,541,760	5,948,595	8,854,523	24,289,050	61,985,000
Other Departments—					
Special Appropriations (see pages 30-31)—					
Interest and Sinking Fund (a)	2,835,573	2,685,763	3,323,186	3,232,435	3,210,110
Invalid and Old-age Pensions	13,998,793	15,793,637	16,991,722	16,459,245	17,570,000
Maternity Allowances	370,150	400,094	436,614	416,964	425,000
Bounties	278,444	276,326	236,098	138,866	123,000
Other Special Appropriations	423,013	916,825	625,438	933,610	689,890
	17,905,973	20,277,664	20,513,128	21,181,120	22,018,000
Ordinary Votes (see pages 31-41)—					
The Parliament	121,492	131,489	146,989	147,877	149,600
The Prime Minister's Department	405,681	445,765	499,335	566,327	637,400
The Department of External Affairs	12,417	14,215	20,129	39,135	92,200
The Department of the Treasury	789,710	827,109	873,260	899,301	1,074,100
The Attorney-General's Department	193,422	207,007	223,518	218,269	234,600
The Department of the Interior	420,598	474,730	609,638	685,753	462,100
The Department of Civil Aviation	370,590	123,176	316,625	463,397	429,000
The Department of Trade and Customs	635,016	676,250	703,441	724,639	734,000
The Department of Health	122,719	128,722	136,506	135,041	149,000
The Department of Commerce	480,395	469,593	495,948	609,956	543,000
Total Ordinary Votes	3,399,743	3,500,035	4,030,287	4,409,755	4,568,000
Miscellaneous Services (see pages 41-44)	1,051,194	1,326,363	1,423,195	1,178,638	914,000
Additions, New Works, Buildings, &c. (see pages 51-52)	392,078	363,181	492,888	690,437	898,000
Total Expenditure—Part I	48,303,581	50,520,957	54,711,991	70,625,847	109,374,000

(a) For Summary of all Interest and Sinking Fund charges see page 65.

(b) Provided from Loan Fund.

REVENUE FUND

OF

AUSTRALIA.

the Budget Papers of 21st November, 1940.)

RECEIPTS.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£	£	£	£	£
BUSINESS UNDERTAKINGS AND TERRITORIES OF THE COMMONWEALTH.					
Taxation (see page 19)—					
Customs and Excise	42,993,032	48,383,008	47,632,365	53,824,906	53,000,000
Sales Tax	8,006,427	8,023,856	9,308,534	12,196,175	20,400,000
Flour Tax	Dr. 12,193	3,025	1,808,972	2,486,070	1,625,000
Income Tax	8,556,014	9,398,503	11,682,440	15,430,313	37,500,000
War Time (Company) Tax					5,000,000
Land Tax	1,435,465	1,368,444	1,489,436	1,645,829	3,150,000
Estate Duty	1,792,600	1,872,654	1,916,352	2,212,690	2,800,000
Gold Tax				1,214,621	1,400,000
Entertainments Tax	107	1		59	
War Time Profits Tax		Dr. 1,033			
	62,773,452	69,048,466	74,036,899	90,010,663	124,575,000
Other Revenue (see page 20)—					
Coinage	295,167	362,705	127,764	180,458	500,000
Defence	41,731	29,244	151,208	166,880	180,000
Civil Aviation	4,418	5,559	5,745	11,171	10,000
Attorney-General	102,613	107,600	111,036	107,680	100,000
Health	87,134	17,621	18,204	15,740	16,000
Commerce and Marine	288,107	269,986	232,533	231,676	200,000
Repayment of States' Proportion of Pensions (omitting Post Office)	3,766	2,610	2,792	2,798	2,000
Contributions of Officers towards Pen- sions under State Acts (omitting Post Office)	118	249	70	40	
Net Profit—Australian Note Issue	898,585	839,883	786,730	985,903	1,300,000
Miscellaneous (see pages 20 and 22)	1,784,838	1,264,459	1,364,187	1,300,132	1,967,000
	3,486,477	2,889,813	2,780,269	3,002,568	4,265,000
Total Receipts—Part I	66,259,929	71,938,279	76,817,168	93,013,231	128,840,000

II. CONSOLIDATED OF COMMONWEALTH

(Note.—The pages refer to the consolidated statement.)

EXPENDITURE.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
PART II.—BUSINESS					
POSTMASTER-GENERAL'S DEPARTMENT					
Postmaster-General's Department (see pp. 46-47)	£ 13,203,176	£ 13,964,473	£ 15,028,233	£ 15,285,709	£ 15,987,000
Additions, New Works, Buildings, &c. (see page 53)	2,116,886	(a) 2,184,123	3,700,701	1,294,759	1,176,000
Total Expenditure	15,320,063	16,148,596	18,728,934	16,580,468	17,163,000
Excess Receipts	491,440	604,543	..	1,317,001	1,227,000
	15,811,502	16,753,139	18,728,934	17,897,469	18,390,000
COMMONWEALTH					
Trans-Australian Railway (see page 46) ..	425,732	514,171	632,752	671,750	693,550
Central Australia Railway (see page 46) ..	350,129	374,906	429,911	432,742	426,400
North Australia Railway (see page 46) ..	198,708	149,075	166,162	203,892	196,900
Australian Capital Territory Railway (see page 46)	7,438	7,381	8,997	10,120	10,350
Miscellaneous expenditure (see page 46)	94,010	94,782	113,229	154,317	127,800
Additions, New Works, Buildings, &c. (see page 53)	194,000	268,255	142,254	147,810	150,000
Total Expenditure	1,270,077	1,408,570	1,493,295	1,620,331	1,604,000
PART III.—TERRITORIES OF					
Northern Territory (see pages 48 and 49)					
Northern Territory (see pages 48 and 49)	262,113	381,931	402,899	382,804	474,840
Australian Capital Territory (see pages 48 to 50)	585,869	615,401	637,328	656,078	685,180
Tasmania (see pages 48 and 50)	55,821	48,825	48,830	48,610	35,760
New Guinea (see pages 48 and 50)	13,451	5,068	5,532	5,988	6,150
Norfolk Island (see pages 48 and 50)	4,409	5,911	5,471	4,071	4,070
Additions, New Works, Buildings, &c. (see p. 53)	387,066	579,717	739,144	856,134	1,096,000
Total Expenditure	1,288,702	1,636,843	1,638,104	1,652,685	2,352,000
PART IV.—PAYMENTS TO					
Special Grant to South Australia	1,330,000	1,200,000	1,040,000	995,000	1,000,000
Special Grant to Western Australia	500,000	575,000	570,000	595,000	650,000
Special Grant to Tasmania	600,000	575,000	410,000	430,000	400,000
Federal Aid Roads and Works	3,039,630	4,149,492	4,266,556	4,455,845	3,100,000
Interest and Sinking Fund on Loans for Local Public Works—Grant towards	100,000	100,000	100,000	100,000	100,000
Metalliferous Mining Industry—Assistance to Forestry—Assistance to	140,000	70,000	..	..	..
Youth Employment	161,000	80,500	..	..	..
Unemployment Relief	150,000	200,000	200,000	..	..
Gold Mining Industry—Assistance to Contributions towards Sinking Fund on State Debts .. .. .	..	..	..	..	150,000
Debits	1,416,548	1,454,385	1,477,976	1,536,055	1,670,808
Contributions towards Interest on State Debts	7,584,912	7,584,912	7,584,912	7,584,912	7,584,912
Balance of Interest on State Debts—recoverable from States	15,021,990	15,989,289	15,649,444	15,696,812	14,555,000
	25,081,605	25,580,374	25,584,456	26,299,098	26,800,000
	40,103,595	41,569,663	41,233,900	41,995,910	41,355,000
RELIEF TO PRIMARY PRODUCERS	327,000	262,166	2,014,713	2,509,266	3,275,000
EXPENDITURE FROM EXCESS RECEIPTS OF PREVIOUS YEARS :-					
Special Defence Provision	2,000,000	..	3,494,733	627,309	2,928,375
Special Post Office Works Provision	500,000	1,000,000	..	..	..
Non-recurring grants to States	1,087,720	276,568	..	..	..
Reduction of accumulated deficit	3,587,720	1,276,568	3,494,733	627,309	2,928,375

(a) Does not include \$1,000,000 provided from excess receipts of 1936-37.

REVENUE FUND OF AUSTRALIA.

the Budget Papers of 21st November, 1940.

RECEIPTS.

	1936-37.	1937-38.	1938-39.	1939-40.	Revised Estimate, 1940-41.
UNDERTAKINGS.					
GENERAL'S DEPARTMENT.					
Post Office (see page 21)	£ 15,788,617	£ 16,732,201	£ 17,350,491	£ 17,878,453	£ 18,372,000
Repayment of States' Proportion of Pensions Contributions of Officers towards Pensions under State Acts	24,828	20,883	15,798	19,016	18,000
Total Revenue	15,813,445	16,753,139	17,366,289	17,897,469	18,390,000
Excess Expenditure .. .. .	..	..	1,362,623	..	..
	15,811,502	16,753,139	18,728,934	17,897,469	18,390,000
RAILWAYS.					
Trans-Australian Railway (see page 21) ..	270,161	287,764	330,643	368,218	410,000
Central Australia Railway (see page 21) ..	122,698	124,417	137,521	146,921	167,000
North Australia Railway (see page 21) ..	38,440	37,768	50,471	60,797	112,000
Australian Capital Territory Railway (see page 21)	6,994	5,803	7,275	11,736	11,000
Total Revenue	438,293	455,762	526,910	587,672	700,000
Excess Expenditure	833,784	969,828	967,385	1,032,059	904,000
	1,270,077	1,408,570	1,493,295	1,620,331	1,604,000
THE COMMONWEALTH.					
Northern Territory (see page 21)	57,295	60,023	70,378	99,634	120,000
Australian Capital Territory (see page 21) ..	242,958	270,952	285,023	315,778	310,000
Total Revenue	300,253	330,975	355,401	415,412	430,000
Excess Expenditure	988,456	1,306,868	1,488,703	1,537,273	1,922,000
	1,288,702	1,636,843	1,839,104	1,952,685	2,352,000
OR FOR THE STATES:(b)					
Contributions from General Revenue	15,021,990	15,989,289	15,649,444	15,696,812	14,555,000
Interest on State Debts—payable by States ..	25,081,605	25,580,374	25,584,456	26,299,098	26,800,000
	40,103,595	41,569,663	41,233,900	41,995,910	41,355,000

(b) For further details see page 70 to 87.

II. CONSOLIDATED

TABLE No. 3.—EXPENDITURE PER HEAD OF POPULATION.

	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£ s. d.	£ s. d.	£ s. d.
DEPARTMENTS AND SERVICES (OTHER THAN BUSINESS)			
War and Repatriation (1914-16) Services (including Additions, New Works, Buildings, &c.)	2 16 0	2 18 11½	2 18 9½
Defence and War (1939-40) Services (including Additions, New Works, Buildings, &c.)	1 5 6½	3 9 5	8 15 6
Invalid and Old-age Pensions	2 6 2	2 7 0½	2 9 9
Other Departments—			
Special Appropriations	0 18 0½	0 18 6	0 12 7½
Ordinary Votes	0 11 7½	0 12 7½	0 12 11½
Miscellaneous Services	0 4 1½	0 3 4½	0 2 7
Additions, New Works, Buildings, &c.	0 1 5	0 1 11½	0 2 6½
Total—Part 1	7 17 11½	10 1 10½	15 9 8½
BUSINESS			
Post Office	2 14 0½	2 7 4½	2 8 7
Commonwealth Railways	0 4 3½	0 4 7½	0 4 6½
Total—Part 2	2 18 4½	2 12 0½	2 13 1½
TERRITORIES OF THE			
Territories—Part 3	0 5 3½	0 5 7	0 6 8
PAYMENTS TO OR FOR THE STATES.			
Contribution towards Interest on State Debts	1 1 10½	1 1 8½	1 1 5½
Contribution towards Sinking Fund on State Debts	0 4 3½	0 4 4½	0 4 5½
Special Payments to South Australia, Western Australia and Tasmania	0 5 10	0 5 9½	0 5 9½
Grants to States for Federal Aid Roads and Works	0 12 3½	0 12 8½	0 8 9½
Other Grants	0 0 10½	0 0 3½	0 0 8½
Total—Part 4	2 5 2½	2 4 10½	2 1 2½
Relief to Primary Producers	0 5 9½	0 7 2	0 9 3½
Total Expenditure per head of Population for financial year	13 12 7½	15 11 6½	20 19 11½
Balance of Receipts over Ordinary Expenditure for the financial year	0 1 9½	0 8 4½	0 0 1
	13 14 5½	15 19 11½	21 0 0½

REVENUE FUND.

TABLE No. 3.—RECEIPTS PER HEAD OF POPULATION.

	1938-39.	1939-40.	Revised Estimate, 1940-41.
	£ s. d.	£ s. d.	£ s. d.
UNDERTAKINGS AND TERRITORIES OF THE COMMONWEALTH.			
Indirect Taxation—			
Customs and Excise	6 17 6½	7 13 10½	7 10 0½
Sales Tax	1 6 10½	1 14 10½	2 17 9½
Flour Tax	0 5 2½	0 7 1½	0 4 3½
Total Indirect Taxation	8 9 7½	9 15 10½	10 12 1½
Direct Taxation—			
Income Tax	1 14 3½	2 6 11½	5 6 2½
War Time (Company) Tax .. .. .	.. .. .	.. .. .	0 14 2
Land Tax	0 4 3½	0 4 8½	0 8 11
Estate Duty	0 5 6½	0 6 4	0 7 4½
Gold Tax .. .. .	.. .. .	0 3 5½	0 3 11½
Total Direct Taxation	2 4 1½	3 1 5½	7 0 7
Total Taxation	10 13 9	12 17 4	17 12 8½
Net Profit on Australian Note Issue	0 2 2½	0 2 9½	0 3 8½
Other Revenue	0 5 9½	0 5 9½	0 8 4½
Total—Part 1	11 1 9½	13 5 11	18 4 9½
UNDERTAKINGS.			
Post Office	2 10 1½	2 11 2	2 12 0½
Commonwealth Railways	0 1 6½	0 1 8	0 1 11½
Total—Part 2	2 11 8	2 12 10	2 14 0½
COMMONWEALTH.			
Territories—Part 3	0 1 0½	0 1 2½	0 1 2½
Total Revenue per head of Population for financial year ..	13 14 5½	15 19 11½	21 0 0½

[CONFIDENTIAL]

THE BUDGET 1940-41.

SUPPLEMENTARY FINANCIAL STATEMENT.

(BY THE HONORABLE A. W. FADDEN, M.P., TREASURER OF THE COMMONWEALTH OF AUSTRALIA.)

In pursuance of the recommendations of the Advisory War Council which were announced to Parliament by the Prime Minister on the 5th December, certain amendments have been made to the original Budget proposals which were brought down on the 21st November, 1940. I will briefly summarise these amendments and show their effect on the Budget.

TAXATION.

INCOME TAX—INDIVIDUALS.

The chief alteration in income tax on individuals relates to the statutory exemption. The original Budget proposals provided for an exemption of £150, vanishing at £300. The amended proposal provides for an exemption of £200, vanishing at £400.

The loss of revenue as a result of this alteration is estimated at £2,500,000.

Wholly dependent mothers are to be added to the list of dependants for purposes of exemption. The estimated loss of revenue is not known but it is not expected that it will be very large.

WAR-TIME COMPANY TAX.

The Committee which was appointed to discuss the War-time Company tax made certain recommendations, which were adopted by the Government, and the substance of which was as follows:—

- (1) Private companies as defined in the Income Tax Assessment Act to be removed from the scope of the War-time Company tax.
- (2) The whole of the distributable income of private companies to be taxed at the rates of tax applicable to individuals on income from property, either in the hands of the shareholders as to dividends or in the hands of the company as to the undistributed portion.

(3) All public companies to be required to pay the greater of the following amounts, viz. :—

- (a) War-time (Company) Tax as computed under the Bill drafted for that purpose; or
- (b) a super tax of 1s. in the £ on taxable income in excess of £5,000 as computed under the Income Tax Assessment Act.

The amendments, which have since been approved by this House, are estimated to produce £7,000,000 in a full year as compared with £5,300,000 under the original Budget proposals.

The collections for 1940-41 are estimated at £5,000,000, being an increase of £750,000 over the amount that was originally contemplated in the Budget for War-time Company tax.

EXPENDITURE.

The amendments have resulted in the following increases in expenditure :—

SOLDIERS' PAY AND ALLOWANCES.

A domestic allowance of 7s. per week is to be paid to wives with a child or children.

The estimated cost for a full year is £1,000,000 and for 1940-41 £500,000.

INVALID AND OLD-AGE PENSIONS.

The present maximum pension of 20s. per week is to be increased to 21s. per week and is to be subject to quarterly adjustments in units of 6d. in accordance with variations in the "All Items" index of retail prices. The quarterly adjustments are not to reduce the pension below 21s. per week without the approval of Parliament.

The estimated cost of the present increase for a full year is £900,000 and cost for 1940-41 is £470,000.

"SERVICE PENSIONS" UNDER AUSTRALIAN SOLDIERS' REPATRIATION ACT.

An increase is being made in what are known as "Service Pensions" under the Australian Soldiers' Repatriation Act. The estimated cost for a full year is £30,000 and the cost for 1940-41 is £15,000.

WHEAT.

Provision is to be made for a grant of £1,000,000 for drought relief to wheat farmers, the allocation of this sum to be referred to the Agricultural Council.

The summarized cost of these amendments is as follows:—

	Full year. £	1940-41. £
Income tax on individuals—loss of revenue	2,500,000 ..	2,500,000
Soldiers' pay and allowances—domestic allowance to wives with a child or children	1,000,000 ..	500,000
Invalid and Old-age Pensions—increase of maximum pension from 20s. to 21s. ..	900,000 ..	470,000
Service Pensions under Australian Soldiers' Repatriation Act	30,000 ..	15,000
Wheat—grant to the States for relief of wheat farmers	1,000,000 ..	1,000,000
	<hr/>	<hr/>
	5,430,000 ..	4,485,000
Less—War-time Company Tax—increase ..	1,700,000 ..	750,000
	<hr/>	<hr/>
Total Net Cost	3,730,000 ..	3,735,000

EFFECT ON CONSOLIDATED REVENUE FUND 1940-41.

The whole of the cost for 1940-41 will be reflected in the Consolidated Revenue Fund except £500,000 soldiers' pay and allowances. The cost to the Revenue Budget will therefore be £3,235,000.

The effect of this will be to reduce the estimated sum that will be available from Revenue for Defence and War (1939-40) Services from £65,220,000 to £61,985,000.

WAR EXPENDITURE 1940-41.

As a result of the increase in soldiers' pay and allowances the estimated war expenditure for 1940-41 will be increased to £186,500,000.

It will be necessary to increase War Expenditure from Loan Fund by £3,235,000 transferred from the Revenue Budget, plus £500,000 for soldiers' pay and allowances—a total increase of £3,735,000. The estimate of War Expenditure from Loan Fund will thus be £120,966,000 in lieu of the original estimate of £117,231,000.

The total amount of war expenditure will be financed as follows:—

	£
From Revenue	61,985,000
From Balances in Trust Accounts	3,549,000
From Loan—including borrowings to meet overseas expenditure, and cash balances of £24,500,000 which were on hand at 1st July, 1940	120,966,000
	<hr/>
	186,500,000

BUDGET SUMMARY 1940-41.

The following is a summary of the Budget showing the original Estimates of Revenue and Expenditure from the Consolidated Revenue Fund and the Revised Estimates as altered by the amendments to which I have referred:—

Revenue—

	£	£
Original Budget estimate of Total Revenue ..		150,100,000
<i>Amendments—</i>		
Income Tax	decrease — 2,500,000	
War-time Company Tax	increase + 750,000	
		<u>— 1,750,000</u>
Revised Estimate		<u>148,350,000</u>

Expenditure—

Expenditure other than Defence and War
(1939-40) Services—

Original Budget Estimate ..	84,853,000	
<i>Increases—</i>		
£		
Invalid and Old-age Pensions	470,000	
Service Pensions	15,000	
Grant to States for relief to wheat-growers	1,000,000	
		<u>1,485,000</u>
Revised estimate of Expenditure other than War		86,338,000
<i>Defence and War (1939-40) Services—</i>		
£		
Original Budget Estimate	65,220,000	
Reduction necessitated by Budget amendments	3,235,000	
		<u>61,985,000</u>
Revised estimate		<u>61,985,000</u>
Revised Estimate of Total Expenditure..		<u>148,323,000</u>
Estimated Surplus.. .. .		<u>27,000</u>