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New Zealand's Labour government :
its first year of office, a
record of its legislative and
administrative achievement / by
James Thorn.

AND'S

LABOUR GOVERNMENT



ITS FIRST YEAR OF OFFICE



*A Record of its
Legislative and
Administrative
Achievement*

Price: ONE SHILLING

[By JAMES THORN,
M.P. for THAMES]

- 5 MAY 2008

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Foreword

THE purpose of this pamphlet is to place in convenient and easily accessible form accurate and important information concerning the legislative and administrative record of the New Zealand Labour Government during its first fourteen months of office. Its scope permits of considerable detail. Mr. James Thorn, M.P., to whom the task of writing the booklet was entrusted, has carried it out ably and conscientiously. He has succeeded in giving us a most interesting and thoroughly reliable account of a notable period when New Zealand's first Labour Government was fully occupied with legislation which has attracted world-wide attention and which, along with sympathetic and efficient administration, has brought about most beneficial results in the social life and activities of the Dominion.

While the pamphlet is essentially a record of facts and figures, Mr. Thorn has succeeded in instilling life into what might otherwise be nothing more inspiring than a dry recital. While it will prove very helpful to students of social, economic, and political problems in New Zealand, and especially to those actively engaged in the Labour Movement of the Dominion, it will be of particular value to the great number of interested persons overseas who are anxious to obtain facts concerning the work of New Zealand's first Labour Government at first hand and in a convenient form.

Mr. Thorn's pamphlet is a storehouse of information, and to active members of the Labour Party who are keen to know and to make known the more important details of Labour's achievements during its short period of office, it is an indispensable armoury of facts and figures. Along with Mr. D. Wilson's "History in the Making," it provides an effective answer to the ill-informed and distorted criticism of the Government which at present is overtaxing the inventive ability of Labour's opponents and, incidentally, because of the facts it recounts, it builds up an invincible case for Labour.

HON. P. FRASER,
Minister of Education.

NEW ZEALAND'S LABOUR GOVERNMENT

Its First Year of Office

A RECORD OF ITS LEGISLATIVE AND ADMINISTRATIVE ACHIEVEMENT

AT the termination of the last Parliament the people of New Zealand were involved in an economic and financial crisis of the gravest character. The effect of the world disorder had been aggravated by policies which sought solutions in a wide impoverishment. These policies took the form of heavy reductions in wages and salaries, and of attacks on education, the legislative rights of Trades Unions and their members, and on the whole structure of the Dominion's social legislation. Unemployment which might have been kept within comparatively easily manageable dimensions by any confident reliance on the country's resources and the ability of its people assumed the proportions of a calamity. Primary and secondary industry reacted to the hopeless outlook of the Government, and from the resultant almost complete absence of confidence a process of demoralisation set in.

The condition of New Zealand then prevailing may be indicated by three simple facts:—

1. Males over 21 years of age numbering 57,246 were registered as unemployed. Approximately 175,000 men, women and children were affected by unemployment, and many suffered destitution.

2. In the dairy industry—the principal farming industry in which 70,000 suppliers to the dairy factories are engaged—50 per cent., according to the findings of a Royal Commission, were unable to meet their commitments, although during the ten years previous to 1935 they had actually doubled the volume of their production.

3. In the secondary industries the number of apprentices fell between 1932 and 1935 as follows:—

1932	6,910
1933	5,594
1934	4,303
1935	3,329

(In 1936 a rising tendency began, there being 3,552 apprentices in that year). It was almost impossible for boys leaving school to obtain an opening in any trade.

The Dominion was in a deadlock, with the Government insisting that no improvement was possible apart from a rise in the price level in an external market.

The General Election took place on November 27, 1935. At the polling booths the people were animated by two groups of influences: impatience, resentment, anger with the Government, and the democratic and progressive political traditions of the Dominion. The results were sweeping. A Government consisting of parties which since the death of Seddon in 1906 had controlled New Zealand was routed. The Labour Party, for the first time in the history of the Dominion, was given an overwhelming majority in the new Parliament.

Of the 80 seats in the New Zealand House of Representatives the Labour Party held 24 in the 1931-35 Parliament. In the present House the members of the Labour Party number 55, including two Maoris who joined the Party after the elections. Of the remainder

20 belong to the Opposition and five are Independents. With the mandate given by the people to the Labour Party the stage was set for great new departures in legislative enactment and administration.

It should be remembered that it was against a background of collapse, insecurity and loss that the Labour Party first received its authority to exercise power. This raised serious difficulties, but it also justified the swift and radical measures that were taken. So energetically did the Government move that by the end of the first session the major portion of its election programme had been implemented by administrative decision and by Parliamentary Act. In no previous Parliament has any Government in New Zealand had such a record of achievement to its credit. And this achievement covered several changes of first-class significance.

The situation required immediate action along the following lines:—

1. Amelioration of the conditions of the unemployed and their dependants.
2. Restoration of wages and salary reductions and the repair and improvement of nearly every class of industrial law.
3. Provision of a regular income for the dairy farmers which would be capable of supporting a standard of life comparable with the general standard throughout New Zealand.
4. Betterment of the various civil and war pensions systems and their extension to cover thousands suffering from chronic invalidity.
5. Resumption of responsible Government by the abolition of boards to which Governmental authority had been delegated.
6. Revival of educational procedures which had been retrenched out of existence.
7. Control of the banking system so that public credit might be socially utilised, and financial reorganisation to ensure a more ready provision of loan moneys by the State and equitable adjustments of burdensome mortgage liabilities.

All this was necessary not merely to satisfy the expectations the Labour Party's victory had aroused, but to remove irritations, provide some security, and re-create hope and confidence in order that consideration of large reconstructive measures might be given under conditions approaching tranquillity.

The plight of the unemployed was relieved by administrative decision at the first meeting of the new Cabinet within a fortnight of the elections. Most of the other difficulties required legislation. When the session opened on March 25, 1936, contrary to all previous experience, the Government met the House with its policy measures prepared. No time was wasted with prolonged debates on generalities, as was usually the custom, and in the whole of the session, the duration of which was only once exceeded in the Dominion's Parliamentary history, no hitch occurred through unreadiness with the Government's business.

The method in this pamphlet will be to place beneath the names of the Ministers the measures for which each was responsible and make some explanatory comment. It is convenient, however, to refer to unemployment separately, to set out the action taken, and to show the results.

How Unemployment was Dealt With:

Funds for the relief of unemployment are raised under legislation from the following sources: A general unemployment levy of £1 a year, a tax of 8d (reduced from 1/- in the latter half of 1935) in the £ of wages, and a similar special charge on "other income." In the year ended March 31, 1936, the sum so obtained totalled £3,920,026. This was distributed to unemployed workers engaged under a variety of schemes, chief of which is known as No. 5 Scheme. Under this Scheme unemployed work was mainly for local authorities, charitable institutions, and school committees, these

authorities providing materials and supervision, and the Employment Fund the wages. Where work for any reason was not available unemployed who were "fit for work" received a sustenance payment. Such a distribution of these funds, however, could only very inadequately mitigate the distress of large numbers of unemployed citizens, and their unfortunate condition presented a most urgent problem.

The Employment Fund was administered by a Board which before the Elections had set aside £150,000 for payment to the unemployed as a "Christmas box." The first act of the new Government was to increase this by £100,000, and then, lest any unemployed were unable to comply with the conditions governing the distribution, £20,000 was placed at the disposal of the Hospital Boards which in New Zealand administer publicly-provided charitable aid. In addition, £5,000 from another fund was paid to church and other charities. No distinction was drawn between men and women, Maoris and Europeans in the individual payments made from this benefit of £275,000.

The effect of these generous acts was notable. They restored cheerfulness to the Christmas season, and encouraged the unemployed with assurance that the work of rehabilitating them had begun.

The next step was to abolish the discrepancy in payments to relief workers and those on sustenance in country districts, secondary towns, and the four large cities. Under this system relief workers in secondary towns received from 2/- to 3/- less per week than similar workers in the main centres of population, and country workers from 4/6 to 6/- less.

On March 2 all workers on sustenance or relief work were paid uniform rates—all rates were lifted to the levels applying in the main centres. This decision improved the incomes of unemployed in rural areas and secondary towns by £175,000. Later a further decision was taken, applicable as from June 1, to increase sustenance and relief rates in all districts by £590,000.

A comparison between the rates paid to relief workers on No. 5 Scheme by the previous Government and those paid by the Labour Government since June 1, 1936, is given in the following table (an A man being a single man, a B man a married man with wife only, a C man a married man with wife and one child, and so on):—

Class.	Under previous Administration.						Under Labour Regime.	
	Country Districts.		Secondary Towns.		Main Centres.		Rates from June 1, 1936.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
"A"	0	12 0	0	14 0	0	17 0	1	1 0
"B"	1	1 0	1	4 0	1	7 0	1	18 6
"C"	1	5 0	1	8 0	1	11 0	2	2 6
"D"	1	9 0	1	12 0	1	15 0	2	6 6
"E"	1	13 0	1	16 0	1	19 0	2	10 6
"F"	1	15 0	1	18 0	2	1 0	2	14 6
"G"	1	17 0	2	0 0	2	3 0	2	18 6
"H"	1	19 0	2	2 0	2	5 0	3	2 6
"I"	2	1 0	2	4 0	2	7 0	3	6 6

On November 30 improved rates for unemployed on sustenance came into operation. These rates in the case of single men are less than No. 5 relief work rates by 1/- a week only, and in the case of married men by 3/6. As the difference is so small it is likely that in the majority of cases relief workers will transfer to sustenance, so that, in effect, the No. 5 Scheme with its part-time employment, will gradually disappear. In future, if, for instance, a local authority desires to continue with such works as formerly engaged No. 5 workers it must give them full-time employment and pay the difference between standard wages (usually fixed by the Arbitra-

tion Court) and the subsidy it receives from the Employment Promotion Fund.

To the rates for relief workers as fixed on June 1, which provide for a minimum of 16/- a day—the rate fixed by agreement between the Public Works Department and its employees—another benefit has since been added. In awards of the Arbitration Court covering local bodies the minimum rates for general labourers have been fixed at 2/3 an hour, and in some cases higher. The relief workers' rates have now been raised to 2/3 hourly, but if the award rate is in excess of this, the higher rate has to be paid. This enables relief workers to earn the weekly sum allowed them from the Employment Promotion Fund in a lesser working time.

Numerous other improvements in pay and conditions have been carried out by the Labour Government. Maoris now receive the same rates as European workers, there having been on this account an average increase to the Maori worker on No. 5 relief of 21/9 a week; relief workers losing time through wet weather and odd days through sickness receive their wages, and are not required to work off later time so lost; payment to relief workers during sickness has been extended from one to three weeks; in certain cases old age pensioners receive from the Employment Promotion Fund the difference between their pensions and the sustenance and relief rates; relief camps where crude conditions obtained have with few exceptions been converted into Public Works camps where Trade Union wages and conditions apply; inquisitorial methods of procuring information as to the income of unemployed workers have been stopped; and on the Women's Unemployment Committees accredited Labour organisations are now properly represented, rates to unemployed women have been increased from 7/6 a week to 10/-, with 4/- a week for room rent, these rates being supplemented by meals in most and in some cases by articles of clothing.

Among other benefits is a provision for pre-natal relief by which unemployed workers receive a higher rate of pay or sustenance for three months prior to the due date of the birth of the child; and the families of workers who travel long distances to full-time subsidised employment are maintained until the receipt of the first wages payments. Fares are also paid to such workers, but only when employed by a public authority. At Christmas, 1936, a bonus of £1 was paid to single and £2 to married men, and £1 to unemployed women.

Liability for compensation for accidents is carried by the Labour Department, which now administers the Employment Promotion Fund, and compensation is paid according to the provisions of the Workers Compensation for Accidents Act, but if any relief worker receiving less than £2 a week meets with an accident, from which he suffers total or partial permanent incapacity, he receives a lump sum as provided in the Act, plus an *ex gratia* payment on the assumption that £2 was the average of his weekly earnings.

Apart from the No. 5 Scheme, other schemes carry subsidies from the Employment Fund. Subsidies are paid on labour taken from the Unemployment Registers and employed by farmers for development and improvement on farms (clearing, drainage, etc.). The destruction of rabbits and noxious weeds like ragwort is subsidised. Miners prospecting for gold receive a subsidy of £1 a week when single and £2 when married, with an additional 10/- weekly when working in "dead" country, and £4 a week for special forms of prospecting. When a miner's gold winnings and subsidy jointly exceed £7/10/- a fortnight he goes off subsidy, but for a fortnight only. Gold mining companies may also be subsidised for development work on claims, but the subsidies must be repaid before any dividends are distributed. With the object of re-forming orchestras in picture theatres, subsidies on wages to musicians are available to the proprietors, but orchestras so re-formed must be engaged for twelve months at least, and women must not exceed 25 per cent. of the number of musicians in the orchestra. Under the Small Farms Act

unemployed workers who succeed in obtaining farms are paid a subsidy while bringing their land into cultivation.

The 1936 Christmas bonus omitted, the value of the benefits extended to the workers on the Unemployment Registers by the Labour Government since it took office is estimated at £1,100,000. This figure does not cover the very considerable improvements enjoyed by approximately 20,000 workers (by which number the unemployment statistics have been reduced during this period) who are now in employment under normal conditions either with the Public Works, Railway and other Departments or with private employers.

Although such additional benefits have been provided, care has been taken to leave an incentive to seek employment, wherever possible, outside the schemes financed by the Employment Promotion Fund. The method adopted is the fixation of a permissible income limit which, although it is 19/- a week above the relief rates for single men and 11/6 in the case of married men with seven children, with varying amounts for the categories in between, is still below the standard rates of pay for workers of a similar class in ordinary employment. Like sustenance and relief rates, the permissible income limit has been raised by the Labour Government. When the limit is exceeded proportionate deductions are made from the relief payments.

Reference has been made above to the reduction in the unemployment figures. The actual figures are:—

As at November, 1935	57,246
As at January 16, 1937	37,820
Reduction	19,426

Those registered as unemployed on this latter date were classified as under:—

On sustenance	20,708
On No. 5 Relief	7,874
Registered, but not receiving relief	2,834
On full-time subsidised work	6,404
Total	37,820

Excluding the last of these categories, the unemployed number 31,416, but even this figure exaggerates the actual position, because among those on sustenance there are several thousands—about 9,000, the Minister of Labour estimates—who are carried by the Fund for the reason that, although they are more or less unfit for work, they are inadequately provided for under the various pensions system or not provided for at all. Many, for instance, are pensioned returned soldiers, old age pensioners, and others who suffer from feebleness and injury. What these men receive from the Employment Fund may be regarded as in some sort an invalidity pension.

To effect the reduction that has been brought about, a variety of measures have been adopted. Expansion of public works, extension of activities in other State Departments, increase in purchasing power through the restoration of wage cuts, reductions in hours of labour, and the institution of what is called the Placement Service have all contributed to the improvement, as have also the guaranteed price for dairy produce and—but only very recently—the rise in the price of wool.

Of the 19,426 drop in the figures about 9,000 have been absorbed in Government Departments—Public Works 7,000, Railways 1,500, Mental Hospitals 300, and miscellaneous 200. Over 10,000 have passed into private employment.

This reduction takes no account of the thousands of workers, male and female, below the age of 21, who have found employment in private industry with and without the assistance of the Placement Service, so that actually the employment situation is considerably

better than the reduction in the unemployment statistics would suggest.

The Placement Service is a new Department which grew out of Government Employment Bureaux, and which was instituted after a vocational survey of the capabilities of men on the Unemployment Registers had been made in May, 1936. The Service has officers in 23 of the principal cities and towns, and is linked with Bureaux in other centres. It carries out an intensive campaign to bring together workers seeking jobs and employers requiring labour. Its efforts have been remarkably successful. By January 31, 1937, its placements numbered:—

In permanent employment	11,452
In casual employment	6,040
In temporary employment	6,613
Total	24,105

The Service is deservedly popular with employers and workers alike.

The Cabinet Minister responsible for the administration of the Employment Promotion Fund is the Hon. H. T. Armstrong, Minister of Labour.

THE PRIME MINISTER.

RIGHT HON. M. J. SAVAGE, P.C., Prime Minister, Minister of External Affairs, Native Minister, Minister for Cook Islands and Minister in charge of Native Trust, Legislative, Electoral, Audit and High Commissioner's Departments.

IN addition to the performance of his onerous duties in the above capacities, the Prime Minister during the session introduced two measures of considerable importance. One dealt with the political rights of civil servants and their organisations and Unions, and the other authorised the appointment of Parliamentary Under-Secretaries.

Political Disabilities Removal.—The Political Disabilities Removal Act, 1936, confers freedom of speech and full political rights on all Civil Servants. Before the passage of this Act serious penalties could be imposed on any Civil Servants who took any active part in politics beyond recording their votes at elections. The penalties included summary dismissal from their employment.

The Act permits public servants to contest Parliamentary Elections and grants special leave for the purposes of their candidatures. During this leave, however, the public servant is not entitled to receive any salary payments, and, if elected, he is deemed to have vacated his office in the Service.

Further, the Act allows Public Service organisations and Unions to affiliate with political parties, and to devote funds for the furtherance of political objects, provided that a resolution for this purpose is supported by a majority of the particular organisation's members according to its rules.

Civil List Amendment.—Under this Amendment provision is made for the appointment of Parliamentary Under-Secretaries—a new departure in New Zealand Parliamentary procedure, but one thought necessary to relieve Ministers from burdensome duties, and to familiarise members with Ministerial duties.

The appointment of any member of the Legislative Council or House of Representatives may be made to act in this capacity. The first member appointed was Mr. J. A. Lee, M.P. for Grey Lynn, who now acts as the Parliamentary Under-Secretary to the Minister of Finance, and who has been given charge of the administration of the Government's housing policy.

Broadcasting Act.—By the provisions of an Act thoroughly overhauling the system of radio broadcasting in the Dominion, the Prime Minister took charge of a new Ministry of Broadcasting. The Bill, however, was presented to the House by the Hon. F. Jones, Postmaster-General.

The Act abolished the Broadcasting Board which had previously administered the radio service, and vested the Board's property in the Crown. The Board's powers are now exercised by the Minister.

Under the Act a Director of Broadcasting has been appointed—Professor J. B. Shelley, who was formerly Professor of Education, Dean of the Faculty of Social Science and Acting-Professor of Philosophy at Canterbury College. The Director carries out his duties under the control of the Minister.

The Nationally-owned stations are named Y stations. B stations privately-owned, which prior to the enactment of this legislation had great difficulty in carrying on, may now be subsidised from the revenue from license fees, but the Government has power to take them over by purchase whenever this is considered advisable. Licenses to operate these B stations may only be transferred or otherwise disposed of if the Minister consents.

Advertising over the air has been provided for by authority which enables the Government to establish commercial radio stations. The Government has the sole right to advertise by radio operations. A station for this purpose has been operating successfully in Auckland for several months. Another recently commenced operations in Wellington.

In January last, a new 60 kilowatt station was opened at Titahi Bay near Wellington; the problem of providing satisfactory coverage for every part of New Zealand is being investigated; a policy of an adequate news service to and from the Dominion is being worked out; and a special activity for the discovery and training of New Zealand talent has been initiated.

Broadcasting Parliament.—A decision by the Government that has proved most popular was that to broadcast important Parliamentary debates. The first of these broadcasts took place on March 23, 1936, and this may be said to have been the first Parliamentary broadcast in history.

Absolute impartiality in the treatment of the various political parties in the House has been the rule when the broadcasting of any debate has been decided. During the session, although the numerical strength of the combined Official Opposition and the Independents is less than half that of the Government Party, their speakers over the air numbered more than those of the Government.

Debates broadcast have generally been on the second readings of the most important Bills, but the opening stages of discussion on a Bill in committee have also been broadcast.

By these broadcasts it is safe to say that tens of thousands of people, many living in isolated rural areas, have been given their first real contact with Parliamentary procedure, with the result that interest in Parliament and its work has been greatly stimulated.

In the past year radio licenses increased from 185,008 to 232,657. There can be no doubt that a substantial reason for this increase was the Government's policy of putting Parliament on the air.

Free Radio Receiving Licenses.—Until 1936 free radio receiving licenses were issued only to the State schools and to blind persons who were the heads of households. From September 1, 1936, the free license privilege was extended to private schools for educational purposes and also to public hospitals, benevolent and orphan asylums, and other charitable institutions such as old men's homes. The number of free licenses at the end of November, 1936, was 661.

These several measures indicate the Government's determination to give the radio broadcasting service the widest possible importance,

and to make it the chief instrument in the Dominion for the dissemination of information, entertainment, and culture.

Prime Minister's Further Acts.—Being in charge of the Legislative Department, the Prime Minister has been instrumental in providing full-time employment for the sessional staff of messengers, attendants and committee clerks by distributing them over other branches of the Service during the recess. Previously these Public Servants were dismissed at the end of sessions. The provision of whole-time work gives them the advantage of leave which goes with such employment. During the session when special conditions apply it was not possible to concede the 40-hour week to these workers, but in the recess the 40-hour week has been instituted. All cuts in wages and salaries have been restored, and this is also the case with the honoraria of Members of Parliament.

THE SCHOOLS AND EDUCATION.

HON. P. FRASER, Minister of Education, Minister of Health, Minister of Marine, and Minister in Charge of Mental Hospitals, Police, and Inspection of Machinery Departments.

Most of the improvements in the Dominion's education system made during 1936 were effected by administrative decision on the part of the Minister, and the only legislation introduced—the Education Amendment Act, 1936—validated several of the changes carried out by this procedure.

One provision in this Act abolished the proficiency examination for entry into secondary and technical schools. The abolition operates as from September 30, 1937, and, in effect, provides for free secondary and technical education.

The details of what was decided and put into effect during the new Government's first year of office are enumerated in the following statement:—

Re-admission of Five-year-olds.—When the present Government came into office the most pressing educational question was the re-admission of children of five years of age to the public schools. During the depression the lower limit of school age had been raised to six years. On the re-opening of the schools on February 1, 1936, any child who had attained the age of five years was eligible for enrolment. To meet the staffing position that was thus created it was decided to grade schools for 1936 on 95 per cent. of the roll number on March 31.

Re-opening Training Colleges.—The decision to admit the five-year-old children involved the training of additional teachers, and the Wellington and Dunedin Training Colleges, which had been closed by the previous Administration, were re-opened. The allowances to students were raised from £20 (£30 in the case of third-class students), plus a repayable boarding allowance of £40 where required, to £70, plus £30 where students had to live away from home or their usual place of residence, no part of the allowance being repayable. There are at present in the four training colleges 395 second-year students (admitted in 1935) and 792 first-year students, a total of 1,187, this being an increase from 428 the previous year.

Kindergartens.—The grant previously made to enable kindergartens to carry on their work has been restored, the amount being increased from £3,510 (1935-36) to £6,000 for 1936-37. The regulations provide for capitation not exceeding £4 per annum for each pupil in average attendance, and not exceeding 25/- for every 20/- raised by voluntary contributions and expended on the maintenance of the schools by the Association during the year.

Public Schools:

Conveyance.—Six school buses have been built in the Railway Workshops, and six more were being constructed in February, 1936, for

use, particularly in districts in which some difficulty has been found in establishing services under public contract, or for use to replace worn-out buses in the services running to Consolidated Schools. In three districts where railway services have been discontinued and buses substituted the Government has undertaken the full cost of the conveyance of children to school, whereas formerly only an amount equal to a free school season ticket was paid. During the year 1936 some 65 new conveyance services were established.

School Committee Incidentals.—The grants for these have been increased from £104,000 in 1935-36 to £156,000, £16,000 being specially provided for improvements to school grounds.

Boys' and Girls' Agricultural Clubs.—The grants have been increased from £300 to £600 to enable this very important aspect of school work to be developed.

Handwork Material.—Supplies have been increased from £7,000 to £14,000 to enable more adequate provision to be made for handwork instruction in schools.

Needlework Instruction.—A sum of £3,000 has been provided for needlework instruction in schools under the charge of a sole male teacher. In 1932 this expenditure was discontinued.

Scheme Books and Work-Books.—During the last three or four years teachers have had to purchase their own work-books and scheme books, but provision has been made at a cost of £170 for these books to be provided free to all teachers in public schools.

Post-Primary Education:

Free School Books.—From the beginning of the year 1936 free school books have been provided for post-primary pupils in cases where parents are unable to afford them, £1,000 being provided on the Estimates for this purpose.

Free Places.—Until recently pupils could hold their free places only until the end of the term in which they reached the age of 19 years, except in special cases approved by the Minister, when the free places might be held until the end of the year in which the pupil reached 19 years. The regulations have been altered extending all senior free places to the end of the year in which the pupil reaches 19 years, provision being made for an extension beyond 19 in special cases approved by the Minister.

Free School Season Tickets.—The age limit for free school season tickets by rail has been extended from 19 to 20 years. Provision is being made for dealing with cases of special hardship, and the privilege of allowing pupils to travel to school functions on their free ticket has been granted.

Conveyance by Road.—After very careful consideration, the Government decided to extend post-primary conveyance to include conveyance by road as well as by rail, a sum of £14,300 being provided to meet the cost between September, 1936, and March, 1937. High School Boards and Technical School Boards have been authorised accordingly to pay conveyance allowances to their pupils under the same conditions as apply in primary schools.

Boarding Allowances.—Provision has also been made for assistance to the extent of 5/- per week in connection with the boarding of post-primary children who have to live away from home to obtain further education, £14,600 being provided on the Estimates for this purpose for the balance of the financial year.

Manual and Science Capitation.—During the depression the rates were reduced by 50 per cent., but from the beginning of the 1937 term they have been restored to the original rates of 2/- and 1/- per pupil according to the subjects taken. The item on the Estimates has been increased from £3,000 to £5,000.

Salaries of Certain Teachers.—Teachers who are at present occupying Grade "D" positions in secondary schools will, if they are classified as Grade "C," now be able to proceed to the maximum salary for Grade "C." There are in the secondary schools a number of teachers who, although occupying Grade "D" (the lowest) position, are classified in a higher grade. An additional sum of £1,000 is provided to meet the increased cost.

Higher Education:

Bursaries.—The number of Home Science and Agricultural Bursaries tenable at the University Colleges has been increased by six. Regulations for Art Bursaries were issued and two bursaries were awarded, the cost being £120 per annum.

Special Assistance.—An additional £100, making the item £140, has been added to provide special assistance to deserving university students in cases of hardship.

Workers' Educational Association.—The grants formerly enjoyed by the Workers' Educational Association have been restored, provision being made for the payment of £500 to the Association and £750 to each of the four University Colleges to assist the Association in its work.

Correspondence School:

This school teaches, by correspondence, children living in isolated places, including, for instance, lighthouses.

Conditions of Entry.—Secondary Department: In the secondary department the school is now providing instruction for young people in employment, including Postal Cadets and Junior Assistants in Native Schools, and teaches in Grade "O" schools. The age limit for secondary pupils, which was formerly the end of the term in which they became 19 years of age, may be extended on consideration of each individual case.

Primary Department: Last year a pupil could not be enrolled in the Correspondence School unless his home was more than four miles from an existing school, but now the distance limit is graduated according to the following scale:—

Up to 7 years of age	2 miles
From 7 to 11 years of age	3 miles
Over 11 years of age	3½ miles

Distance limits do not apply to cases of physical disability.

A special class has been provided for children who have been handicapped by lack of opportunity or ability.

There are at present enrolled in the Correspondence School approximately 1,600 primary pupils and 800 secondary pupils.

Secondary Schools:

Incidentals.—A small increase as from November 1, 1936, has been made in the grant for Incidental Expenses of Secondary Schools. For portion of the year to March 31, 1937, £3,100 has been provided.

Crippled Children.—The Education Act has been amended to allow of crippled children unable to attend school being taught in their own homes by visiting teachers.

Buildings.—A sum of £500,000 has been provided for buildings, sites, etc., in connection with all branches of education. In 1935 the sum provided was £180,000, plus assistance to the extent of £23,060 from the Unemployment Fund.

For the general maintenance of school buildings, residences, etc., a sum of £147,000 has been provided for public schools and Training Colleges. Of this amount £100,000 is for general maintenance,

£45,000 for ground improvements, and £2,000 for special works. In 1935 £65,000 was voted.

For Secondary Schools £19,500 is being provided, as against £2,000 in 1935; for Technical Schools £9,500, as against £2,000. Of the Secondary allocation £18,000 and of the Technical allocation £7,000 is for ground improvements. For Native Schools £7,000 is being provided, as against £6,000 in 1935.

General:

Conference on Maori Health, Education and Economic Conditions.—A large and representative conference, convened by the Minister, considered questions relating to the health, education and economic conditions of the Maori. Religious leaders, Maori school teachers, Maori M.P.s, and other influential people interested in the Native Race attended this conference.

Supply of School Journal.—It has been decided, from the beginning of next year, to supply the School Journal free to children attending private schools. This represents a relief of approximately £250 to the parents of the children.

Adult Education.—A representative committee of the University and the Workers' Educational Association is considering adult education with a view to reporting to the Minister on this very important question.

Intermediate School System.—The New Zealand Educational Research Council has been asked to report on the Intermediate School System.

Consolidation of Schools.—Encouragement is being given to the consolidation of schools where this can be effected. The advantages of consolidation are briefly that children are taught in larger and better staffed schools which, because of their size, are able to provide for country children educational facilities approximating to those that pertain in the towns.

Radio Equipment.—Arrangements have been entered into by which private schools as well as public schools are able to obtain radio equipment at concession rates. The importance of radio is realised and encouragement is being given to this form of education.

PUBLIC HEALTH AND HOSPITAL ADMINISTRATION.

In this Department, as in Education, the Minister, supported by the Government, instituted many important enlightened reforms.

The legislative record was limited to two Acts, and the changes decided on were carried out largely by administration.

Legislation:

Hospital and Charitable Institutions Amendment Act, 1936.—By this Act Hospital Boards are made liable in damages where there is negligence in the treatment of a patient, whether this negligence occurs in the course of purely professional or other duties of a medical practitioner, dentist, matron, nurse, midwife, attendant or other person employed or engaged (whether in an honorary capacity or not) by the Board.

In the absence of such provision a patient suffering from negligence on the part of a nurse or other person employed by a Hospital Board had in many cases no really effective remedy at law.

Apart from the protection that is afforded to patients, the legislation referred to will have the effect of improving the general standard of the selection of staff. This legislation does not affect the present right of a person to recover damages from the person primarily liable, viz., doctor or nurse, but provides an additional or alternate remedy only.

This Act also gives Hospital Boards authority to make grants or allowances to persons who, while employed in nursing duties or within twelve months after being so employed, contract Pulmonary Tuberculosis. The number of cases in which it is found that nurses in general hospitals contract Pulmonary Tuberculosis points to the necessity for such a provision.

A further provision defines more fully the responsibility of a Hospital Board as regards ambulance services. Power is also taken to regulate the hours of duty of nurses in private hospitals and to make regulations for the protection of their interests as well as of nurses in public hospitals.

Dentists Act, 1936:

This Act makes improved provision for the registration and control of dentists. Registration of dentists is now brought into line with the provisions covering the registration of medical practitioners. For the purpose a Dental Council is established which will be the registering authority and will exercise certain disciplinary powers over practising dentists.

Administrative:

Medical Officer of Health.—To enable the Department of Health to carry out its ever-widening duties and responsibilities, the medical staff is strengthened by the appointment of two additional Medical Officers of Health.

School Medical Service.—Two female School Medical Officers have been appointed and approval has been given for the appointment of four additional School Nurses.

School Dental Service.—This Service is being extended as rapidly as conditions permit; the number of nurses undergoing training has been increased to the full capacity of the training clinic and the erection of a new Dental Clinic in Wellington at an estimated cost of £52,000 is shortly being commenced. With the additional training facilities to be provided it is aimed to provide school dental services for all the schools in the Dominion within four or five years.

Maori Hygiene.—Problems relating to the health of the Maori people have received special attention. Seven District Nurses have recently been appointed to work amongst the Maori people.

Six additional Health Inspectors have been appointed and the aim has been to select men with a good knowledge of Maori mentality.

Health Camps.—In order to assist the Health Camp Movement throughout New Zealand by organising the various existing bodies on a proper basis with means of inter-communication to prevent overlapping and to ensure the greatest benefit to children in relation to expenditure, a conference was called in July, 1936, with delegates representing Health Camp Organisations in various parts of New Zealand. A working scheme was evolved and the foundations laid for the future development of the work on organised lines.

Milk in Schools.—Provision has been made on the 1936-37 Estimates for an expenditure of £30,000 for this purpose. The details of the scheme have received particular attention and considerable progress has been made in the application of the scheme in the present school year. The Government is alive to the great importance of ensuring that the milk supply in whatever form it takes will be safe, as any untoward happening at the commencement of the scheme would be likely to jeopardise its future success.

Maternal Welfare.—In view of the number of deaths from septic abortion as the results of attempts to artificially terminate pregnancy, the Government appointed a Committee to inquire into the

various aspects of the abortion problem in New Zealand. The personnel of the Committee was:—

Dr. D. G. McMillan, M.P. (Chairman).

Mrs. P. Fraser.

Dr. Sylvia Chapman, Medical Superintendent, St. Helens Hospital, Wellington, and President of the Y.W.C.A.

Dr. T. F. Corkill, President of the Obstetrical and Gynaecological Society of New Zealand, Medical Officer of the Alexandra Home and an Examiner to the Nurses and Midwives' Registration Board.

Dr. T. L. Paget, Inspector of Private and Maternity Hospitals, Department of Health.

The Committee recently presented its report, the recommendations in which have received large public support.

Plunket Society.—Grants to the Society towards salaries of nurses have been restored to the rates prevailing before the imposition of general salary cuts in 1931. The Department pays now £125 per annum towards the salary of these Plunket Nurses, in comparison with £106/10/- for the year previous. The total amount paid to the Society for the last financial year was £20,366, and the amount of the appropriation for this year is £22,720.

Additional Grants to Social Service Organisations.—**Mt. Magdala Asylum:** The grant to this institution was increased from £430 to £600 per annum.

St. Mary's Home, Otahuhu: A grant of £200 was reinstated.

Women's Division of the N.Z. Farmers' Union: Grant of £150 in respect of nurses and housekeepers provided for farmers' wives in outlying districts was repeated for the year 1936-37. This grant was made in 1935-36, but had been discontinued for the three years previous.

A grant of £500 was made towards cost of additions to Kensington Street Maternity Hospital, Wellington.

A grant of £200 was made to St. John Ambulance Society; £300 to the Waipapu Farm Settlement for Maoris; and £500 to Children's Rest Home, Dunedin.

Medical Research.—Recognising the desirability of assisting scientific research into disease causation, especially in relation to diseases particularly affecting New Zealand—for example, goitre and hydatids—provision was made for an appropriation of £600 for this item.

Grants of £100 each have been made from this appropriation to the University of Otago towards hydatids and goitre disease prevention and of research. It is proposed to constitute a Permanent Advisory Committee of Medical Research.

National Health Insurance.—In regard to its National Health and Superannuation proposals, the Government has set up special investigating Committees as preliminary to preparing details of a scheme. One of the Committees, which comprises five Government Members of Parliament, in association with the Minister of Health, is directing its attention particularly to the Health Services. In October the Committee issued a questionnaire to representative organisations interested in the introduction of a National Health Insurance Scheme, and is now taking evidence from interested parties.

MENTAL HOSPITALS DEPARTMENT.

As with the organisation of the Public Health Department, great progress was made during 1936 in the Mental Hospitals Department, important measures of improvement and relief having been carried out with respect to both staffs and patients.

Reduction in Working Hours.—**Nursing Staffs:** Hours of nursing staffs were reduced from just under 53 per week to just under 42. This hours reduction necessitated the employment of extra staff, and

approximately 270 more persons (130 men and 140 women) are now engaged by the Department for this reason.

Farm Hands and Artisans: The institution of a 40-hour week for artisans and a 42-hour week for farmworkers in the employ of the Department has provided employment for approximately 40 more persons.

Restoration of Salary Cuts.—Approximately £1200 additional per month is being paid to the staff as the result of the Government's decision to restore salary cuts as from July 1, 1936.

Overcoming Overcrowding.—Serious overcrowding of patients at the Mental Hospitals required an active policy of building construction, and by this means during the year the overcrowding was reduced from 935 to 585. Eleven villas were erected and occupied at Kingseat, Tokanui, Nelson, Hokitika and Christchurch, while two others—one at the Templeton Farm—will be occupied at an early date.

Owing to the increase in the staff due to the reduction in working hours, an accommodation difficulty had to be met by utilising as staff quarters accommodation designed for patients, but fortunately no more than 72 beds were required for this purpose.

The building programme completed and commenced during the year included new residences, stores, butcheries, bakeries, a laundry and boilerhouse at five hospitals.

Occupational Therapy.—A new departure in Mental Hospitals practice, so far as New Zealand is concerned, was the introduction of classes where the patients can be taught handicrafts. These classes are now in operation at Porirua, Christchurch, Seacliff, Auckland, and Templeton Farm. The subjects comprise painting, copper and wood work, leather-work, wicker-work, and many patients who would otherwise have to be unemployed are showing a keen interest in this new phase of treatment.

Psychological Clinics.—Clinics have been conducted for some years at the Public Hospitals in the main centres, as well as at Hokitika and Invercargill. During 1936, at the request of the local medical men, additional clinics were held monthly at Oamaru and Palmerston North.

Psychopathic Ward.—The Department's Medical Superintendents have been appointed as ex-officio honorary Psychiatrists at the general hospitals in the four main centres, and in 1936 psychopathic blocks were erected at the Wellington and Dunedin Hospitals. Certain types of cases can well be treated in the general hospitals, and friends of those who suffer from slight and temporary mental illness are greatly appreciative of this innovation.

DEPARTMENT OF MARINE.

An actively progressive policy has been pursued by the Government in the Marine Department, this covering improvements in staff conditions, in harbour facilities, in safety precautions, and in the fresh and sea fisheries industries.

The 40-hour Week.—The five-day 40-hour week was put into operation to the fullest extent possible in the prevalent circumstances. In the District Shipping Offices, the Lighthouse Service, and in the Harbourmaster's Branch at Westport—that is, in the signalling and handling of ships—public convenience demands attention on six, and in some cases, seven days a week, but where compensation for longer duty was necessary additional leave was provided.

The Lighthouse Service.—The working hours on station maintenance were reduced by two per day, which brought the working hours of keepers on a three-keeper station to 40 per week. Keepers on two-keeper stations, however, still have to work in excess of 40 hours per week, so their annual leave has been increased to six weeks.

Surveys and plans for oil engine haulage have been made at the Cape Maria Van Diemen, Moko Hinau, Cuvier and Chickens Islands Lighthouses, and work has been commenced on the Chickens.

Radio Beacons.—Plant is on order in Great Britain for radio beacons at Baring Head, Cape Campbell, and Stephens Island, and it should reach New Zealand about midway during the present year (1937). The steel lattice towers for Baring Head are being built at the Hutt Railway Workshops.

In the meantime facilities for direction-finding by ships are available on request from Cape Maria Van Diemen, Tiri Tiri Island, Pencarrow Head at Wellington, and Stephens Island. In the case of the two former stations signals are continuous during foggy weather.

New lights are in course of erection at Milford Sound and Pearl Island (off Stewart Island).

Westport Harbour.—At this harbour the Department is now carrying out extensive improvements on the breakwaters and the river bed protective works, at an estimated cost of £8000.

Considerable improvements have also been made in the wages, hours of work, and conditions of employment for the harbour employees, and the agreement between the Department and the Union embodies the policy of preference to Unionists when workers are being engaged.

The Fisheries.—To ensure that regulations governing the Sea Fisheries will be properly observed, three new fishery inspectors have been appointed, and plans and specifications of a new patrol boat for the Auckland waters are in preparation.

The Marine Department has taken over the direction of freshwater fishery research, and accommodation for its staff has been arranged in Wellington, where a laboratory has been completed.

With the object of conserving the oyster beds, the oyster industry at Bluff was, in January, 1937, declared an industry under the recently-enacted Industrial Efficiency Act. The effect is to give control of the issue of licenses for the taking of oysters to the Bureau of Industry created under this Act. Another result will be the prevention of cut-throat competition in the industry. Prior to this action no person could be refused a license for a boat to dredge oysters if he paid a fee of 10/-. The resultant unlimited exploitation of the oyster beds can now be stopped.

The Government has appointed a Sea Fisheries Investigation Committee with full authority to inquire into every aspect of the industry, with the object of formulating a policy which can be administered under the Industrial Efficiency Act. Mr. M. W. Young, Assistant Chief Inspector of Fisheries in the Department, is a member of this Committee.

Survey of New Zealand Coasts.—By arrangement between the New Zealand and British Governments, the latter has made available H.M. Surveying Ship "Endeavour" for a re-survey of the New Zealand coastline and the preparation of the charts. The "Endeavour" is now engaged on this survey.

Protection of British Shipping:

Foreign competition with British shipping in the Pacific and between New Zealand and Australia moved the N.Z. Government to enact the Protection of British Shipping Act, 1936.

The Act was designed to safeguard British shipping against the unfair competition of foreign shipping companies who are subsidised by their Governments and still further aided by laws restricting the trade of British ships.

Specifically the Act gives the Government power to protect British shipping carrying passengers and goods between New Zealand and Australia against the competition of foreign shipping which is protected by the laws of its own country against the competition of British ships trading between the ports and territories of that country.

With this power the New Zealand Government can prevent any foreign ship in this category from receiving any passengers or goods in New Zealand for carriage to Australia, or from landing in New Zealand any passengers or goods from Australia. The Act makes it illegal for any person in New Zealand either to embark in such ships, or ship goods in them, to Australia.

The penalty for breach of the Act is a fine of £100, and in the case of goods, their forfeiture in addition to the fine.

Shipping and Seamen Amendment Act, 1936:

A more satisfactory regulation of the manning of motor ships and fishing vessels is provided by this legislation. It also improves the condition in the principal Act respecting engineers' certificates and the number of engineers to be carried on specified types of vessels.

THE POLICE DEPARTMENT.

During the Labour Government's term of office wonderful progress has been made in improving the efficiency of the Police Service, and making the lot of the men brighter and happier.

Housing.—Housing accommodation which had drifted into a bad condition has been greatly improved, some £16,000 having been authorised to modernise and renovate suburban and country police stations. Many old buildings are being altered and transformed into modern homes with all necessary conveniences. Housewives have expressed great appreciation for what has been done for them in this respect.

New offices and quarters have been authorised in many centres, these including Palmerston North, where £20,000 will be spent on offices and single men's quarters. Other districts where improvements of a like character are being carried out are: Ellerslie, Kaeo, Tauranga, Te Whaiti, Rotorua, Wellington and Port Chalmers. During the year five new stations were opened.

Wages Improvements.—By the restoration of pay cuts as from July 1, 1936, members of the Police Force enjoyed a benefit over the year of £32,000. All ranks of the Service were also granted a liberal increase in travelling allowances and expenses. Further, an allowance was made for the supply of lighting in offices at all one-man stations. Previously the Constable had to pay for the lighting from his own salary.

Strength of the Force.—An increase of 50 in the strength of the Force was authorised at an approximate cost of £7500 for the latter six months of the year, and the Training School has been working at full capacity to provide the necessary instruction.

Instructional Lectures.—With the object of increasing efficiency two inspectors during the year delivered courses of lectures to members of the Services in every part of the Dominion on practical police and detective duties. Lectures on Ballistics were also given in several districts.

The Police have been encouraged to hold social functions in their various districts, and in Wellington a Pipe Band and an Orchestra have been formed, both of which have proved widely popular. The Police have also been urged to take part in every kind of healthy amateur athletic sport.

Rations to Prisoners.—The amount paid by the Department to Police Officials for the supply of rations to prisoners was raised as from December 1, 1936, from 2/- to 3/- per ration.

Formation of Police Association.—The Minister-in-Charge having given the necessary permission, a Police Association comprising all non-commissioner officers and men was formed during the year, a civilian being appointed to the Secretaryship. Claims from the Association for improvements in Service conditions have been sub-

mitted to the Minister and the Commissioner, and an agreement greatly improving Police conditions was reached.

The Commissioner of Police has reported to the Minister that the above improvements are greatly appreciated by all ranks of the Service, and that officers and men are deeply grateful.

THE MINISTER OF FINANCE.

HON. W. NASH, Minister of Finance, Minister of Customs, Minister of Stamp Duties and Minister in Charge of State Advances, Land and Income Tax, Public Service, Superannuation, Public Trust, Government Life Insurance, State Fire Insurance, and Census and Statistics Departments.

The Minister of Finance was responsible for the introduction of a series of measures of extraordinary importance affecting the financial reorganisation of the Dominion. It fell to his lot to draft the Bills required to implement the Government's decision to control the Dominion's credit and currency system, to provide a regular income for dairy farm producers, and to place mortgagors in a position of security. His responsibility also covered legislation needed to restore the wages and salary reductions imposed at the onset of the economic crisis, and to obtain the revenue by which the Government's social legislation could be financed. Moreover, he had to devise the means of financing a wide expansion of Public Works policy and of providing housing on a scale without precedent in the Dominion's history.

The measures he carried through the House were:—

Reserve Bank of New Zealand Amendment,
State Advances Corporation Act,
Primary Products Marketing Act,
Finance Act,
Finance Act No. 2,
Mortgagors and Lessees Rehabilitation Act,
Land and Income Tax Amendment,
Land and Income Tax (Annual),
An Appropriation Act and an Imprest Supply Act.
He also prepared and presented the Budget.

Reserve Bank of New Zealand.—The New Zealand Reserve Bank was created by legislation passed in 1933. This legislation permitted private investors to take up share capital to the extent of £500,000 in the Bank, and it gave the holders of this share capital powerful representation on the Bank's Board of Directors.

At the elections the Labour Government won endorsement of a policy affirming the desirability of the national control of currency and credit, and of removing the private shareholder interest from the Reserve Bank and its Directorate.

In the amending Act passed in the early stages of the 1936 session all share capital was cancelled, and provision was made for its purchase by the Government at its market value on the date of the elections. For each £5 share the holders received £6/5/., and they were given the right to accept this either in cash or in non-negotiable Government stock carrying 4 per cent. interest.

The Board of Directors was reconstituted, with the following effect: The Governor and the Deputy-Governor were appointed by the Government; the ordinary members of the Board in office at the passing of the Act continued in office, but at the pleasure of the Government; the Secretary of the Treasury is authorised to attend and vote at all meetings. The distinction between Government and shareholders' directors was abolished.

Consistent with the principle that the Bank must be controlled by the Government which is charged with the task of reorganising the Dominion's economic and financial life, the Bank's general function is defined by the Act as "to give effect as far as may be possible to

the monetary policy of the Government as communicated to it from time to time by the Minister of Finance."

In the same section it is provided that "the Bank shall regulate and control credit and currency in New Zealand, the transfer of moneys to and from New Zealand, and the disposal of moneys that are derived from the sale of any New Zealand products and for the time being are held overseas."

The wide powers of the Bank were outlined in a recent statement by the Minister of Finance. He said:—

"The Reserve Bank now has full power to buy and sell Government securities, to underwrite Government loans, and to advance to the Government moneys on overdraft for the purchase and marketing of any New Zealand product. The Bank is directed to control all foreign exchange funds, resulting from New Zealand's exports, and also the transfer of overseas funds to and from New Zealand. Power is also given to prevent, if necessary, the automatic convertibility of Reserve Bank notes into sterling.

"The Reserve Bank also has power to vary the reserves which the commercial banks must keep with it. In addition, each commercial bank—there are six—must furnish among other information monthly to the Reserve Bank the total of unused overdraft facilities available to customers. Finally, all profits earned by the Reserve Bank form part of the Budgetary revenue."

Further, an annual report from the Board of Directors must be laid before Parliament.

To the Board of Directors the Government has made two appointments of highly qualified men known to be sympathetic with its policy. It may be added that a similar action has been taken respecting the Government's representatives on the directorate of the Bank of New Zealand.

Apart from the very great day-to-day services the Bank is rendering to the Dominion, it has already made available credits in excess of £6,000,000 to finance the payment of the guaranteed price for dairy products, and £5,000,000 for the purpose of the Government's housing policy.

State Advances Corporation.—In August, 1935, the Mortgage Corporation of New Zealand commenced operations in place of the State Advances Department, the change being legislated by the previous Government.

The Mortgage Corporation had a share capital of £1,000,000, of which private shareholders held £500,000, the other £500,000 being held by the Minister of Finance. The change was thus from a State Department, which, incidentally, had rendered magnificent service, to a Corporation largely controlled by private interests and operating on bond issues not guaranteed by the State.

Of the Mortgage Corporation's directors four were appointed by the Government, three by the private shareholders, and one was an officer of the Treasury appointed by the Minister of Finance.

This Corporation took over the securities previously held by the State Advances Department, in return for which it issued Corporation stock to the Government for part of the moneys secured by the mortgages transferred. The balance was owed by the Corporation as a "contingent liability" to the Crown.

The State Advances Corporation Act altered the name of the Mortgage Corporation as indicated, and as with the Reserve Bank Act amendment, it cancelled all the private share capital. Private holders were paid in cash or stock, at their option, an amount equal to the sum paid up on their shares, plus a certain premium. The capital of the Corporation was maintained at £1,000,000 by further payments by the Minister of Finance.

The Act required the Board of Management (State and shareholders' directors) to vacate their offices. Provision was then made for a new Board of Management of a lesser size consisting of two Joint Managing-Directors, one or more directors to be appointed by

the Government and to hold office during the Government's pleasure, and an ex-officio Director, being an officer of the Treasury approved by the Minister of Finance. The staff of the Mortgage Corporation was transferred to the new Corporation, and its superannuation rights protected.

The Board is required to give effect to the policy of the Government as communicated by the Minister of Finance, and is bound by every written direction given by the Minister. The securities of the Corporation are now guaranteed by the Minister out of the Consolidated Fund.

The Corporation makes loans in accordance with the provisions in the Statutes, and its first mortgage rates are 4½ per cent. It may lend in excess of two-thirds of the value of the security when authorised to do so by the Minister, but in this case it is guaranteed against loss by the Consolidated Fund.

Among the new provisions of the Act are the following: A scheme of table mortgage additional to that for many years in operation by which a portion of the loan, not less than half, is repayable by instalments, and the balance in one sum on the due date for the last instalment; a mortgagor may be required to take out an insurance policy so that in the event of his death the widow will receive the property free of the mortgage; the collection of payments in advance towards a fund for the payment of rates, insurance and other charges on the property; and mortgagors are prohibited from giving any further mortgages over their securities without the Corporation's written authority.

Under the new Act the Corporation has taken over the administration of the Housing Act, 1919, and through this it controls the Government's extensive new scheme for the provision of houses. It may also lend to local authorities, in addition to individuals, for housing purposes.

The Corporation is further empowered to make loans to industry and to be a shareholder therein. The Bureau of Industry (referred to in the section dealing with the work of the Minister of Industries and Commerce) is the agent which will recommend in which cases loans may be made to industry.

The Corporation has also been the means of centralising the administration of leases and loans on behalf of other Departments, of the Rural Intermediate Credit Act, 1927, and the Discharged Soldiers Settlement Account.

Again in the words of the Minister: "The State Advances system has been moulded in the direction of making it an instrument of true social and economic development, rather than one which promotes speculation based on cheap finance. The State Advances Corporation is destined to be the instrument for providing long-term finance for all aspects of economic development, and so that it may secure the best possible rates, there is provision for the Reserve Bank to underwrite its loans."

Housing.—As the question of Housing is associated with the State Advances Corporation, it is appropriate to mention here the steps taken by the Government to initiate a large-scale housing policy apart from loans to individuals by the Corporation for this purpose.

On September 1, 1936, a Ministry of Housing was established under the direction of Mr. J. A. Lee, Parliamentary Under-Secretary to the Minister of Finance. At the same time the Minister of Finance announced that the Reserve Bank would issue a credit for £5,000,000 for Housing. Of this £1,500,000 was made available on loan to local authorities.

Two State Joineries have been erected to turn out doors, joinery work and fittings. A decision was also taken to expedite the building of houses by using the existing organisation, and contracts were let after tender to building firms who will be under the strictest supervision to conform with the highest building standards.

On March 5, 1937, the concrete foundations of the first houses were laid. By March 31, 1937, contracts for 632 houses had been let. Further, many local authorities have commenced the preparation of schemes with Ministry of Housing finance.

The houses built under this plan are to be of bungalow type of diversity of design and they will be let by the State at the lowest possible rental.

Primary Produce Marketing.—Instability in the market price levels for all the Dominion's primary produce, particularly during the past ten years, involved all sections of the farming community in great uncertainty and embarrassment. Dairy farmers particularly were affected by this condition, and the majority of them in 1935 were faced with serious financial difficulties.

It was desirable in the interests of New Zealand's economy that the farmers should not only be adequately remunerated for the commodities they produce, but that their remuneration should be regular and dependable. It was equally desirable to eliminate speculative influences from the market.

With this object the Labour Government enacted the Primary Products Marketing Act. In its Short Title and Preamble it is explained that the purpose of the Act is to make better provision for marketing primary products, to ensure adequate remuneration for the producers, and to protect producers against fluctuations in the market prices.

The Act applies to all primary produce, but as the dairy industry was of all the primary industries the most hardly pressed, it was decided to commence with this industry in the administration of the Act.

The Government's policy bound it to pay a guaranteed price for primary products equal to the average of prices over an eight to ten-year period prior to July 31, 1935. In fixing the guaranteed prices for butter and cheese, the Government took the ten-year average, because this was the highest, and then to cover any possible increase in costs, it added £562,000 to the total this average would yield, so as to arrive at the actual price to be paid.

The guaranteed prices fixed were:—

For Butter.	For Whey Butter.	For Cheese.
12 9-16d per lb f.o.b.	11 9-16d per lb f.o.b.	6 13-16d per lb f.o.b.

The price for cheese is higher than for butter to compensate for the additional costs of supplying milk rather than cream, and for the disadvantage in having no skim milk for pig-breeding.

As there is an "over-run" in butter of something more than 20 per cent., the guaranteed price for butter-fat works out at 1/1, and, owing to the effect of increased production on factory costs this season, this figure will probably be exceeded in the pay-out by the more efficient factories.

The guaranteed prices are basic prices, and are subject to additions or deductions, according to quality as disclosed by the grading points awarded by the Government graders. This provides a stimulus to more efficient production.

For the coming season a different procedure will be followed in determining the price. This will take the following factors into consideration: The necessity in the public interest of maintaining the stability and efficiency of the dairy industry; the costs involved in the efficient production of dairy produce; the general standard of living of persons engaged in the dairy industry in comparison with the general standard of living throughout New Zealand; the estimated cost to the Department of marketing the dairy produce concerned, and also the cost of administering the Act; and any other matters deemed to be relevant.

The Government's policy affirmed that the payment of the guaranteed price carried with it the purchase of the product. The product was to be marketed by the Government, and the income

from its sale was to be expended according to the terms of reciprocal trade agreements with other countries. Provisions to this effect are embodied in the Act.

The Act provides for the appointment of a Minister of Marketing and for the creation of a new Department of State—the Primary Products Marketing Department. The Minister appointed is the Hon. Walter Nash, who for several months has been negotiating in Great Britain for the reciprocal agreement alluded to. The Department works under the supervision of a Director of Marketing. It has control of the purchase, shipment, storage, and sale of the products, and all other incidental operations.

With the authority of the Act a Dairy Industry Account has been opened at the Reserve Bank, and provision is made for the Bank to grant such financial accommodation as may be required by the Government to pay to the dairy companies the sums to which they are entitled. All proceeds from the sale of the products are paid into the Account.

As the guaranteed price is for f.o.b., the Dairy Products Marketing Department has arranged with the trading banks for advances to be made to dairy companies against produce in store awaiting shipment. After shipment the Department carries the entire responsibility for financing the carriage, storage, insurance, and sale, so effecting great economies in favour of the dairy farmers.

Before the Department was established marketing operations were organised by the N.Z. Dairy Produce Board. This Board is now covered by the Act. It continues with a reduced membership, but it acts only with the approval of the Minister. The levy it imposed on the industry to finance its work has, under the new arrangement, been reduced this year by approximately £41,000.

This saving and other savings in interest and sales commissions which were made possible by the institution of the Department are estimated to amount in the present year to £252,000, which benefit is enjoyed by the dairy farmers in addition to the income derived from the guaranteed price.

The elimination of speculation has been effected by arrangements under which the best elements in the Tooley Street trade handle New Zealand's dairy produce, but no attempt is made to interfere with or control the London price levels. During this season these levels for butter and cheese have not only rapidly fluctuated, but they have been at such levels as to make a deficit in the Dairy Industry Account possible. The Department's marketing arrangements, however, have had the effect of largely cancelling out the difference in London prices for New Zealand and Danish butter.

As with the Dairy Board, the Executive Commission of Agriculture has been brought within the administration of the Act, and, while it remains in existence, it will exercise its powers with the concurrence of the Minister. By legislation passed during 1936 the Commission is empowered to rationalise the supplies of milk and cream received by dairy factories. The Commission is now engaged in zoning districts, and by consultation with the dairy companies concerned, in eliminating overlapping and other uneconomic practices arising from the competition to obtain supplies.

Other legislation passed during the session to improve conditions in the dairy industry will have the effect of making containers of dairy produce comply with certain regulations, of placing group herd-testing under the control of the Dairy Board, of compelling dairy factories to conform with certain standards of efficiency, of supplying to factories a standardised system of keeping accounts, and of humanising, in some degree, the "bobby calf" industry.

Finance Act.—The Finance Act, 1936, consisted of 50 sections divided into five parts, the first and second of which dealt with the restoration of wage and salary reductions.

The first part restored all reductions in wages and salaries payable out of public moneys, these reductions having been imposed in 1931 and 1932. Rates of wages and salaries were restored to the level of those in force on April 1, 1931.

The second part abrogated a "general order" made by the Arbitration Court in May, 1931, by which rates of pay stipulated in awards, agreements, and apprenticeship orders were reduced. It further provided that rates of pay in all awards and agreements made since that date were to be made equivalent to the rates prevailing before the enforcement of the "general order."

The rates of wages of workers under contracts of service at the date on which the Act commenced were also made payable at the rates before the reductions were made. This applied also to apprentices' wages. There is also a provision that existing rates of pay are not to be reduced.

The Act made it an offence to dismiss any worker in order to deprive him of the benefits of wages restorations, and any employer convicted of this offence is liable to a fine of £25.

For the rest, the Act made provision for miscellaneous matters, such as, for instance, the enabling of County Councils to raise loans for extirpation of ragwort, allowances to members of Parliament travelling on public service, safeguarding against disqualification members of Parliament who received payments for attending the International Labour Office Conference or the League of Nations Assembly at Geneva, and restoring subsidies to Rabbit Boards.

An indication of the extent of the benefit of the restoration of wages reductions to the workers concerned was given in a recent statement by the Minister of Labour, who said that receipts from wages taxation under the Employment Promotion Act this year revealed an increase in wages of £12,000,000.

Finance Act (No. 2), 1936.—Like the previous Finance Act, this Act covered a multiplicity of Governmental decisions, but its main purpose was to empower the Minister of Finance to borrow £13,000,000 for the following purposes: Public Works £6,000,000; Housing £5,000,000; and Construction of Main Highways £2,000,000. Particulars of the works to be paid for from these moneys are to be found elsewhere in this booklet.

Several of the miscellaneous matters provided for in the Act are also to be found elsewhere in these pages, but two of interest are: Local Authorities are empowered to borrow without a poll of the rate-payers for public works subsidised out of the Employment Promotion Fund, and the Reserve Bank is authorised to underwrite loans raised by the State Advances Corporation.

Mortgagors Rehabilitation.—A grave danger in fluctuating market prices for New Zealand's primary products is that when prices rise the selling prices of land rise also. In the circumstances which obtain when market booms occur, there is a ready disposition on the part of vendors of land to accept mortgages and for purchasers to give them in dimensions that cannot be sustained when prices fall, especially if prices fall rapidly to a low level and stay there for a period of years.

As a consequence many farmers in New Zealand found themselves between 1932 and 1935 in a position where it was impossible for them to meet their commitments. Not only did this mean foreclosure and bankruptcy to many of them, but it also meant disaster to many vendors who, to facilitate sales, accepted vendor-mortgages. The acute problem associated with these conditions forced itself on the attention of the previous Administration, but its attempt to provide a solution was inadequate.

With the object of applying a remedy expeditiously which would work equitably and keep normally efficient farmers on their farms, the Labour Government passed the Mortgagors and Lessees Rehabilitation Act, 1936. The main features of the Act are:—

- (a) The abolition of the five-year stay order period (this was a device of the previous Government's legislation, by which foreclosure could be postponed).
- (b) Debt adjustment on the basis of the guaranteed prices for primary products.
- (c) Provision for the adjustment of urban mortgages as well as rural.

The Act applies to a large range of mortgages and leases, and farmers, home-owners and others may apply to the Adjustment Commissions set up for orders to retain them in the possession of their farms, homes and other properties. These Commissions, in making their investigations, have to follow certain principles laid down in the Act, but they have a wide range of action in the form the adjustment of liabilities may take when adjustment is considered equitable. In the event of applicants not being satisfied with orders given by the Commissions, a right of appeal to a Court of Review is permitted.

Many thousands of applications were received by the final date of making them—January 31, 1937—but 14 Adjustment Commissions have been appointed, and others are to be appointed, so that it is hoped that in a comparatively short period the whole mortgage situation will be stabilised at a point where mortgagees will suffer no unreasonable sacrifice, and mortgagors be able to pursue their occupations and maintain their homes without being harrassed by insecurity.

Land and Income Tax Amendment.—In his Budget laid before the House on August 4, 1936, the Minister of Finance stated that the Government had decided to make improvements in the various Pensions which would require a Vote of £5,480,000, compared with an expenditure of £3,770,000 the previous year.

To raise the additional £1,710,000 for pensions for the aged, the blind, infirm and unfortunate he increased the income tax to a rate which was estimated to yield a further £1,000,000, and he re-introduced the graduated land tax, which had been repealed in 1931, to obtain another £800,000. The Land and Income Tax Amendment Act, 1936, embodies the authority for these decisions.

The graduated tax on land now reaches a maximum rate of 6d in the £ at an unimproved value of £45,000. When it was law previously the rate reached a maximum of 7 17-20d in the £ at an unimproved value of £138,000.

Under the Act a scale of rates of income tax was adopted in which the basic rate for earned incomes of individuals was fixed at 1/8 in the £ and for companies at 1/- in the £. The maximum rate for earned incomes of individuals—8/2 in the £—is reached at a taxable amount of £8,950. At £8,950 the maximum rate for companies—7/6 in the £—is also reached.

Unearned incomes, except in the case of companies and public authorities, is charged with an additional 33 1-3 per cent. There are easements for religious societies from the rates fixed.

In the Budget the Minister gave the following table showing how a man with a wife and two children will fare under the new income tax rates in New Zealand, as against a man with a similar income and responsibilities in Great Britain. The table is as under:—

Total Income.	Effective Rate of Tax in the £		Balance After Paying-Tax.	
	N.Z.	U.K.	N.Z.	U.K.
£	s. d.	s. d.	£ s. d.	£ s. d.
300	Nil	Nil	300 0 0	300 0 0
400	0 2.04	0 2.25	396 12 0	396 5 0
600	0 8.96	0 10.8	577 12 0	573 0 0
800	1 1.42	1 6.9	755 5 4	737 0 0
1,000	1 4.89	1 11.76	929 12 0	901 0 0
5,500	5 6.72	5 6.42	3,970 17 0	3,977 17 6
10,000	7 10.47	7 2.9	6,063 13 4	6,379 2 6

As further showing that no injustice whatever has been done by the alteration in the taxation rates and by the re-imposition of the graduated land tax, the following considerations are of interest. First as to income tax. In 1921-22 the position was:—

Assessable Income.	Tax Collected.
£36,000,000	£6,002,000

In 1922 the income tax rates were substantially reduced, so that in the succeeding years, although there was a progressive increase in the Assessable Income, the tax collected annually averaged little more than one-half of the sum collected in 1921-22. In 1929 the position was:—

Assessable Income.	Tax Collected.
£61,000,000	£3,116,000

In the 1936 Budget the income tax rates, as increased, were estimated to yield altogether £6,000,000, so that if in 1936-37 the Assessable Income is no more than it was in 1929, the income-tax payers will pay £2,000 less than they did in 1921-22, although their Assessable Income is nearly double what it then was.

As to land tax: In 1921-22 the total of land and graduated land tax collected was £1,638,000. After the repeal of the graduated land tax in 1931, the annual yield from land tax averaged between 1932 and 1935 inclusive approximately £500,000. The total yield from both these taxes, as estimated in the 1936 Budget, is £1,300,000, so that land-tax payers will be actually paying in the present year less by £338,000 than they paid in 1921-22.

THE MINISTER OF LABOUR.

HON. H. T. ARMSTRONG, Minister of Labour, Minister of Immigration and Minister of Employment.

The unhappy conditions of nearly every section of workers, employed and unemployed, and the unsatisfactory state of the Dominion's industrial legislation, imposed on the Minister of Labour an exceptionally burdensome task during the whole of the Session. Not only was he compelled to ease, in circumstances of very considerable difficulty, the plight of the unemployed, but he had to revise by large measures industrial laws which had either been modified by the previous Government to the serious disadvantage of workers and their organisations, or allowed to fall behind modern requirements. The Hon. H. T. Armstrong's achievement required a Herculean effort and it made an outstanding contribution to the transformation that has taken place in the Dominion.

A list of the Acts which he piloted on the Statute Book during the 1936 Session is as under:—

Employment Promotion Act.
Industrial Conciliation and Arbitration Amendment Act.
Factories Amendment Act.
Shops and Offices Amendment Act.
Labour Department Amendment Act.
Fair Rents Act.
Agricultural Labourers Act.
Workers Compensation for Accidents Amendment Act.

It is impossible to give more than a brief summary of this legislation.

Employment Promotion Act.—Before this Act was passed legislation dealing with Unemployment and the provision of additional employment was scattered through several Finance Acts and four other Acts passed specifically for assisting the unemployed. The Employment Promotion Act consolidated all these Acts into one Act.

The new Act abolished the Unemployment Board which had been appointed under the Unemployment Act, 1930, and transferred the administration to the Labour Department.

The rate of tax payable into the Employment Promotion Fund is fixed at 8d in the £ of wages, salary, or other income. This rate may be varied, but not in excess of 1/- in the £. In addition to this "employment charge" a levy of £1 a year is payable, but in the case of workers on the Fund this is reduced to 4/-. All expenditure from the Fund is subject to the direction of the Minister with the approval of the Minister of Finance.

Provision is made for exemptions from the payment in this tax, such as elderly people over 65 in the case of men and 60 in the case of women, whose income for the year does not exceed £104, or where the net income would be brought below this figure if the tax were paid. Exemption is also allowed to people suffering physical and mental disability whose income is below the limit mentioned.

The Act gives the Minister discretion in fixing the sustenance rates. Previously the maximum rates were fixed by the legislation. Incidentally, they were never paid. With this discretion, the Minister may now pay sustenance to males between the ages of 16 and 20, and to women, with some exceptions. This was legally impossible before. Unemployed who refuse suitable employment are regarded as "voluntarily unemployed" and are not entitled to receive sustenance payments.

The Fund is safeguarded by such measures as make a first charge on the estate of persons who have deducted the tax from the wages and salaries of their employees, but have not accounted for it by the prescribed procedure. The Act has also simplified the collection of the tax, and it imposes penalties for its late or non-payment.

As administered since its passage this Act has greatly assisted the Department in meeting the necessities that arise from unemployment, and it has resulted in a substantial betterment of the conditions of unemployed workers and their dependants.

Industrial Conciliation and Arbitration Amendment.—Between 1894 and 1931 the procedure generally followed in the settlement of industrial disputes in New Zealand was that provided in the Industrial Conciliation and Arbitration Act. Briefly this procedure was that when disputes occurred they were referred to a Conciliation Council consisting of employers' and workers' representatives, and presided over by a Commissioner appointed by the Government. If agreement was found to be impossible in the Conciliation Council, the dispute was then referred to the Arbitration Court which consisted of a Judge and an employers' and workers' representative. The award of the Court had the force of law, and no appeal could be made against it. The Trades Union Movement in the Dominion evolved under this legislation and was largely reliant upon it.

In 1931, during the economic crisis, the Act was amended in such a manner as to virtually destroy the compulsory arbitration principle. The Court was empowered to reduce wages by "general order," and did so on two occasions. Under the Act when strikes occurred, unions of strike-breakers could be registered at the instigation of the employers.

The Amendment for which the present Minister of Labour was responsible gave an entirely new complexion to the law. Its main features are:—

1. It completely restores the principle of compulsory arbitration. Unions now have the right of a legal settlement of disputes by awards of the Arbitration Court.
2. It enforces the principle of compulsory Union membership. All workers over 18 years of age in industries covered by an industrial agreement or award must become members of the Unions affected. This, however, does not apply in cases where the maximum of a Union's membership is fixed by the Court, and where compulsion on a worker to join the Union would raise its membership beyond the maximum fixed. Non-unionists may con-

tinue in employment if members of Unions working under agreements or awards are not available for the particular work to be done.

3. It affirms the principle of the 40-hour week. It provides that the maximum working hours shall not exceed 40 in a week except where the Arbitration Court is satisfied that a 40-hour week will not permit the efficient organisation of an industry. In this case the Court is required to indicate the reasons which make the 40-hour limit impracticable. The Court was also empowered to reduce to 40 the hours in all existing agreements and awards. The Amendment came into operation on June 8, 1936, but to allow the employers to accommodate themselves to the new situation 40-hour week decisions could not be given effect until September 1.
4. It largely eliminates Saturday work. When fixing a 40-hour week the Court must endeavour, wherever possible, to dispense with work on Saturdays.
5. It makes the conditions of agreements and awards applicable to relief works and to County Councils and Road Boards. These local authorities were formerly exempt from the provisions of the Act.
6. It required the Court to fix a basic rate for adult male and female workers covered by agreements and awards. The basic rate for the male was to be such as would enable him to maintain a wife and three children in reasonable comfort. The rate has since been fixed at £3/16/- a week for the male and £1/16/- for the female.
7. By the following measures it has greatly strengthened the position of genuine Trades Unionism:—
 - (a) Wider definition of the term "industrial matters," so that provision can be made in agreements and awards for matters, previously adjudged ultra vires, such as notification by the employer to the Union of the employment of non-unionists and of starting and finishing hours.
 - (b) Prevention of the registration of a Union, except with the Minister's concurrence, for an industry or industrial district where a Union had been registered before May 1, 1936.
 - (c) There are eight Industrial Districts in New Zealand. Before the Amendment registered Unions were confined in their scope to one District. If a Union has membership in at least four Districts registration enabling it to cover these districts is now permissible. Provision is also made for the registration of Unions covering the whole Dominion, but only when the Registrar is satisfied that the existing Unions concur. When a Dominion Union is registered no other Union can be registered unless at least two-thirds of those affected in the particular industry are so desirous.
 - (d) The Court may confer on Union officials right of entry on the employers' premises.
 - (e) Restrictions on Union members' fees have been removed, except that the subscription shall not exceed 1/- a week unless approved at a special meeting of the Union.

Several other provisions of a character protective of workers' interests are embodied in the amended Act. When a majority of parties is bound by an award the Court, by general order, may extend the award to cover all the employers in the industry. The period of six months previously allowed for the commencement of actions for breaches of awards and agreements has been extended to 12 months. Except where an employer has defaulted in the payment of due wages on account of misrepresentations made to him by a worker, the Inspector of Awards is authorised to recover arrears of wages for the worker.

All wages reductions made by the general orders of the Court in 1931 and 1932 have been restored, but the legislation making this necessary was contained in the Finance Act, 1936, introduced by the Minister of Finance.

The Amendment has greatly stimulated Industrial Union organisation. On January 1, 1936, the registered Unions of workers numbered 410; by February, 1937, this number had increased to 508. In 60 cases Union membership comprises workers never previously covered by such organisations, such as bank and law clerks, insurance officers, architects' assistants, local body officers, and public accountants' employees. In February, 1937, the estimated membership of Workers' Unions was 185,000, as against 80,929 on December 31, 1935.

Employers' Unions now total 210, compared with 131 on January 1, 1936.

Factories Amendment.—This Amendment also provides for the 40-hour week to all workers in and about a factory. They are not to be employed for more than 40 hours in one week, more than eight hours in any one day, or for more than four and a-quarter hours continuously without a meal. Male workers over 18 years of age may be employed one additional hour daily in getting up steam at the ordinary rate of payment.

The Arbitration Court, however, has power to extend the 40-hour provision when the factory cannot otherwise be worked efficiently, but the maximum weekly hours that may be fixed are 44, exclusive of meals. Wages are not to be reduced or any worker dismissed because of any reduction of working hours.

No woman or boy may be employed in a factory on any Sunday, holiday or half-holiday, or between 6 p.m. and 8 the following morning.

A six-day week has been applied to dairy factories and creameries, except in the cases where no more than two workers are regularly employed. Workers in these small factories are to receive at the end of the season either holidays equal to, or payment for, the Sundays worked.

In the principal Act the minimum starting rate of wages was 10/- a week with annual increases of 5/- a week until a wage of 30/- a week was reached. The amended Act provides for a minimum starting rate of 15/- a week, with half-yearly increments of 4/- weekly, until the end of the third year, when not less than £2 a week must be paid. All factory employment of any kind whatsoever must be taken into consideration in determining the rate payable to the worker at any period.

The rates of overtime have been increased from time and a-quarter to time and a-half, with double time on Sundays, and a minimum rate of 1/6 an hour. Meal allowances have been increased from 1/- to 1/6. Employees are entitled to overtime payment even when they have worked extended hours in breach of the Act. Double rates in addition to ordinary time must be paid to workers employed on holidays, and time and a-half for half-holiday employment.

The check on "sweating" enforced by the principal Act is tightened by several provisions in the Amendment. The "backyard" factory difficulty is met by a definition of "Factory" as being a place where one (formerly two) or more workers are employed. Where work is given out to be done elsewhere than in the factory "sweating" may be dealt with by Order-in-Council. Further to this, work may only be given out by factory-occupiers to persons holding a license from the Inspector for this purpose. The number of licensed outside workers must not be more than one to every ten or fraction of ten workers in the factory. This license is limited to twelve months and is given only to persons in necessitous circumstances. The Inspector has also to be satisfied that the rate of remuneration is at least equal to that payable if the work were done in the factory.

Holiday improvements have been effected by the addition of Boxing Day and Anzac Day to the holidays set out in the principal Act, but instead of being limited to boys under 18 years of age and to women, all holidays must be given to all workers in the factory.

Certain special provisions apply to laundries, and wool-dumping and low-temperature carbonisation factories are placed among the seasonal industries exempt from the limits of working hours of workers over 16 years of age. The working hours of such workers, however, may be prescribed in agreements and awards.

Inspectors now have power, not previously exercisable, to require factory occupiers to remedy any defect in factory, machinery or appliance likely to cause accidents to the workers. All awards and agreements must be read subject to the provisions of the Amendment, but so as not to reduce rates of pay or increase working hours as the awards and agreements lay down. In place of three months a period of six months is now allowed in which to commence proceedings for breaches of the Act.

Shops and Offices Amendment.—Shops: Many changes of a beneficial nature of workers in shops and offices were legislated by this Amendment.

To begin with, the definition of "shop assistant" was extended to include all within the term of "occupier" whose wages in the case of males do not exceed £6 a week, and in the case of females £4. The object of this is to prevent the placing of junior workers in charge of small shops, by which practice the provision of the main Act were evaded.

Hours must not exceed 44 in any one week, but, if practicable, the Arbitration Court has power to reduce this number. On one day in the week the employment may be for 11 hours.

Butchers' assistants cannot now be started before 6 a.m. Formerly they began work at 4 a.m. Assistants engaged in the delivery of milk cannot start before 3 a.m., but the Minister may fix an earlier starting time if he thinks it proper. When attending to horses or motor vehicles, an assistant may be employed for an extra hour per day, for which he must receive payment at time and a-half rates.

No overtime can be worked without permission from the Inspector. Overtime rates are increased from 9d and 1/- to 1/6 or time and a-half, whichever is the greater. The total amount of overtime that may be worked in a year has been reduced from 120 to 60 hours.

Increases in the minimum rates of pay are on the same scale as in the Factories Act Amendment.

Occupiers of shops are prohibited from accepting a premium for tuition in any trade or calling. This has effect principally to tuition in the ladies' hairdressing trade. Schools teaching trades are exempted, but in their case written contracts between the parties must be entered into of a nature satisfactory to the Chief Inspector of Factories.

In the principal Act the signature of an employee to the time and wages book is taken as a certificate to the correctness of the entries. Magistrates have refused to accept evidence to the contrary, even when assistants have signed incorrect entries without a proper knowledge of the facts. The Amendment deleted this provision.

Hotels and Restaurants.—The Amendment defines "restaurant" or "shop" to include boarding-houses employing two or more assistants other than the members of the family of the occupier, or with five or more boarders. Previously the definition only covered boarding-houses in which three or more persons were employed in addition to members of the occupier's family.

Hours of hotel and restaurant workers are limited to 44 a week, there must be a half-holiday commencing at 1 p.m. on one day of the week, and the week must be six working days. The total of over-

time previously allowed was 180 hours per year. This has been reduced to 120. Overtime rates have been raised from 9d to 1/6 an hour.

Female employees in restaurants before the Amendment was passed were not permitted to work after 10.30 p.m. This provision now applies to boys below 18 years of age.

The occupier of an hotel or restaurant must give notice to the Inspector of any change in the whole or half-holiday of any assistant.

Offices.—All offices covered by the Act are now required to close at noon instead of 1 p.m. on the half-holiday.

No exemption from the hours of closing contained in the main Act is now given to auctioneers, banks, insurance companies, and wholesale warehousemen. Businesses which must deal with the public in the evenings, like newspaper offices, woolbrokers or wool buyers, shipping agencies, and cable companies are exempt from the closing hours of 5 p.m. and noon on Saturdays. Passenger transport services and auctioneers' offices situated in stock saleyards also enjoy this exemption when work makes it necessary.

Overtime in banks is limited to certain purposes, and must not exceed three hours in any one day, or six days in any one month. The minimum overtime rate for office assistants is increased from 9d to 1/6 an hour with a meal allowance of 1/6 on any day overtime is worked.

A time and wages book must be kept by the employer, and minimum rates prescribed for shop assistants must be paid to all assistants employed in solicitors' offices, mining companies, and miners' union offices, but overtime is not payable to these workers.

General.—No worker shall be dismissed or suffer wages reductions because his working hours have been reduced. The onus is on any employer, who so acts, to prove that the reduction or dismissal is not contrary to the Act. As in the Factories Amendment, workers must be paid overtime, even when they have worked extended hours in violation of the Act, and an extension of the period allowed for taking action in breaches of the Act is provided.

Labour Department Amendment.—This Amendment deals with the appointment of officers and the reorganisation of the Department. The Secretary of the Department who holds several other statutory offices—Registrar of Industrial Unions, Registrar of Apprentices, and Chief Inspector of Factories—is empowered to delegate the duties of these positions to other officers who will carry them out under his direction. To relieve the Minister of a large volume of detail work the Amendment authorises him to delegate to the Secretary any powers conferred on him by Statute.

Fair Rents.—This Act was passed to check increases in rent following the 1935 General Elections. The provision made is temporary, and operates only until September 30, 1937. Generally speaking, the Act applies to dwelling houses let for rental at less than £156 a year.

The "basic rent" is defined as that payable for houses let as dwellings on May 1, 1936, or if not let on this date, the rent that was last payable. The Act aims to prevent increases of rent above the "basic rent," except where a Magistrate, on the application of either the landlord or the tenant, makes an order for a fair rent. In arriving at his decision, the Magistrate is bound to "have regard to the relative circumstances of the landlord and tenant," and to all other relevant conditions which might indicate the rent the tenant could equitably pay. A fair rent is indicated as a percentage of the capital (not less than 4 per cent. and not more than 6 per cent.) to which is added average annual outgoings, such as rates, insurances, repairs, and depreciation.

Excess of rent paid to the landlord during the six months prior to the determination of a fair rent may be recovered by the tenant.

No Court can commence the hearing of proceedings for the recovery of possession of any dwelling-house or for the ejectment of a

tenant, unless 14 days' notice of such intention has been given by the landlord to the tenant. Only on certain stipulated conditions detrimental to the landlord's interests can the Court give an order for possession or ejectment. Except by leave of a Magistrate, no landlord has power to distrain for rent.

The charging of any fine or premium by the landlord as a condition of tenancy is an offence, as is also intimidation of a tenant to dissuade him from taking action under the Act. For any offence under the Act the penalty provided is a fine not exceeding £50.

The Department assists the tenant who has to face Court proceedings on his own or the landlord's motion by placing at his disposal, on his written request, the services of the Inspector of Factories who can make appearances in the Court on any form of action.

In addition to this Fair Rents Act, a Distress and Replevin Amendment Act was passed which compels a landlord to obtain an order from the Court before he can take action to eject a tenant for non-payment of rent by the process of distraining on his goods.

Agricultural Workers Act.—The shortage of farm labour is a problem that has been long current in New Zealand, and the first step taken by the Labour Government to overcome it was to regulate agricultural workers' conditions by law.

Shortly after its election, the Government called into consultation the Dominion Executive of the New Zealand Farmers' Union, and an agreement was arrived at which was incorporated in the above Act. The Act contains provisions never previously enjoyed by farm workers.

An "Agricultural Worker" is interpreted by the Act as meaning any person employed for more than one week in agricultural, horticultural, pastoral or sawmilling work of any kind, or any person being trained for agricultural work at institutions established for this purpose, or an apprentice bound by an indenture. A "Dairy Farm" is one on which not less than ten cows are ordinarily kept, and the milk and cream from which is sold or otherwise disposed of.

To stop any tendency towards the exploitation of child labour, the Act makes illegal the employment of any child under 15 years of age for hire or reward on a dairy farm. This provision, however, exempts children so employed before the passing of the Act.

No legal scale of wages for dairy farm labour applied before the enactment of this measure. Wages now have to be paid according to the following rates per week:—

	£	s.	d.
Workers under the age of 17	0	17	6
Workers between the ages of 17 and 18	1	2	6
Workers between the ages of 18 and 19	1	7	6
Workers between the ages of 19 and 20	1	12	6
Workers between the ages of 20 and 21	1	17	6
Workers of 21 years and upwards	2	2	6

Board and lodging must be provided in addition, but, if not, a payment of 17/6 additional to the above rates must be made to the worker. The Act also specifies the type of accommodation that must be made available. For time lost there must be no deduction from wages, except where the worker has defaulted or suffered accident or illness. Wages must be paid in full at monthly intervals, or lesser intervals as may be agreed on.

An Inspector may grant a permit to an agricultural worker to work for less than the above rates if he is satisfied that he is incapable of earning the minimum rates. The Act was amended later to give the Inspector similar power in the case of any woman or girl when he is satisfied that she is not reasonably entitled to the minimum provided. He may also reduce the amount payable to a woman or girl in respect of board and lodging.

An agricultural worker who has worked continuously for not less than four weeks for an employer is entitled to a holiday of seven days in the aggregate of every 12 weeks, and 28 days for every year

of employment, with proportionate holidays for periods of broken time. At termination of employment the worker must be given all the holidays allowed him. If the worker is allowed a half-holiday from noon on one day of the week, the annual holidays are fixed at a fortnight. Before the commencement of any holiday of more than three days the employer must pay the worker for the holidays at ordinary time rates, including in every case a boarding allowance of not less than 8/9 a week.

The employer is required to keep a record of wages and holidays in a form prescribed by the Department. This is to be signed by the worker and open at all times to inspection by any Inspector. Workers who fail to sign the record or wilfully sign an incorrect record are liable to a fine of £5.

The Act does not oblige employers, except in the matter of accommodation, to observe its conditions when share-milkers work their dairy farms, but share-milkers are bound by its provisions in connection with workers they employ. By another Act, however, share-milkers are brought within the provisions of the Workers Compensation for Accidents Act, and their employers now have to carry this responsibility.

Since the passing of this Act the Department has actively carried out the inspection of accommodation and taken every step to ensure compliance. It is certain that the workers have greatly benefited.

Fruit Growers Now Covered.—When the Act was before Parliament the fruit growers asked to be brought under its provisions, and later the New Zealand Workers' Union joined with the growers in this request. With the assistance of the Minister, an agreement covering orchard workers was arranged in January, 1937, under which managers receive £4 a week, adult employees £3/16/-, with a fixed scale for young persons. To enable the orchardists to pay these rates the Government agreed to raise the guaranteed price for exported apples and pears for the 1937 season from 10/- to 10/6 a case.

Farm Training of Youths.—Another decision taken by the Minister of Labour to overcome the difficulty of obtaining efficient farm labour is to pay, from the Employment Promotion Fund, a wages subsidy to farmers willing to train in ordinary farm duties lads between the ages of 18 and 20, who are physically fit, but inexperienced in farm work. The subsidy is limited to eight weeks, and is payable to farmers who after one week's trial, at their own expense, of a youth, notify the Department that they are prepared to retain the youth for a period of at least four months, teach him to milk and do other branches of farm work, to accept liability for accident, and to observe the provisions of the Agricultural Workers Act. The subsidy rates are 10/- a week on the legal rates for lads between 18 and 19, 12/6 between 19 and 20, and 15/- between 20 and 21. No subsidy is payable to farmers who dismiss their regular employees to obtain this assistance, and the subsidy paid must be refunded if the employer dismisses the youth before the four months' period ends or fails to teach him his duties.

To assist in providing harvest labour, the Minister established a camp at Morrinsville to which farmers in the vicinity could apply for workers. While waiting for employment the workers received sustenance payments from the Employment Promotion Fund.

Workers Compensation Amendment.—This Amendment is a first instalment of a general revision of the Workers Compensation for Accidents Act proposed by the Minister. By giving increased benefits to the lower-paid workers, and extending the protection of the Act to workers not previously covered by it, it remedied some of the worst injustices.

The Amendment increased the minimum amount of compensation payable on the death of a worker from £300 to £500. Where a worker suffers total incapacity he is now entitled to receive a minimum compensation of £2 a week, and the maximum weekly com-

pensation has been raised from £4 to £4/10/- a week. In the case of partial incapacity the maximum payment is also increased from £4 to £4/10/-.

By a re-definition of the word "Worker" the Act has been extended to cover share-milkers and persons plying for hire under a contract of bailment with the owner—of motor vehicles, for instance. Domestic servants, as well as many other workers, are now protected under the Act by its application, in the provisions of this amendment, to persons employed in any occupation if within the period of twelve months preceding the accident the worker has been continuously employed for not less than three consecutive days by the employer concerned.

The "average weekly earnings" basis for calculating compensation has been abolished. The new basis is the worker's weekly earnings, which are deemed to be a full week's earnings at his ordinary rate of pay.

In case of bankruptcy, compensation moneys now rank equally with wages and receive priority over the ordinary debts of the employer. Further, under the Amendment no employer can discontinue weekly compensation payments, except where a worker has returned to work, where the worker's doctor has certified that he has wholly recovered, where the worker has agreed to the discontinuance, or where the competent Court has dealt with the matter.

PUBLIC WORKS AND TRANSPORT.

HON. R. SEMPLE, Minister of Public Works, Minister in Charge of Roads and Public Buildings, and Minister of Transport.

In a young country in need of development governmental policy must necessarily provide for Public Works, and for many years such provision on a large scale has been part of New Zealand's normal operations. Roads, bridges, railways and other works have opened up the country, added to its resources and amenities, and given useful employment to thousands of men and a livelihood to their wives and children. Such are the circumstances in the Dominion that if Public Works are seriously curtailed a critical condition must result.

Under the Administration before the Labour Party came into power public works expenditure was drastically reduced, so much so that in the years 1932 and 1933 the amount expended fell from £8,000,000 to £2,000,000. The construction of railways on which several millions had been spent was abandoned, although in some cases the lines were only a few miles distant from their objectives. Thousands of Public Works Department employees were dismissed, and the wages of those who remained were heavily cut. At the date of the elections all the Department's work was carried out under the relief work system, married men's wages being based on 12/- a day and those of single men on 9/-. In single men's camps wages were fixed at 17/6 a week and found, and when food was not provided at £1/7/6. Efficiency was thrust aside for unprofitable undertakings, and so seriously unbusinesslike was the Government that it had virtually disposed of all the Department's effective plant. Such was the situation that faced the new Government in one of its most important Departments.

From the beginning, Mr. Semple's administration has been characterised by decisive utterance and action. He dealt with the problem with a practical mind, his method being to remove immediately some of the most irritating conditions of labour, to negotiate a reasonable agreement with the Union of which the Department's employees were members, to re-equip the Department with the best machinery and plant in the interest of economic service, and then to plan a policy for a period of years.

His first act was to effect the following improvements in the workers' conditions:—

1. Stopped the payment of 4/6 a week charged to married couples for the rent of tents.
2. Increased the wages rate for Maoris from about 7/6 a day to the same rate as for Europeans.
3. Payment of full wages to relief workers on Public Works for seven days' holiday at Christmas, the value of this concession being £25,000.
4. Payment to workers for Labour Day which had been refused them, this concession amounting to £2,800.
5. Introduction of new methods of work on aerodromes, and in some cases improving the contract rates.

On June 1, 1936, the relief work system on Public Works was abolished, and on the same date an agreement with The New Zealand Workers' Union came into operation. This agreement is the best of its kind in the world. Conceived in a generous and enlightened spirit, it at once transformed the working and living conditions of tens of thousands of people. Its provisions are briefly outlined as follows:—

1. A five-day week of 40 hours introduced for the first time into New Zealand.
2. A standard rate of 16/- a day paid without distinction to married and single Europeans and Maoris.
3. Continuance of the co-operative contract system to encourage the earning of higher pay than the standard rate.
4. Pays twice monthly, instead of once monthly.
5. Holiday privileges providing payment for seven statutory holidays as they occur to all employees with over two months' service; five days' annual leave (one week's pay) for those with one year's service; and ten days' annual leave (two weeks' pay) for those with two years' service.
6. Conveyance at the Department's expense of seriously injured workers to the nearest doctor or hospital. On all large works an ambulance vehicle with necessary equipment, stretchers, bedding, blankets, to be kept, and well-stocked First Aid outfits provided.
7. Improved accommodation. Instead of two men to a tent each man now to have a tent except where cookhouses are provided. For several years married men with their families have been refused accommodation, but the new Agreement provides a specially-designed tent with three rooms and stove on works which take more than one year to complete. For each group of two married men's quarters a bathroom and wash-house is provided.
8. When considered desirable recreation halls with a room for use as a library are to be erected. Serious and light literature will be provided by the Department.
9. Unconditional preference of employment to Unionists. All employees on Public Works must become members of the New Zealand Workers' Union.
10. Special arrangements to facilitate the settlement of disputes which give full recognition to the Union's representatives.

It is stated above that under the previous administration the rates for single and married men were 9/- and 12/- respectively, but very few received these wages. Under the new agreement the average wage of Public Works workmen throughout the Dominion in December, 1936, was 19/7 a day.

The same vigour was shown by the Minister in placing new plant and machinery at the disposal of the Department. In this matter he followed the strict rule of giving first preference to New Zealand manufacturers; second, to machinery made in Great Britain; and third, to the best the rest of the world had to offer. By December £336,000 had been spent, which sum will indicate the chaos the Minister had to overcome through the sale, deterioration, and destruction of accommodation, plant and machinery before the General Elections.

New machinery is frequently installed at the expense of the workers' employment, but in this case the personnel of the Department has been largely increased. At the beginning of December, 1935, the men employed on Public Works numbered 13,696, of whom 8,289 were on relief conditions. On December 11, 1936, Public Works employees numbered 19,146, all of whom were on standard rates of pay.

The increase in the number of men employed by the Department is due to a vigorous carrying-out of a programme of works planned for three years ahead. This programme includes the completion of railways, highways and roads, elimination of dangerous railway crossings, aerodrome construction, and public buildings.

For the year ended March, 1937, the total sum made available for Public Works purposes was £10,106,635, an increase of £4,669,803 over the Vote for the previous year. No resort to funds raised by Unemployment Taxation is now made, and in the year 1936-37 expenditure on irrigation, land improvement, additions and improvements to open railway lines, construction and improvement of settlement roads, renewal of road bridges, and repair of flood damage to roads and bridges, formerly met from this source and amounting to £404,500 is being financed from ordinary revenue.

On the three uncompleted railways—Napier-Gisborne, South Island Main Trunk and Westport-Inangahua—selected by the Labour Government for completion, £4,727,500 had been spent by previous Governments, and the interest paid on this amount was £1,905,700. At this point they were abandoned.

In an endeavour to convert this huge loss into a profitable asset, the Labour Government decided to complete these railways at an estimated cost of £4,643,000, and in December last 2,273 men were employed upon them. When constructed they will connect several important centres of population, assist in developing large areas of agricultural, pastoral and mineral-bearing country, and strengthen New Zealand strategically.

In addition to these lines, the Government decided to spend roughly £500,000 on a deviation (Okoia-Turakina) to eliminate bad grades on this section of the Wellington-New Plymouth Railway. This gave employment to 400 men.

Highways and Roads.—Of the Department's personnel 10,028 men are employed on roads and highways. Being anxious to provide access to farmers in outlying districts by means of metalled roads, the Government allotted the Department for this purpose during the year ended March 31, 1937, a sum of £1,015,000, this being an increase of £500,000 over the previous year's Vote. The importance of certain tourist routes in thermal and mountainous country has also been recognised, and substantial provision has been made for works of this character.

The Main Highways system in New Zealand comprises 12,000 miles of urban, arterial and rural roads. Prior to the election of the Labour Government, the system was controlled by Local Authorities and the Public Works Department under the jurisdiction of the Main Highways Board. This divided control resulted in delay and obstruction in the improvement of the Highways and prevented a planned administration. As a first step towards uniform efficiency in the standard of the Highways and co-ordinated directive effort, 4,000 miles were placed under the control of the Main Highways Board, the legislation necessary for this being introduced by the Minister of Public Works. The full cost of improving and maintaining this mileage is to be borne by the Main Highways Account, and it is estimated that the savings to Local Authorities by this means will not be less than £120,000 a year which can be used to accelerate improvement in secondary highways and other roads in rural areas.

In conformity with the Government's determination to carry full responsibility for its legislation and administration, the Main Highways Amendment Act made important modifications in the powers of the Board. Whereas previously the Government had no jurisdic-

tion over the Board's policy and finances, it has now assumed responsibility for the expenditure of the Board's funds, and the Board's policy is subject to the Minister's review.

Level Crossings.—During 1936 between £80,000 and £100,000 was spent on the elimination of dangerous level crossings over railway lines. Work, including surveys and investigations, was done, or is being done, on 124 of these crossings, and for the year 1937-38 an expenditure of £600,000 is contemplated.

Aerodrome Construction.—During its first year of office the Labour Government actively pursued a policy of aerodrome construction. Following a planned programme, £341,000 was provided from revenue sources, as against an expenditure of £6,196 from the Consolidated Fund the previous year. In December last the men employed numbered 1,251.

Public Buildings.—On Public Buildings like Schools, Post Offices, Mental Hospitals, Police Stations, Courthouses and Health Institutions, the provision for the financial year ended March 31, 1936, was £569,425. In the Estimates compiled by the Labour Government for the present year a sum of £1,215,000 was provided.

Electrical Power Supply.—The Minister of Public Works also administers the Electrical Power Supply system of the Dominion. The sources of bulk supply are State-owned property, but local distribution is undertaken by Power Boards. The Minister is now reviewing in detail the whole system with the object of effecting an improved service.

Since he has held his office, the Minister has been indefatigable in visiting many parts of the Dominion to investigate problems on the spot. He has also addressed many meetings of Public Works employees on their jobs and in their camps, explaining the aims of the Government and emphasising the need for honest service and public spirit in their relation to the Government and the people. There is general agreement that the improvement in wages and conditions has been more than justified by the response in service rendered by the Department's employees.

The Problem of Transport:

The Minister of Public Works also holds the portfolio of Transport, and as with the Public Works so with Transport, a chaotic condition confronted him. Very few people had any confidence in any department of the administration. The Transport licensing system was complicated and top-heavy, and for this reason many of its decisions were conflicting. The roads, through lack of proper control and of intelligent information service, were unsafe. In commercial transport a ruinous spirit of cut-throat competition prevailed.

In 1935, 203 persons were killed in road accidents. Between January and June, 1936, an average of 21 persons were killed per month. Many more were injured in the same period.

The Minister approached the problem from two angles: Education and legislation. He used the press, the radio and the screen to appeal to the public and to disseminate information. His Road Safety Campaign culminated at a representative conference in the appointment of a Road Safety Council, sub-committees of which were set up to make recommendations respecting remedial measures. His energetic work gave an extraordinary prominence to road safety organisation, and a marked decline in road accidents has occurred, as well as a notable improvement in the spirit of the road.

On the legislative side the Minister put through active measures to check the increasing number of accidents. He took power to simplify traffic laws throughout the Dominion and give them greater uniformity; he has issued regulations controlling all types of road traffic, including pedestrians; a universal speed limit of 30 miles per

hour for town areas has been enforced; and severe penalties have been provided for the new offence of careless or inconsiderate driving.

Two aspects of the problem have received special attention at the hands of the Minister: The "hit and run" driver and the unfit motor vehicle. The maximum penalty for the "hit and run" driver has been increased from a fine of £20 to £500 or five years' imprisonment. Compulsory inspection of motor vehicles at a cost of not exceeding 5/- has been legislated.

The licensing of transport services has also been thoroughly overhauled by Act of Parliament (the Transport Licensing Amendment Act, 1936).

This Act abolished the Transport Co-ordination Board and vested its powers in the Minister. Prior to its passage there were ten Licensing Authorities each with a membership of three. The Authorities were reduced to four, and each now consists of one member only. All appeals from their decisions are decided by the Minister.

Under the Regulations pursuant to the Act many desirable reforms have been adopted acceptable to the industry. Among these some of the most important are: The Licensing Authorities may deal with applications without the applicants being present when no objections have been received as the result of advertisements by applicants for renewals, amendments, and transfers or licenses; in the licensing of goods-services milk and cream lorries have been exempted; where desirable, "ancillary" users may be brought under licensing control; small restricted areas for goods-service licenses have been widened, but to prevent any long distance competition with the State-owned Railways a 30-mile restriction has been imposed; weight and commodity restrictions in goods-service area licenses have been abolished, and all goods reasonably offering must be carried without discrimination by licensed goods-services; the tenure of goods-service licenses has been extended from one to three years; when complaint of "cut-throat" exemption is made a review of licenses is provided for; and regular inspection of all vehicles for fitness must be complied with.

Long driving hours and the payment of low wages have been prevented by the Regulations. Licenses to all passenger and goods vehicles enforce standard maximum periods of driving hours, award wages must be paid to all drivers employed by licensed services, and control is exercised over the earnings of "owner-drivers."

In addition to these reform measures, a committee appointed by the Minister has conducted an inquiry into the taxicab and town carrier businesses. He is also investigating the existing system of motor taxation to bring it into line with modern requirements.

Before its abolition, the Transport Co-ordination Board was the Licensing Authority for aircraft services. The Minister is now vested with sole powers in this connection. With the removal of this Board and of the Railways Board, reference to which will be made later, the complete statutory control of road, rail and air services is now exercised by the Government.

THE RAILWAY DEPARTMENT.

HON. D. G. SULLIVAN, Minister of Railways, Minister of Industries and Commerce, and Minister in Charge of Scientific and Industrial Research Department.

In the New Zealand State Railways £54,253,059 has been invested. They are the largest single industrial and commercial unit in the Dominion, and the largest employer of labour. On January 2, 1937, 19,796 workers were employed by the Department. Among the assets possessed by the Department the Railway Workshops are of very great value. Besides doing all the principal manufacturing work required by the Railways, they are capable of undertaking any kind of wood, iron and steel-manufacturing work for other Govern-

ment Departments. Their importance has been enhanced by the Labour Government's approval of the principle that all Government Departments should make use of each other's special facilities.

It is impossible to calculate the value of the services by the State Railways to the Dominion. Since their beginning they have been the principal instrument in the development of the country, and among the results of their operation is an enormous increment in land values. This increment, of course, does not enter into the Railway Department's accounts, but it must be included in any estimate of the benefits the State Railways have conferred upon New Zealand.

Primarily the Railways have been administered as a public service, not as a commercial concern seeking the highest profit at the expense of the users, yet last year they returned an operating profit of roughly 2 per cent., and paid £1,051,477 to the Consolidated Fund. In addition to the transport service they provide at low cost to the users, they pay for all services needed for the maintenance of their tracks, and every year they purchase nearly £2,000,000 worth of stores, mostly from New Zealand suppliers.

When the Labour Government took office the Railways administration was in the hands of a Railways Board appointed under legislation passed by the previous Government. This Board had absolute power over the Railways system, and on its recommendation the construction of railway lines already mentioned and of others was abandoned.

Among his first acts, the Hon. D. G. Sullivan reversed the Railway Board's decision to dismiss 400 casual Workshops employees in December, 1935. The retention of these men made it possible to accelerate a programme of improvement of rolling-stock, and was an earnest of the Government's intention to reduce unemployment.

The authority of the Railways Board diminished the responsibility carried by the Minister for the control of his Department, and hindered the adoption of policies to which the Labour Government was pledged. Consistent with its conviction that the Cabinet must bear full responsibility for its administration, the Government therefore abolished the Railways Board. This was done by the passage of the Government Railways Amendment Act, 1936, the Railways Board being the first of several Boards dismissed by the Government and the Act being the first important Government measure introduced in the new House.

With the abolition of the Railways Board, the Government could pursue its own railways policy without impediment, and during its first year of office changes of a sweeping character were effected. In making these changes, the Government aimed at a co-ordination of transport services through the elimination of expensive and unnecessary competition, at the utilisation of the railways to their full capacity by State Departments, at the operation by the Department of important timber supply organisation, and at the contented and public-spirited staff. These aims have been met by the following measures:—

1. Sixteen privately-owned motor transport services in the North and South Islands have been purchased by the Railways Department, by negotiations from which friction was markedly absent. By this co-ordination costs have been reduced, and an improved service given, better vehicles having replaced those of an obsolete type. This policy is now being extended.

2. Other Government Departments must now use the Railways wherever possible, for their passenger and freight requirements, and when they have work within the capacity of the Railway Workshops these Workshops must receive the order.

3. Rolling-stock programme speeded up by additions (650 wagons) at a cost of £204,500.

4. The re-opening of the Mamaku Sawmill, near Rotorua, which the Railway Department owns, but which had been closed down two years previously by the Railways Board. This sawmill is working one of the best rimu-forest areas in the Dominion, also owned by the Department, and it is estimated that the output will reach 4,000,000 feet per annum, all of which is needed by the Railways Service. Employees numbering 55 work at the mill, and with their families reside in the vicinity. The price at which the timber is produced compares very favourably with that of timber turned out at privately-owned mills.

5. Enlightened regard for the rights of employees in a great Public Department. In this matter the following valuable concessions indicate the spirit of the Government:—

- (a) Restoration as from July 1, 1936, of the reductions made in wages and salaries in 1931 and 1932.
- (b) Application of the 40-hour week principle as from September 1, 1936.
- (c) Provision by legislation for the appointment of an independent tribunal to investigate wages, conditions and other staff matters.
- (d) Friendly consultations with representatives of the various staff organisations to ensure co-operation in endeavours to advance the interests of the Service and of the public.

The fairly general adoption of the 40-hour week in the State Departments and throughout private employment has synchronised to a great extent the hours at which office and other workers commence work. This has necessitated a new view of fares charged to workers travelling to their employment. The Department is now operating a plan by which differential fares to workers resident in suburban areas who have to travel to their occupations in the cities have been abolished.

Installation of Rail-cars.—A serious weakness in the train services in New Zealand—the “mixed” train carrying passengers and goods which involves long stoppages at stations and impedes speed in transport—is now being overcome by modernisation in the form of Rail-cars. These cars will enable a separation of passengers from goods traffic to be made, and will give faster passenger services into the country districts. Goods services will also be operated more expeditiously. The Rail-cars needed are being built at the Hutt Railway Workshops. Two services have been installed, and up to March 6, 1937, had carried 48,213 passengers. As these services extend a marked increase in passenger traffic is certain.

Throughout his administration, the Minister has received the active and friendly co-operation of the General Manager and his staff. The Government's policy has imparted a spirit of vigour and hopefulness to the Service which now appreciates more than ever the tremendous contribution it can make to the well-being of the Dominion.

Industries and Commerce:

The administration of this Department is complex and intricate, and in working out the Government's policy the Minister has come to decisions affecting many forms and classes of business. Generally speaking, the purpose of the Minister's activities has been to attain orderly procedures in industry and commerce, to prevent profiteering, and to increase the efficiency of economic organisation.

Wheat, Flour and Bread.—In the early stages of his administration, the Minister's most important work was to bring wheat-growing, flour-milling and bread-baking, and the fixation of their prices, within one comprehensive plan, which was brought into operation in February, 1936. He acted under Board of Trade Act Regulations.

Under this plan a Wheat Committee representative of each of these three interests was set up with the Minister as its Chairman. From the wheat-growers all milling-quality wheat was purchased at

prices in excess of those ruling for some years previously. The wheat was sold to the millers, and the price of flour was fixed so as to give them an adequate return. Each miller was allocated a share in the total flour trade proportionate to his share in the previous three years. Flour is marketed on behalf of the millers, and unnecessary freight costs are avoided by a regional distribution plan. Without increasing the price of bread to the consumers, bread prices were also fixed at rates which gave the bakers a fair return.

The advantages of the plan are that wheat-growers receive increased returns, the millers are relieved from the anxieties of competitive marketing, the bakers are safeguarded against losses in price wars and can therefore fix their attention on efficient production, and the consumers have the assurance of a fair price for bread. All are protected against the disturbances which accompany market fluctuations.

A small commission on flour sales, and a fractional margin between the buying and selling prices of wheat, meet the administration costs, which are extremely low.

When necessary, the Wheat Committee imports wheat, but flour may be imported only under permit. The New Zealand market is thus secure for the local wheat-growers, and a high quality bread is sought by co-operation between the Wheat Committee, the Wheat Research Institute, and the Department of Scientific and Industrial Research. Action in this direction is indicated, for instance, by the letting of contracts for the growing of Jumbuck and Marquis wheats, the object being to ensure adequate supplies for blending purposes in place of imported Canadian wheat. A premium is paid for quality. The Wheat Research Institute has proved that New Zealand strong wheats can satisfactorily replace Canadian wheat in blends.

Fixation of Orange Prices.—Exceptionally high prices for oranges resulted from a shortage in supplies in November, 1936, due to the American shipping strike and an interruption in the Cook Island supply. Another reason for the shortage was the extra demand made possible by the increased purchasing power consequent on the Government's legislation. To meet the shortage the Government permitted the importation, under license, of 12,000 cases from New South Wales and Victoria, and fixed the wholesale and retail prices in the four main centres to prevent exploitation.

Prevention of Profiteering.—After the 1935 General Election what appeared to be an unreasonable tendency to increase prices forced the enactment of the Prevention of Profiteering Act. This Act fixed the basic price as that current or generally ruling on June 1, 1936, and it is an offence to sell at prices which unreasonably exceed this level. A tribunal to which specific cases might be referred was provided for, but as the Department of Industries and Commerce has been able, on complaint, to induce the traders concerned to reduce their prices when excessive, there has been no occasion for the tribunal to act. The purpose of the legislation has been achieved.

Industrial Efficiency Act, 1936.—A major achievement of the Minister was the enactment of the above-mentioned legislation. Briefly the purpose of the Act is to regulate the development and operation of industries, and to promote new industries in the most economic form, so that the Dominion's economic welfare might be served. The term industry is so widely interpreted by the Act as to cover, without exception, every kind of trade, business and industrial occupation. The Act was approved by the New Zealand Manufacturers' Federation.

For its administration the Act sets up a Bureau, the personnel of which is appointed by the Minister, and which consists of Government employees with special qualifications and of nominees of industries affected by particular investigations. The Bureau has authority to submit plans for the more efficient organisation of

industry, and the Minister has power to apply these plans, but only after approval by a majority in the industries concerned.

The Bureau's advisory functions relate to a great variety of problems associated with the promotion of industry, as, for instance, Government assistance to industries, raising the quality of products, adoption of uniform methods of accounting and costing, standardisation of materials, processes and products, training and supply of workers, marketing, and the purchasing of raw materials. Its other duties include the preparation of statistics, the dissemination of information, and collaboration with research organisations and other State Departments in support of the objectives of the Act.

The Act provides also for a system of licensing industries to obviate over-capitalisation and similar difficulties. The Bureau is the licensing authority, and all appeals from its decisions are decided by the Minister. Several industries have been placed under license. Apart from this, extensive preliminary work has been done in accumulating information as to industries which appear to require assistance, and numerous applications for financial help have been investigated.

Scientific and Industrial Research:

The Department of Scientific and Industrial Research works in close co-operation with the Bureau of Industry, the Secretary of the Department being a member of the Bureau. The Bureau also has at its disposal the technical services of this Department in the establishment of new industries.

As a result of the new legislation, the New Zealand Standards Institute has been reorganised as a Government activity under the Department of Scientific and Industrial Research, and close attention is now being paid to this means of eliminating waste, decreasing production costs and selling prices, and improving the quality of products.

The Secretary of the Department is also an Associate Member of the Committee appointed by the Government to administer the Wool Industry Promotion Act, an explanation of which appears in the section of this booklet dealing with the Department of Agriculture. The particular function of the Department in this connection is the initiation and co-ordination of wool research and the distribution of information concerning this commodity.

Employment Promotion.—The Department of Scientific and Industrial Research also works in conjunction with other Departments—the Labour and Mines Department, for instance—in the promotion of employment. The nature of its recent contribution may be gathered from the following activities:—

1. Geophysical prospecting in the search for gold, by which much valuable data has been accumulated. This is now being followed up by extensive exploratory work by the Mines Department to test the scientific findings.

2. The invention by an officer of the Department of a process for refining low-grade kauri gum has made possible the rehabilitation of this once great industry. The refined gum can be marketed overseas profitably. Considerable employment will be given by the extraction of the crude material.

3. Systematic soil and land utilisation survey to obtain information as to the Dominion's potentialities for increased and diversified production.

4. Assistance to the flax industry by research in flax-breeding and technical advice on chemical engineering problems.

5. Investigation into the problems of citrus-growing.

THE POST & TELEGRAPH DEPARTMENT.

HON. F. JONES, Postmaster-General and Minister of Telegraphs, Minister of Defence, and Minister in Charge of War Pensions.

The Post and Telegraph Department is one of the great employing Departments in New Zealand, and in December, 1936, nearly 10,000 were on its staff. It has a record of most successful administration and of progressive attention to public interests.

During the first year of the Labour Government's control of affairs, substantial improvements were made in wages and salaries and the conditions of those in the Service. Concessions along the following lines were granted:—

1. Restoration of wages and salaries to the rates in 1931 which in that year—and the next—had been twice subject to heavy reductions.

2. As far as practicable without curtailing facilities to the public, the 40-hour week has been applied. Wherever possible the 40 hours are worked within a five-day week, but the complete elimination of Saturday work has not yet been practicable.

3. The 40-hour week necessitated an increase of roughly 300 in the numerical strength of the staff, the majority of whom were recruited from outside the service.

4. Due to marked demand for additional staff, the Department has since December, 1935, employed in junior capacities 906 outside applicants. At present the staff far exceeds any previous total.

5. The regrading of the staff (usually undertaken at five-year intervals) which should have taken place in 1934 was postponed, so that no comprehensive review of Service conditions has been made since 1929. The present Government has authorised the regrading of the Service on April 1, 1937.

6. Prior to the assumption of office by the present Government, all permanent appointments to the Service, with few exceptions, were made by the Public Service Commissioner on the recommendation of the Post and Telegraph Promotion Board. The Post and Telegraph Act was amended in 1936 to transfer this power to the Director-General of the Department, the effect being that control of appointments is now wholly within the Department itself.

7. This Act also provided for the setting up of a tribunal to consider regulations for the efficient working of the Department and the welfare of its employees. The tribunal is to consist of representatives of the Minister and of the officers, who will therefore have a voice in the organisation of their own industry.

During the year 1936 the Department introduced many new facilities for the benefit of the public, including air-mail services, and it put into operation a vigorous policy of building construction. Its progressive measures have been justified by increased business and popular appreciation.

Post Office Building.—A complete schedule of works for the whole Dominion has been prepared and a Five-year Plan of building which is estimated to cost £3,465,000 has been worked out. For the 1936-37 programme £300,000 was included in the Public Works Estimates, and buildings estimated to cost £356,006 are under construction. Tenders accepted and called, and plans for other new buildings and additions, will bring the total estimated cost of early improvements up to £556,760.

Air-Mail Services.—Services of this character were inaugurated between Palmerston North, Blenheim, Christchurch and Dunedin, and between Nelson, Blenheim and Wellington in March, 1936, and on December 7, 1936, between Napier and Gisborne. The postage was fixed at 2d. an ounce, or only 1d. increase above the ordinary rate. Letters dispatched weekly by air-mail in January, 1937, exceeded 20,000, as against 13,000 in the first weeks of the service.

For the purpose of extending to New Zealand the present England-Australia air service, the Government is engaged in discussions with the British and Australian Governments, and in September, 1936, representatives of the three Governments met in Wellington to carry out negotiations.

Parcel Postage Rates.—In March, 1936, rates of postage on inland parcels were substantially reduced. As a result an increase of about 70 per cent. in the gross parcel-post revenue is expected. It is estimated, on the basis of the traffic handled by the end of December, that the first year's postings of parcels at the new rate will number 3,650,000, compared with a total of 1,645,000 posted during 1935.

Rural Mail Delivery.—The expansion of the rural mail delivery system during 1936 was considerable. At October 31, there were 25,931 farming households to which the facility of gate-to-gate delivery had been extended. This is an increase of 1,770 on the previous year's figures.

Carrier Telephone Equipment.—To further improve long-distance telephony in the Dominion a contract was placed in London in 1936 for a considerable quantity of carrier telephone equipment, the cost of which when landed in the Dominion will be approximately £91,000. When installed this will give effect to the largest expansion programme ever approved by the Department in connection with trunk line telephone systems. A two-fold purpose is in view: Provision of additional telephone channels, and improvement in the long-distance telephone services.

Submarine Telephone Cable.—To provide additional telephone channels across the Cook Strait which separates the North and South Islands, 46 miles of the latest type of submarine cable was ordered in England in September, 1936. The cost landed in the Dominion was approximately £49,000. A vast improvement in facilities will follow the installation of this cable. It will at least duplicate the existing services.

Automatic Telephone Equipment.—The replacement of manually-operated exchanges due for renewal with automatic switching equipment has been recommended, and the replacement will also be carried out where these exchanges are incapable of meeting increasing demands. An order for £21,000 worth of automatic telephone equipment for Napier, which since the 1931 earthquake has been served by a magneto exchange, has been placed, and delivery in New Zealand is expected by September, 1937.

The Naval Department:

Legislation in the charge of the Hon. F. Jones, Minister of Defence, was passed in 1936, constituting a Naval Board for New Zealand. Such a Board had been constituted by Order-in-Council on July 30, 1928, but the Order was defective because no definite provision was made for a Board of Administration in the Naval Defence Act, 1913. The Board's authority is now regularised, and the Naval Secretary as Permanent Head of the Department is a member of it.

Under this legislation—the Naval Defence Act Amendment, 1936—the Government has taken over from the Auckland Harbour Board by purchase the Board's property adjacent to the Calliope Dock. To the agreement by which this was done the Commissioners of the Admiralty have been made party. The Calliope Dock still remains the property of the Harbour Board, but the Naval Department has the prior use of it. By this action the Government has established direct control over its Naval Repair and Storing Yard, and it is now in the position to reconstruct the Naval Base on modern lines.

Geneva Convention Act, 1936:

The Hon. F. Jones was also responsible for this Act which carried out New Zealand's obligation as a contracting party to the Geneva

Convention of 1929 to protect the "Red Cross" emblem and the words "Red Cross" and "Geneva Cross."

The Act prevents the use of these emblems and designations, or imitations of them, by private individuals and firms for commercial or any other purposes, or in any manner capable of wounding Swiss national sentiment. The New Zealand Act follows the lines contained in the British Act.

Aviation Encouragement:

In the Statutes Amendment Act, 1936, restrictions resulting from the Local Authorities Empowering (Aviation Encouragement) Act, 1929, were removed. Local authorities, although not actually using aircraft, may now be constituted as recognised Aviation Authorities and are eligible to receive contributions from other Local Authorities for aerodrome purposes. Previously this privilege was denied them, although some had been instrumental in establishing aerodromes.

With the object of ensuring uniformity in charges and rules, all by-laws under the 1929 Act must now first be approved by the Minister of Defence before being brought into operation.

War Pensions Amendment:

War pensions in New Zealand are administered by the Minister of Defence. As at March 31, 1936, the total number of pensioners under the War Pensions Act, 1915, was 22,631. The pensions paid totalled £1,384,340. Economic pensions totalling £189,884 were paid in addition, and in 1935 allowances were provided in legislation for "veterans" incapacitated from earning a livelihood by disabilities apart from wounds or other injuries received during war service.

Prior to the enactment of the War Pensions Act Amendment, 1936, the wife and children of a disabled or deceased soldier could not receive pensions under the war pensions legislation unless the marriage had taken place within seven years of the date of the soldier's discharge. The position was similar with respect to the wife and children of ex-soldiers who received payments under the War Veterans' Allowances Act. This restriction was removed and pensions and allowances may now be granted in cases where the marriage took place before August 31, 1936. Many deserving cases have been met by this amendment.

The economic pension which could be added to a disabled ex-soldier's statutory pension was raised by the Amendment to 25/- a week from its previous maximum of £1/2/7 a week, and cuts in certain classes of statutory pensions and in all economic pensions payable to dependants of deceased soldiers were fully restored.

On January 31, 1937, the number of pensioners under the War Pensions Act, 1915, was 25,678, and the estimated annual value of their pensions was £1,661,000.

CIVIL PENSIONS LEGISLATION.

**HON. W. E. PARRY, Minister of Internal Affairs and
Minister in Charge of Pensions, Museum and Advertising
Departments.**

During the 1936 Session the Hon. W. E. Parry introduced two measures of major importance—the Pensions Amendment Act and the Local Government (Amalgamation Schemes) Bill. The latter still remains to be enacted.

To New Zealand belongs the credit of being the first among modern nations to make legal provision for the payment of Old Age Pensions. Since the original Act was passed in 1898 the civil pensions principle has been extended in several directions. Mr. Parry

still further extended it by a provision of pensions for chronic invalids, and he has the honour of having made this great social innovation.

The classes of pensions paid, the number receiving them, and their annual value on March 31, 1936, under the Act as it was before it was amended by the Labour Government's legislation, are set out in the following table:—

Class of pension.	No. in force.	Annual value. £
Old Age	42,649	1,808,000
Widows	4,378	323,000
Invalidity	504	23,500
Miners	827	71,000
Family Allowance	11,841	145,000
Totals	60,199	2,370,000

The Labour Government's Pensions Act Amendment came into operation on July 1, 1936. On January 31, 1937, the statistical position was as follows:—

Class of pension.	No. in force.	Annual value. £
Old Age	52,015	2,975,000
Widows	4,678	505,000
Miners	1,020	90,600
Invalidity	6,140	420,000
Family Allowance	9,716	136,000
Totals	73,569	4,127,100

Wives and children who benefit through the payment of these pensions numbered on January 31 last respectively 2,284 and 57,156. The reason for the decline in the number of family allowances was increased employment and improved wages.

A summary of the main improvements now enjoyed by pensioners as the result of the Amendment follows:—

Old Age Pensions.—The maximum pension has been increased from £45/10/- a year to £58/10/-. This is payable to males at the age of 65, and to females at the age of 60. Previously when women at 60 were granted a pensions a reduction of £5 a year from the maximum rate was made. This deduction is eliminated, and women now receive at 60 the same pension as men at 65. The residential qualification period has been reduced from 25 to 20 years. This last provision benefits a number of people who at middle-age immigrated to New Zealand towards the end of the war.

Improvements in the limits of income and pensions are indicated as under:—

	Old.			New.		
	£	s.	d.	£	s.	d.
Amount of general income exemption	52	0	0	52	0	0
Pension and income combined (unmarried applicant)	97	10	0	110	10	0
Pension and income combined (married couple)	143	0	0	169	0	0

Applicants for Old Age Pensions have been greatly advantaged also by certain changes in the exemptions of special income from the calculations which decided their qualification for the pension. Under the old Act **personal** earnings which had ceased were exempted; under the new **all** income which has ceased is exempted. Further, an exemption is allowed up to £500 of receipts from legacy, life insurance or compensation for accidental injury or death where such a sum is spent on home property or any other purpose deemed desirable.

Similar advantages have been conceded in the matter of property exemptions. Under the old Act, property exemptions were: Home

property; furniture in the possession of the applicant; any property from which an annuity was derived, but which the applicant had no interest other than the annuity; and other property up to £50. The new Act makes it very much easier for necessitous people owning property to apply successfully. The following forms of property are now exempted: Any interest in land, including any interest under any mortgage of any estate or interest in land; furniture or personal effects, whether in the possession of the applicant or not; any interest in any annuity of any policy of life insurance; and other property to £500. After allowing for these exemptions, the balance is regarded as "net accumulated property" and pension is reducible by £1 for every £10.

These easements in connection with income and property exemptions largely explain the great increase—nearly 10,000—in the number of Old Age Pensioners since the Labour Government came into power.

Widows' Pensions.—Before this Amendment widows with children below 15 years of age received a pension of 10/- a week for themselves and 10/- for each of the children. There was a general income exemption of £78 a year, but certain property possessions resulted in deductions from the pension.

The pension was increased by the Amendment from 10/- to £1 a week in the case of the widow, but no alteration was made in the payment for the children. The maximum pension for a widow with seven children was increased from £4 a week to £4/10/- a week. All deductions in respect of property were eliminated.

Under the old Act the wife of a mental patient was treated as a widow for the purpose of this pension so long as her husband was actually detained in an institution. The new Act entitles her to receive the widow's pension while her husband is an inmate or is the subject of a reception order under the Mental Defectives Act, 1911.

A completely new departure made in the amended Act is that deserted wives may receive pensions on the same basis as widows, conditionally on maintenance proceedings having failed, or the maintenance order not being complied with and the whereabouts of the husband being unknown.

The power to pay a pension under the old Act to the mother of any child whose father is dead has been extended to include any child whose father is in a mental hospital or has disappeared. Further, a pension may be granted in respect of any child maintained by the widow's husband before his death, as for instance, a child not legally adopted.

Miners' Phthisis Pensions.—The old legislation provided that miners—in most cases they were gold miners—suffering from miners' phthisis (pneumoconiosis), or tuberculosis of the lungs, or any other disease of the lungs commonly associated with this form of phthisis could receive a pension. The pension, when paid, amounted to 25/- a week for the miner, 10/- for his wife and 10/- for each child under 15 years of age, with a maximum of £4/5/- a week. Other income up to £104 a year was permitted, but a deduction of £1 was made from the pension for every £1 of income in excess of this amount. Among the qualifications for the pension was a condition that the disease must have been contracted while working as a miner in New Zealand.

Although the amount of the miner's pension was not increased, in at least four substantial particulars the old Act has been improved for the benefit of miners and their wives and children.

1. The qualifying diseases have been extended to cover other occupational disease or heart disease. The benefit herein is that many miners who suffered heart weaknesses due to a lung condition insufficient of itself to qualify them for the phthisis pension, may receive the pension and a number have done so.

2. Under the previous Administration the miners' widows' pension—paid to widows whose husbands died of miners' phthisis whether the widows had children or not—was abolished, but afterwards it was restored to the extent of making it payable for two years after death of the husband. The amended legislation completely restored the miners' widows' pension. This widows' pension is 17/6 a week.

3. If a miner receiving pension died from causes other than the miner's phthisis his wife was refused the miners' widows' pension. Now she may receive a miner's widow's pension if her husband was in receipt of a miner's pension at the time of his death, no matter what the cause of death.

4. If within five years of his application for a miner's pension the miner had been convicted of an offence punishable by imprisonment for two years or upwards, he was disqualified for the receipt of pension. On the principle that a citizen should not be punished twice for the same offence, this disqualification was abolished.

Maori and South African War Pensions.—In keeping with the increase in the Old Age Pension, Maori War pensions have been raised from £45/10/- a year to £58/10/-. Also in keeping with Old Age Pension increases the limit of income and pension within which a South African War Veteran may receive £13 a year additional old-age pension has been increased from £97/10/- to £110/10/-.

Invalidity Pensions.—The conditions governing this new type of pension are: The applicant must be a British subject of 16 years of age and upwards; continuous residence in New Zealand for 10 years immediately preceding the application, except that absence up to six months does not affect this qualification. Blind persons may also be absent during this 10 years for the purpose of vocational training or for treatment for eye trouble. The applicant must be totally blind or permanently incapacitated for work by accident, illness, or congenital defect; incapacity must not be self-induced; a claim for compensation or damages makes the applicant ineligible; and a good moral character and sober habits are insisted on.

If, on medical examination by doctors appointed by the Government, invalidity is certified, the applicant is entitled to a pension of £1 a week, and if married, 10/- to his wife, and 10/- for each child up to 16 years of age. The maximum pension is £4 a week, but apart from pension an income of £2 a week is allowed in the case of a married applicant or widower with children, and £1 a week in the case of other persons.

The same conditions as apply to property in the case of old age pensioners apply to invalidity pensioners.

Prior to the provision of the Invalidity pension the pension for the blind was 17/6 a week. The blind have been brought within the invalidity pension system, their basic pension has been raised to £1 a week, and new benefits for their wives and children have been provided—10/- a week for the wife and 10/- for each child under 16. In addition, in computing the annual income of a blind person, no account is taken of any personal earnings to £2/15/- a week.

Miscellaneous.—Several minor improvements have also been made. The disqualification of Asiatics has been removed; naturalised persons had to wait for one year of naturalisation before they could qualify for the pension. This waiting period has been abolished. Formerly any pension due at the date of the pensioner's death could be applied only to paying funeral expenses. Now its payment can be made to the pensioner's dependants. Persons in receipt of pension may be absent from New Zealand for five years without having their residential qualifications affected on their return, but pensions are not paid to them while absent from the Dominion. Ministers of Religion are now empowered to make declarations under the Act.

Family Allowances.—A serious weakness in the old legislation was that the family allowance could not be paid to the mother of children unless the application form bore the signature of her husband.

A result was that if the husband had deserted his wife and his signature was unobtainable because his whereabouts were unknown, his wife and children could not benefit by the allowance. The Family Allowances Act was amended to provide that the mother's signature to the application makes it valid.

The Act amended by the Labour Government allowed a payment of 2/- a week for each of the children in excess of two in the family, where the total family income was £3/5/- a week or less. The income limit was raised from £3/5/- to £4.

In addition to other persons entitled to make declarations under this Act, Ministers of Religion now have authority to act.

Local Authorities Amalgamation:

The number of local authorities in New Zealand on April 1, 1936, was 684. These authorities consist of County Councils, Borough Councils, Town Boards, Electric Power Boards, Road Boards, Rabbit Boards, Drainage Boards, Hospital Boards, and other such bodies.

Attempts were made by the Governments led by the late R. J. Seddon and Sir Joseph Ward to reduce the number of local authorities then existing, but these attempts were not pressed, and nothing resulted.

Widespread feeling prevails in New Zealand that the number of local authorities is too large and might be reduced by a process of co-ordination with great advantage to the Dominion. This is the object of the Local Government (Amalgamation Schemes) Bill introduced by the Hon. W. E. Parry in the final stages of the session, and now under discussion by local authorities throughout the country.

Although the number of local authorities will undoubtedly be curtailed when this measure is enacted, the units of local government as they are then reorganised will have larger powers and so be able to work more satisfactorily.

Most of the existing authorities are specified as coming within the scope of the Bill, and others may be added as appears necessary for its purpose.

Amalgamations may be brought about in the following manner: the union of two or more adjoining districts into one district, whether these districts are of like status or constitution or not; the merger of local authorities in any district; the transfer of functions from one local authority to another; adjustment or alteration of boundaries of districts; and the conversion of a district into a district of different status or constitution.

Voluntary action along these lines by the local authorities is encouraged by the Bill. They may prepare amalgamation schemes, and, to achieve the best effect, hardly any limit is placed on the matters they can discuss. Whenever an amalgamation scheme is agreed to, the Bill empowers the Government to enforce it without delay if it is considered suitable.

To encourage initiative in preparing schemes the Minister has addressed several district conferences of local authority representatives, and he has also personally explained his proposals on two occasions at annual conferences of the Municipal Association.

In the event of failure on the part of local authorities to themselves prepare schemes, the Minister has power to require them to do so, or if they fail to act within a given time, he can himself formulate a scheme.

At this stage, the scheme must be submitted to the local authorities affected, and its purport published. The authorities and others may then make representations to the Minister, who, if any objections warrant it, may submit the scheme to a Commission for decision.

The Commission is to consist of a permanent chairman; an officer of the Public Service; and a member, not being an officer of the Public Service, appointed on the recommendation of a majority of the local authorities concerned, or in the event of their disagree-

ment, on the recommendation of the Minister, who must, however, select a person with suitable local knowledge.

After hearing representations from the affected parties, the Commission is to submit a report, which will be final, and which the Minister must carry into effect.

When the new local authority is created by this procedure, it is to have the powers necessary to enable it to perform the duties of the bodies it has superseded.

An important clause in the Bill empowers County Councils to draft schemes for the absorption of minor local bodies within their County areas.

The public reaction to the Bill has been largely sympathetic, the press of whatever political opinion being almost wholly so. Already under the influence of the introduction of the Bill and of the Minister's educational work, many voluntary amalgamations have been agreed to.

Thames Harbour Act, 1936.—One of the principal results of the Minister's work in favour of local authority amalgamation was the passage of the above Act under which the Harbour Board at Thames was abolished and all its functions transferred to the Thames Borough Council.

The Act embodied an agreement come to between representatives of the Board and Borough Council at a conference over which the Minister presided. The principal result of the Act will be a saving in administration costs to the Thames ratepayers and greater efficiency in service.

Local Elections.—One of the effects of the economic crisis was that many good citizens were unable to pay their rates to their local authority, and as a consequence they were disfranchised in local elections and polls.

To in some degree remedy this injury to citizens' rights the Hon. W. E. Parry was responsible for a measure—the Local Elections and Polls (Temporary) Amendment Act, 1936—which enables defaulting ratepayers to vote, to nominate candidates, and to be nominated as candidates at local body elections if their rates are paid up to March 31, 1934.

If, however, any rates owing by the ratepayer concerned in the financial year ended on that date have been remitted or compounded the restoration of the enfranchisement does not apply. The Act has a currency till the end of this year.

Diversity of Duties.—The many concerns of the Minister of Internal Affairs may be gathered from the following brief summary of legislation coming from his Department during the session:—

An Act to permit the Chatham Islands County Council to impose import and export dues on goods entering and leaving the Islands in place of levying local rates.

An Act to assist the Board of Trustees that administers the National Art Gallery and Dominion Museum.

Provisions in various Finance Acts authorising local authorities to remit a 10 per cent. penalty on unpaid rates in the year 1935-36; restoring the 1930-31 rates of subsidies payable on rates collected by Borough Councils; and validating certain expenditure by local authorities in connection with the death of George V. and the accession to the Throne of Edward VIII.

In the Statutes Amendment Act, 1936, legal changes were made as follows: Local authorities and cemetery trustees were given permission to provide free interment of deceased returned soldiers, and past actions in this respect were validated; County Councils were authorised to establish renewal and replacement funds in respect of plant, property, etc.; Borough Councils were given power to instal, purchase or sell electric fittings and equipment; the restoration of reductions in the salaries of Mayors was also authorised; Town Boards were given power to pay their chairmen an annual allow-

ance not exceeding £50; and institutions such as theological schools and certain charitable organisations were exempted from the payment of rates on their properties.

The Minister's other activities include such diverse interests as the organisation of sport, assistance to acclimatisation societies, preservation of bush scenery, beautification of Main Highways, and the distribution among charitable and other deserving bodies of approximately £60,000 a year received by the Government from the profits of Art Unions held under Government permit.

THE MINES DEPARTMENT.

HON. P. C. WEBB, Minister of Mines, and Minister in Charge of Printing and Stationery Department.

The coal production in the Dominion in the year 1935-36 was 2,115,184 tons, and that of gold 165,277 ounces.

In the administration of the Department, the Minister, who for many years was a working gold and coal miner, has aimed at the largest possible consumption of New Zealand coal within the Dominion, and at the avoidance of industrial disputes and strikes in the industry. So far as gold mining is concerned, he has made available a substantially increased sum for prospecting ventures, and taken energetic action in facilitating, by such measures as the provision of electric power, the installation of large gold dredges on the West Coast of the South Island and in Otago.

It is anticipated that a million pounds of capital will be invested in large dredges operating on the West Coast before the present Parliament ends, and that the production from these dredges will be nearly 100,000 ounces a year.

The stimulus given to the search for gold is shown by the following sums spent and authorised for assistance to prospecting:—

1935-36—spent	£4,363
1936-37—authorised	£20,000

Between April 1 and October 27 an expenditure of £12,567 from this latter amount was decided.

The condition under which prospecting grants are generally made to mining companies and others is that of a £ for £ subsidy up to such limits as appear reasonable, the grants to be refunded from gold won before any dividends are paid.

The Minister has doubled the 1935-36 expenditure (£500) on tracks to goldmines, and has increased the money available for diamond drilling from £1,650 (1935-36) to £3,574 (1936-37).

In the mining villages little has been done in the past to provide recreational facilities. The Minister has been active in bringing about co-operation between the mining companies and the public to provide, with assistance from the Mines Department funds, playing grounds and other means of healthy sport and recreation. The Minister has made grants towards social halls, tennis courts, bowling greens, swimming baths, and improvements in domains in several mining villages. He has also financially assisted libraries in mining districts.

Coal Mines Amendment Act.—Only one important piece of mining legislation was introduced by the Minister during the session—an amendment to the Coal Mines Act—which contained several additional safety precautions.

Under the principal Act a search of workmen is required before they enter the mine to commence work, but no provision was made for a search after they had entered the mine and commenced work. The Amendment makes provision for both surface and underground searches.

Before the passing of the Amendment mines were examined by Firemen-deputies, who, while making the inspection, might have been alone in the mine. For this reason, a Fireman-deputy might have

suffered injury or other untoward happening for some time before he was known to have been in difficulties and assistance given him. The Amendment stipulates that, where necessary, a suitable person shall accompany the Fireman-deputy when on mine inspection before work is commenced.

Another section in the Amendment makes it necessary for a Fireman-deputy to report on the condition of the mine when going off duty at the end of the day's work. Previously, the deputy only had to report, without delay, on the condition of the mine before the men entered it to begin work.

The amended Act also provides that every cavity in the roof or accessible dead-end, within a radius of 100 yards of any working place, where gas may accumulate, shall be inspected at least once a day by a colliery official. A safeguard against this danger is thus afforded. Previously the inspection required before work was commenced was confined to places where the men were to work or pass during the shift, and places in which work was temporarily stopped within any ventilating district.

In addition to the compulsory inspection of working places before the commencement of work, the Amendment now lays down that an inspection of every working place must be made once every five hours by a colliery official, and a report made. This provision followed the advice of several witnesses before a Royal Commission on Safety in Coal Mines in England which emphasised the need for this additional inspection in the interests of safety.

As a result of the Amendment it is now compulsory when certain stone is met in coal mines, the dust from which is injurious to health, to attach to rock drills worked by mechanical power the axial water-feed. Formerly this compulsion only applied to stone quarries and metal mines.

The Amendment further authorises the Minister to define districts in which central rescue stations must be established, and to vary the boundaries of these districts from time to time. He is also given power to fix the contribution the owners of mines in any district shall pay towards the cost of erecting, equipping, maintaining, and operating the rescue stations. Power is also taken to make regulations respecting rescue brigade stations.

The effect of this legislation must be to considerably diminish the dangers of the miner's life and given greater protection to property.

THE MINISTRY OF AGRICULTURE.

HON. W. LEE MARTIN, Minister of Agriculture and Minister in Charge of Friendly Societies and National Provident Fund Departments.

Apart from legislation of a machinery and minor character, the Minister of Agriculture had charge of only one measure of major importance in the 1936 session. This created an organisation to promote the prosperity of the wool industry.

The Wool Industry Promotion Act, 1936, imposes a levy on all wool produced in New Zealand, the Minister being required to fix the rates of the levy for each season, with a limit of 6d per bale, 3d per fadge, or 1d per bag or sack. The levy is paid to the Collector of Customs at the port of entry for export, or to the same officer by Dominion wool-manufacturers according to returns of the quantities used.

The proceeds of the levy are to be devoted to advertising and publicity purposes and to research with the aim of increasing the production and use of wool.

Under the Act a New Zealand Wool Publicity Committee has been appointed to administer the proceeds of the levy in such ways as will: (a) Promote the use of New Zealand wool in existing or new markets; (b) assist by subsidy or otherwise, industrial researches by

which the quality of wool might be improved and its production increased, or lead to the discovery of new and improved methods; and (c) facilitate co-operation with similar bodies overseas.

The Committee consists of one Government representative, four growers' representatives, and two associate members, namely, the Director-General of Agriculture and the Secretary of the Department of Scientific and Industrial Research, the last two of whom have full rights of discussion, but no voting powers.

The personnel of the present Committee is:—

H. M. Christie, M.P. for Waipawa, Government Representative and Chairman.

H. D. Acland, Christchurch, Wool Growers' Representative.

B. E. H. Tripp, Timaru, Wool Growers' Representative.

A. W. Douglas, Waikouaiti, Wool Growers' Representative.

Sir William Perry, Masterton, Wool Growers' Representative.

A. H. Cockayne, Director-General of Agriculture.

Dr. E. Marsden, Secretary, Department of Scientific and Industrial Research.

The constitution of the Committee ensures that the wool growers will have full control of the revenue from the levy less the cost of its collection to the Crown. The present Growers' Representatives were appointed by the Government, but provision is to be made for election of their representatives by the growers themselves.

By the passage of this Act New Zealand is not only in a better position to protect her interests in the matter of one of the greatest of her primary industries, but will be placed on a footing similar to that in Australia and South Africa, where legislation of this nature has been in operation for some years. Effective co-operation between these three countries is now possible, and by organisation between them their interests can be strengthened in the United Kingdom.

Recently Committee representatives attended a wool growers' Conference in Melbourne, at which New Zealand and Australian interests were considered.

THE MAORI RACE.

HON. F. LANGSTONE, Minister of Lands, Commissioner of State Forests, and Minister in Charge of Land for Settlement, Scenery Preservation, Discharged Soldiers' Settlement, Valuation and Tourist and Publicity Departments.

Although the Rt. Hon. M. J. Savage is Native Minister, the administration of the Department is largely in the hands of the Hon. F. Langstone, who took charge of the two legislative measures passed in the 1936 Session and gave direct attention to many questions affecting the Maori people. The essential problem of the Maori Race relates to the proper development of their lands, a problem with which the Minister of Lands is closely associated in the work in his own Department.

The two enactments referred to above were:—

1. The Native Land Amendment Act.
2. The Native Purposes Act.

The first of these extended the authority exercised by the Government in the development and settlement by Maoris of Native lands or lands owned by Maoris. It provided machinery which had been lacking previously for the effective utilisation of these lands and for encouraging Maoris to engage in farming and related industries.

Among the particular aims of this legislation are: (a) The securing of tenure of Maori occupiers of developed lands, and (b) the protection of Maori owners of land in cases where the occupiers are not the sole owners by providing for leases under which a rental is reserved for the owners.

Under the Act part of the moneys received from the working of the land may be paid to any person owning any interest in it. This brings relief to Maori owners who have no means of sustenance other

than the land which the Department is developing and farming.

The Act has greatly accelerated the development and settlement of Native Lands.

The Native Purposes Act gave legal effect to many decisions relating to the affairs of the Maori people and covered a wide variety of interests. For instance, the Native Land Court was empowered to set aside land at Wairoa, Hawke's Bay, for a Memorial to the late Sir James Carroll, while an organisation was constituted to undertake the control of the carved Meeting House which is to form the principal part of the Memorial. Again, a Tribal Committee was given authority to control and administer the Raukawa Marae at Otaki. The Act also adjusted disputes in connection with Maori lands.

Native Housing.—It is agreed that bad housing makes a large contribution to diseases like tuberculosis and typhoid which tragically afflict the Maoris, and steps have been taken to expedite improvements.

To make the Native Housing Act, 1935, operative regulations were issued in December, 1936, and funds were made available for the purposes of the Act.

Unemployment.—Active steps to alleviate the unemployment problem among the Maoris—the problem has some features which distinguish it from unemployment among the European population—have been taken, and a special study made of it.

The Native Affairs Department is now co-operating with the Unemployment Branch of the Labour Department in finding employment for Maoris, and a special fund has been placed at the disposal of the former Department. Of this fund a considerable proportion is being spent on the provision of labour for Maori development schemes. Such expenditure has the dual effect of assisting in the establishment of the Maori farmer and in providing employment and a livelihood for members of the Native Race.

The sympathetic interest taken by the Government in the welfare of the Maoris was indicated by the convention of a conference in October, 1936, through the instrumentality of the Hon. P. Fraser, Minister of Health and Education, to consider proposals for the advancement of health and education among the Maoris. This conference was largely attended, and its decisions are now receiving sympathetic attention.

THE MINISTER OF JUSTICE.

HON. H. G. R. MASON, Attorney-General, Minister of Justice, and Minister in Charge of Prisons and Registrar-General Departments, and Patents, Designs, Trade-marks, and Copyright Offices.

The main task of the Minister during the session was to revise a mass of legislation of an intricate and diverse character which had "fallen into arrears."

His most important measure was the Law Reform Act which conformed with the Dominion's set policy to adhere, as far as possible, to those laws in the Mother Country affecting the administration of justice.

The Law Reform Act.—The Law Reform Act is based substantially on legislation recently passed in Great Britain as an outcome of recommendations by a Special Committee on law reform set up in England and presided over by Lord Hanworth.

The New Zealand Act deals with many questions, such as that of the survival of cases of action after death. In this connection it abolishes the rule that a personal cause of action dies with the person. The Act also modifies the substantive law relative to the liability of married women and of tort-feasors, and is largely an adapta-

tion of the Imperial Act on the same matter of 1935. The Act further amends on the lines of the English Act of 1934 the Deaths by Accident Compensation Act.

Regulations Act, 1936.—This Act was also introduced by the Minister. It makes provision for all statutory regulations to be codified in a simple and more accessible form than hitherto. Instead of being published, as previously, in the New Zealand Gazette along with a multiplicity of other matters, regulations in future will be published separately, and will form a companion volume to Butterworth's statutes.

Statutes Amendment Act.—This Act, also introduced by the Minister of Justice, is of many-sided importance. It embodies a multiplicity of miscellaneous amendments designed to correct anomalies in the Dominion's statute law. Many of the amendments within this Act would not justify a separate Bill, and for this reason a large number of urgent matters, although of what might be regarded as of minor importance, had been allowed to stand in abeyance by previous Parliaments. The Act overtakes most of these arrears.

As an indication of the beneficial character of this revision, it contains, among its 81 clauses, provisions such as the following: (1) The penalty of whipping for offences dealt with by the Children's Courts is abolished; (2) the sale and use of birdlime may be regulated or abolished; (3) increases are made to the retiring allowances of persons compulsorily retired from the public services by "economy" legislation in 1931; and (4) the benefits of the Family Protection Act, 1908, are extended to illegitimate children.

Judicature Amendment Act.—In 1924 the right of trial by jury was altered by Order-in-Council. This Act restores this right to the status quo before the alteration.

Distress and Replevin Act.—The Minister was responsible for a humane amendment to this Act. The Amendment provided for the abolition of the harsh provision which empowered the landlord to distrain on the whole of the tenant's household and personal effects unless he vacated the premises on demand. The effect of the amendment is that a tenant is now entitled to retain necessary household and personal effects up to a value of £50 free from seizure for rent.

The Prisons.—In a statement made by the Minister of Justice on March 10, 1937, he drew attention to the fact that at that date New Zealand's prison population was at its lowest figure for a quarter of a century, the total being 880. This may be taken to reflect the substantial economic improvement that has taken place during the new Government's tenure of office.

In the same statement the Minister intimated that the 40-hour week had been introduced in the prisons, and the allowances made to prisoners' dependants would be increased during next financial year from 22/- weekly to 26/8. He also stated that most prisons in the Dominion now have the benefit of the radio broadcasting service.

LEADER OF THE LEGISLATIVE COUNCIL.

HON. M. FAGAN, Member of the Executive Council without portfolio and Leader of the Legislative Council.

Mr. Fagan had charge of all the Government Bills as they passed from the House of Representatives to the Legislative Council. He performed the arduous duty of explaining them, defending them against criticism, and of getting them through all their stages in the second Chamber.

Sundry Activities:

In addition to its main legislative programme and the normal work of administration, the Government has taken action in several

directions to solve urgent problems and remove difficulties confronting many people.

Western Samoa.—When the Labour Government came into power conditions in Western Samoa over which New Zealand exercises a League of Nations Mandate were far from satisfactory. A large section of the Samoan people under the influence of the movement known as the Mau were disaffected. Resentment was widespread, for instance, at the banishment of one of the Mau leaders, Mr. O. F. Nelson.

In June, 1936, the Government dispatched a Goodwill Delegation to Western Samoa in the persons of the Hon. F. Langstone, Minister of Lands, and Mr. J. O'Brien, M.P. for Westland. The most important task of the Delegation was to bring together in a friendly relationship sections of the Samoan community which were in unhappy opposition, and to effect the co-operation of the Samoan people generally with the New Zealand Government.

During the month of its visit, the Delegation met all sections of the community, Native and European, and was everywhere received with friendliness and enthusiasm. Before its departure to New Zealand, Mr. Nelson, having been released by the Government from his sentence of exile, returned to Apia and assisted the Delegation in its final negotiations with the Samoans.

The Delegation submitted to the Government a number of recommendations, practically all of which were adopted and are now being carried out. The situation in Samoa has undoubtedly improved as a consequence.

Cook Islands Fruit Industry.—In response to an appeal by the people of the Cook Islands who come under New Zealand's jurisdiction, the Government sent a delegation of three members of Parliament—Mr. J. Robertson, M.P., Mr. C. L. Hunter, M.P. (representing the Government Party) and Mr. H. Holland (representing the Opposition)—to the islands to investigate the problem of fruit growing and marketing.

As a result of their investigation and report, the Government adopted an Order-in-Council empowering it to take over the control of the Cook Islands fruit trade. The object of this action is to return improved prices to the growers for their fruit, and at the same time, to place it in the New Zealand markets at the lowest possible figure.

Equalising Labour M.P.'s Salaries.—To many Labour M.P.'s especially those representing large rural electorates, the Parliamentary salary is inadequate. To improve their position, while at the same time not adding to public expenditure on this account, the present Prime Minister when leader of the Opposition in 1935 proposed at the Labour Party annual conference that year, that in the event of the Labour Party succeeding at the elections, all the salaries of its Parliamentary members should be pooled for equal distribution. After the elections this proposal was largely put into effect by a plan under which Labour Ministers of the Crown gave up from £400 to £700 a year from their own salaries to place the rank and file members in a better position.

In return for this, all members are under obligation to give the whole of their time to the discharge of their Parliamentary duties, and to co-operate, when called on, with Ministers in work, for which their services are required.

This plan also empowers Ministers to co-opt private members for the purpose of drafting new legislation and of assisting in administrative work.

The League of Nations.—The interest of the Government in peace and collective security through the instrumentality of the League of Nations was evidenced in the Memorandum it submitted to the League. This Memorandum, which was eulogised by League spokes-

men and others and everywhere created a most favourable impression, expressed the Government's willingness to apply full economic sanctions as provided for in Article 16 of the League Covenant, and also to participate in any collective use of force against aggressors in the future.

For this latter purpose it advocated the organisation of an international force under League control, or, as an alternative, the nations that are members of the League to allow a definite proportion of their armed forces—land, sea and air, if necessary—to restrain aggressors.

The Memorandum also set out the Government's conviction that the sanctions as they are now provided for in the Covenant will be ineffective if they are not applied automatically, and in the form of a complete boycott, and also with the certainty that force will supplement economic measures if these prove unavailing.

Deep Sea Fisheries.—Problems like the diminution of supplies of deep sea fish, the economic conditions of the fishermen, and the merchant organisation have also occupied the Government's attention. Following a strike of fishermen working Danish seine boats from Auckland in which the Government intervened for the purpose of a settlement on the basis of increased prices for the fishermen, a Fisheries Investigation Committee was appointed. This consists of Mr. J. Thorn, M.P., Chairman, Mr. M. W. Young representing the Department of Marine, and Mr. E. Sheed the Department of Industries and Commerce. The Committee has power to inquire into every aspect of the deep sea fishery industry, and will report to the Government.

Electric Supply.—Following a report from a Parliamentary Select Committee legislation was passed empowering the Government to take over the assets and liabilities of the Southland Electric Power Board, if this were approved by a plebiscite of the ratepayers. The plebiscite resulted: For Government Control, 7,993; against, 2784. The transfer of the undertaking was thereupon carried out. The Government has since reduced charges for power, abolished meter rents, and is spending £100,000 to connect the Southland system with its own power sources of supply.

Fisheries Amendment Act.—To assist the Acclimatisation Societies and by research to improve the fresh water fisheries, the Government placed the above Act on the Statute Book. The Act increases the license fees from £1 to £1/5/-. Of the increase one-half goes to the Societies and the remainder will be spent by the Government on research.

Local and Private Acts.—Nineteen Acts affecting local authority and private interests were passed during the session.

This completes the summary of the achievements of New Zealand's Labour Government during the first year of the life of the first Parliament it has controlled. Throughout the Dominion there is general agreement that this achievement greatly exceeds that of any previous year in New Zealand's political history, and that, whatever view may be taken of its measures, the Government has worked with energy and diligence.

It has naturally been asserted by opponents of the Government that the legislation referred to in this booklet will jeopardise the Dominion's welfare. The fact is, however, that during 1936 every department of industry and commerce in the Dominion experienced a rapidly expanding prosperity. Quite apart from the satisfactory rise in the prices of wool towards the end of the year, the statistics establish unmistakably not only economic and financial improvement, but the rehabilitation of confidence throughout the community. Even were it admitted that innovations like the 40-hour week, the wage and salary increases, and other changes put the Dominion's

industrial and commercial organisation under something of a strain, there can now be no doubt whatever that the country is in the position to bear it without serious inconvenience.

In support of this statement the following statistical comparison prepared by the Dominion Statistician may be cited. Anything like a close perusal of these interesting figures will leave no doubt in the reader's mind that no injury to the economic welfare of New Zealand has been done by the Government's policy. The period covered by the comparison was the twelve months from January 1, 1936.

	Period.	Unit.	1935.	1936.	Increase per cent.
Production—					
Value of Production—	Production year.				
Agricultural and Pastoral		£	59,200,000	72,500,000	22.5
Other	"	£	37,800,000	41,700,000	10.3
Total	"	£	97,000,000	114,200,000	17.7
Factory Production—					
Value of Output	"	£	79,324,473	90,014,748	13.5
Added Value	"	£	27,239,732	30,074,355	10.4
Number of employees	"	number	79,358	86,588	9.1
Electric Power Production—					
Million units supplied	Calendar year.	Weekly Average.	12,068,385	13,418,815	11.2
External Commodity Trade—					
Value of Exports	"	£	46,538,381	56,751,940	21.9
Value of Imports	"	£	36,317,267	44,134,326	21.5
Excess of Exports	"	£	10,221,114	12,617,614	23.4
Transport—					
Railways—	April 1 to				
Net ton miles run	Dec. 5.	number	291,655	329,941	13.1
Passenger journeys	"	"	13,316,052	14,087,741	5.8
Working revenue	"	£	3,939,295	4,403,419	11.8
Working expenditure	"	£	3,720,504	4,225,372	13.6
Shipping—	Calendar year.				
Coastal cargo tonnage	"	Ton	3,230,609	3,669,527	13.6
Overseas cargo tonnage	"	Ton	2,822,653	3,304,871	17.1
Road Transport—					
Motor vehicles licensed	Dec. 31.	number	216,905	241,915	11.5
Imports of motor vehicles	Calendar year.	"	20,842	30,264	45.2
Imports of motor spirits	"	gallons	65,277,401	86,423,750	32.4

	Period.	Unit.	1935.	1936.	Increase per cent.
Building Activity—					
Building permits issued—					
Dwellings	"	number	3,038	3,391	11.6
Total, all buildings	"	£	4,452,997	5,522,427	24.0
Timber carried by rail	April 1 to Dec. 5.	Ton	292,197	325,710	11.5
Imports of channel and girder iron and steel	Calendar	cwt.	99,767	112,696	13.0
Imports of galvanised plate and sheet iron ...	year.	cwt.	434,981	541,166	24.4
Wage Rates and Working Conditions—					
Wage rates index—		1926-30			
Money wage rates	Sep. 30.	=1000	858*	1,010	17.7
Effective wage rates	"	"	1,025*	1,162	13.4
Public Works employees	Dec.	number	13,870	19,198	38.4
Number of unemployed males	Dec. 19.	"	57,281	39,072	31.8†
Price Movements—					
Retail prices indexes—		1926-30			
Food	Dec.	=1000	855	916	7.1
All groups	"	"	847	887	4.7
Wholesale price index—		1909-13			
All groups	"	=1000	1,414	1,450	2.5
Export prices indexes—					
Pastoral and dairy produce	"	"	1,160	1,375	18.5
All groups	"	"	1,184	1,384	16.9
Share price index—		1926			
All groups	"	=1000	1,016	968	4.7†

Banking—

Trading Banks—

Ratio of advances to deposits	Dec.	Per cent.	74.09	77.16	—
Ratio of free to fixed deposits	"	"	64.10	81.59	—
Deposit rates—24 months	"	"	2½	2½	—
Minimum overdraft rate	"	"	4½	4½	—
Minimum discount rate	"	"	4½	4½	—

Reserve Bank—

Bank notes	"	£	10,221,739	13,136,161	28.5
Other demand liabilities	"	£	14,250,903	14,437,985	1.3
Reserve—gold	"	£	2,801,733	2,801,790	—
Reserve—exchange	"	£	21,492,042	16,664,052	22.5†
Net reserve ratio	"	Per cent.	99.17	70.59	—
Re-discount rate	"	"	3½	2	—
Net overseas funds of banks	"	£	36,088,539	28,080,537	22.2†

Savings Banks—

Deposits	March 1 to Dec. 31.	£	24,224,540	27,828,393	14.9
Withdrawals	"	£	22,735,492	25,674,957	12.9
Excess of deposits	"	£	1,489,048	2,153,436	44.6

Miscellaneous—

Bank debits (excluding Government)	Calendar year.	Weekly Average	13,201,542	15,717,585	19.1
Bank debits (excluding Government)	Dec.	"	15,444,844	18,521,343	19.9
Bank note circulation	Calendar year.	"	6,423,775	7,500,362	16.8
Bank note circulation	Dec.	"	7,321,840	9,043,996	23.5
Sales tax collected	Calendar year.	£	2,389,939	2,891,372	21.0
Totalisator investments	"	£	4,213,453	5,266,144	25.0
Radio licenses	Dec. 31.	number	185,008	232,657	25.8

* Year 1935.

† Decrease.

Most people will agree, on a review of these figures, that extraordinary progress has been made in the first 12 months of the first New Zealand Labour Government's term of office. Unquestionably conditions are happier, and the great mass of the people are enjoying an improved standard of life.

As to the next session, three great acts of policy are contemplated—a National Superannuation Scheme, a National Medical and Health Service, and a complete reorganisation of the Dominion's Education system. Committees consisting of Government M.P.s are working with the Ministers concerned at the compilation of the necessary measures.

It only remains to add that every Cabinet Minister is sparing no effort to meet all sections of the people, and, by personal consultations and visits to many parts of the country, to acquaint himself and the Government with their problems and their needs.

Wellington, New Zealand, March 14, 1937.



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