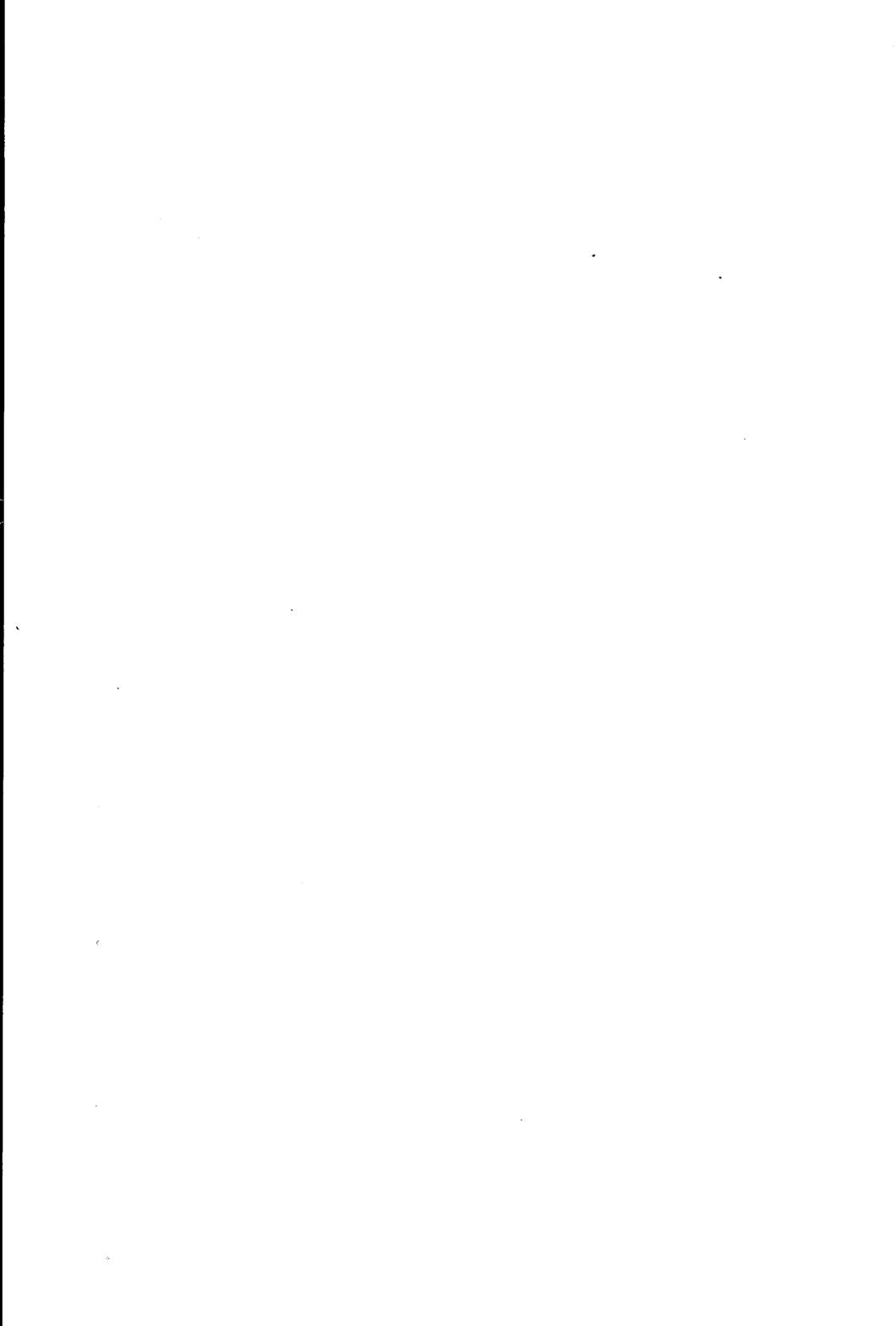


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1949
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Supply, 18th August, 1949)

By the Right Hon. Walter Nash, Minister of Finance

MR. CHAIRMAN,—

The financial year that has just passed has been one of general buoyancy and success.

There has been a comfortable surplus in the Public Account. Economic activity is at a level higher than ever before, as is manifested by the state of full employment, the record volume of total production which is steadily increasing—high levels of wages and national income—and capital development which is proceeding at a rate commensurate with other fields of economic progress. Our standard of living, which is reflected in our records of health, education, and culture is among the highest in the world. While our community cannot show many examples of superabundance of wealth in the hands of single individuals, yet, on the other hand, there is no poverty or want.

These satisfactory conditions have resulted mainly from our own efforts in the production of goods for our local needs and for export. It should be remembered, however, that New Zealand has been among the fortunate minority of nations whose production facilities and property were not seriously damaged by the direct effects of war.

It is necessary to point out, however, that the war did adversely affect New Zealand in a variety of ways; and that those effects have not even yet been entirely overcome. The payment of interest on the public debt incurred during the 1939-45 war must continue. Shortages, mainly in the sphere of capital goods, still affect progress to some extent. Within our own economy, and in all overseas countries, the wastage of production in war inevitably engendered inflationary pressures.

It is clear that, while some difficulties remain, New Zealand has now progressed, especially in terms of goods available, beyond the levels of pre-war years.

It can be said, too, that the inflationary pressures consequent on the war have receded to some extent, both at home and overseas. By its policy of stabilization of costs and by price and other essential controls, the Government has achieved the highest practicable degree of economic equilibrium. It has not been possible to avoid all effects of external conditions in view of the fact that approximately one half of our production and consumption is involved in overseas trade. However, on the evidence of the success of the stabilization policy, it is obvious that New Zealand is not inevitably bound to follow completely all economic fluctuations in the rest of the world.

It should be stressed, however, that a contributory factor in the present conditions of prosperity has been our ability to sell overseas, at profitable prices, a large proportion of our production. A sense of security, and faith in the continuance of the present satisfactory conditions can be justified only by careful forethought, collective endeavour, and the will to work.

Developments overseas, particularly during the past few months, indicate that the principal countries of the world are now moving from the post-war era of inflation into a period of re-adjustment. The needs of war and the deferred demands after the war had built up what seemed to be an insatiable market for production. Consequently, the seller remained in a superior position until a few months ago. Prices had risen and employment remained at extraordinary levels. With the satisfaction of deferred demand and the return of millions of war-workers into civilian employment it was inevitable that the markets should change in favour of the buyer, that prices should recede and that employment should to some extent decline.

There is every reason for believing that wise financial administration by the Governments concerned will ensure that the readjustment is beneficial, and that they will not allow the position to grow into a major recession.

International Trade

The war which concluded four years ago accentuated a change in the pattern of trade which had been developing from the beginning of this century. Western European countries, which had traditionally been the main importers of food and raw materials and the main exporters of manufactured goods had, even before the war, met with increasing competition, especially from the Western Hemisphere.

The war hastened the trend, the completion of which may otherwise have taken many more years. Most of the participants in the war suffered violent disruption and destruction of productive resources. Many of them were obliged to draw on their reserves of gold and convertible currency, and to sell their overseas investments, the interest from which had previously assisted them to balance their overseas receipts and payments. On the other hand, a few countries relatively unscarred by the war developed their levels of production to unprecedented heights.

With the close of the war, the devastated countries could look only to those few fortunate nations for vitally needed goods. At the same time, those who most needed imports could not produce sufficient exports to pay for them.

The dollar shortage has arisen directly from those causes.

In the meantime, a way had to be found by which the Western European countries could be saved from economic ruin and political disruption. Co-operation among the affected nations was necessary and promises to be highly beneficial, but without assistance from the Western Hemisphere, no efforts, however strenuous, could be successful.

From the end of the war up to June, 1947, the United States had provided by loans and other means approximately £5,000,000,000 to assist the rest of the world. In 1947, the United States announced that it was prepared to give a further sum—up to £5,000 million—towards European recovery, over a period extending to 1952.

The results of this most generous and unselfish act have already been notable. With the assistance of Marshall Aid, production in Western Europe, and particularly in the United Kingdom, has been substantially expanded during the past year.

The aid from the European Recovery Programme cannot, of itself, solve the economic problem of the Western European countries. By severe restriction of imports, especially from hard currency areas; by the expansion of production and exports; and by an increasing volume of intra-European trade and financial payments, the beneficiaries are striving to play their part in the achievement of full recovery.

It is now evident that this recovery cannot be completely attained by the end of 1952, as was originally hoped. With the prevailing economic conditions, particularly in the United States, it has been increasingly difficult to expand or maintain present exports to the hard currency markets.

The difficulties which the United Kingdom is now experiencing have significant effects on the whole sterling area, of which New Zealand is a member. Dollar receipts from exports by sterling area countries have decreased to such an extent that the gap between receipts and payments of dollars is now too great to be covered by E.R.P. payments. The deficit has fallen on the slender gold and dollar reserves of the sterling area, of which the United Kingdom is custodian. If the present rate of decline of these reserves continues, they will be exhausted within twelve months.

It is vital that this should not occur, for such a development would severely impede the functioning of the sterling area system, and the achievement of multilateral trade for the world as a whole would be drastically retarded.

The drain on the gold and convertible currency reserves of the sterling area must be arrested. To ensure the continuity of operation of the sterling area system, these reserves must be built up. Urgency therefore dictates that sterling area countries must achieve an immediate increase in earnings from exports to dollar countries; and that sterling area countries must carefully review their imports from hard currency sources.

Ministerial Conference—Dollar Difficulties

The whole problem was the subject of discussions in London on 8th, 9th, and 10th July between the United Kingdom Chancellor of the Exchequer (Sir Stafford Cripps), the President of the Board of Trade (Mr. Harold Wilson), the Secretary to the United States Treasury (Mr. John W. Snyder), and the Canadian Minister of Finance (Mr. Douglas Abbott). At the conclusion of this meeting, a communique was issued giving a general outline of the discussions, the main points of which may be summarised as follows:—

- (a) Particular stress was laid on the necessity of finding solutions which would maintain high levels of employment and enable world trade and international payments to develop on a multilateral basis.
- (b) The aim must be the achievement of a pattern of world trade in which the dollar and non-dollar countries can operate within one single multilateral system.

- (c) The general approach to existing problems must be based upon full recognition of their profound and long-term character.
- (d) The difficulties were an aggravation of deep seated maladjustments; and remedies other than financial assistance from Canada and the United States must be explored.
- (e) It was proposed that fact-finding discussions should take place between the three Governments in preparation for a further meeting of Ministers at Washington in September next.
- (f) The necessity for action to meet immediate problems was recognized, but no suggestion was made that sterling should be devalued.

It was against this general background and with a view to giving them a factual picture of the position and seeking their co-operation in finding a solution to the problem, which is of major concern to all, that Commonwealth Governments were invited to send their Finance Ministers to a Conference in London.

At the Conference, Ministers were present from the United Kingdom, Canada, Australia, South Africa, India, Pakistan, Ceylon, Southern Rhodesia, and New Zealand.

The meetings of Ministers commenced on 13th July and concluded on 18th July when the text of a press communique was agreed to. Meetings continued between officials for some days subsequently, and it was arranged that there should later be continuous consultation and exchange of information at the official level between Commonwealth representatives in London. It was agreed that the Commonwealth Liaison Committee, which has been functioning in London for some time in connection with the European Recovery Programme and related matters, would be an appropriate body to undertake such work.

The crisis was precipitated by a sharp fall in United States imports, brought about mostly by a decline in business activity in that country. Owing to a fall in sales to the United States the reserves held in dollars and gold by the United Kingdom on behalf of the sterling area were decreasing so rapidly that immediate action to stop it was essential. On the best information available it appeared that dollar earnings during 1949-50 would be sufficient for 75 per cent. only of the value of imports from the dollar area during 1948. Great Britain took immediate action to reduce imports accordingly and the New Zealand Government has agreed to reducing its demand upon dollar resources by reprogramming of imports and where appropriate by other means.

It is obvious that cutting down imports might retard the achievement of the longer range objective of a balance based on full employment and a high level of multilateral trade. It was, therefore, strongly urged on behalf of New Zealand that everything possible should be done to meet the immediate problem by increasing dollar earnings and where appropriate by borrowing dollars.

It will be generally agreed, that without interfering with essential food supplies to Great Britain, New Zealand could make a contribution to the dollar pool. I am confident that an appreciable proportion of our contribution can take the form of increased dollar earnings. Special measures will therefore be taken to increase exports to United States and Canada and to ensure that we obtain the benefit in dollars from such exports. At present we are losing dollars through operations in New Zealand goods in free sterling markets by dealers in other countries.

To the extent that we need to import essential requirements, particularly for capital purposes, from Canada and United States, consideration will be given to borrowing dollars provided loans can be obtained on reasonable terms and conditions.

It was recognized at the Conference that a permanent solution could be found only in a world-wide pattern of full and productive employment such as would make possible a self-balancing system of international payments. This involves the development of the agricultural and industrial resources of the sterling area and in fact of the whole of the non-dollar world to provide more primary products and manufactured goods for supply at competitive prices to dollar markets and to other markets at present abnormally dependent upon supplies from dollar countries.

Developments in many countries and particularly in undeveloped countries are held up by lack of capital. Dollar countries could hasten a permanent solution of present difficulties by encouraging international investment in productive enterprises by their citizens and through national and international institutions. In the past such an investment policy consistently pursued over many years by Great Britain was a powerful factor in the development of the British Commonwealth and also of the United States and other countries.

Countries in the dollar area can also assist by maintaining a high level of employment, income and demand in their territories and by facilitating and encouraging the purchase of goods and services from other countries.

For their part the Commonwealth representatives at the Conference agreed that what was necessary was the speediest possible increase in efficient and economic production and co-operation to

secure the most effective use of the resources available to the sterling area. This should be combined with an expansion of sales in dollar markets with special attention to prices, selling methods, and market requirements and more intensive efforts to increase dollar earnings from services of all kinds including tourist services. With its natural attractions New Zealand should be able to earn more from the tourist trade and this matter is being fully explored.

Organization and co-operation and the assistance of capital can be powerful aids but in the long run every country must earn its own standard of living by greater and more efficient production. All our efforts should be bent in this direction.

To summarize the dollar difficulties

The Government is satisfied that recessions in trade cannot be avoided by purchasing less from any given country. The objective should be to sell more.

Price adjustment can best be achieved by increasing efficiency rather than by curtailing costs by wage reductions.

The permanent solution of the present problem can be achieved only by expanding demand and increasing multilateral international trade.

Raising of loans in the surplus countries for productive purposes is the best method of overcoming the immediate difficulty.

Loans should be made available on reasonable terms to the buying countries by the surplus countries.

The Government has instituted inquiries as to the availability on reasonable terms and conditions of loans from Canada and the United States.

The immediate and long term solution is the expansion of production and of exports to Canada, to the United States, and to other dollar countries, and the raising of loans to meet the present deficit between exports to and imports from those countries.

Production and Trade

I now come to the position of New Zealand in the important sphere of production and trade.

The latest figures of the volume of production in New Zealand show a continued rising tendency. The level of total production has never been higher. The total volume of production for the year ended 30th June, 1948, is 20 per cent. above 1938-39 and 29 per cent. above

the level of 1935–36. The volume of factory production shows an increase of 50 per cent. over 1938–39 and is nearly double that of 1935–36. The volume of farm production is 13 per cent. in excess of 1938–39.

The quantity of butter produced in 1947–48 was 151,000 tons. The weight of wool in the 1948 production year was nearly 19 per cent. higher than in 1936. The volume of meat products though slightly lower than in 1947, was considerably higher than that of pre-war years.

Later figures, provisionally estimated, promise even better results for the production year 1948–49. Butter production was approximately 166,000 tons; cheese, approximately 98,000 tons, and canned milk products, 35,000 tons.

It will be seen from Table No. 14 published with this Statement that electric-power production has more than doubled since the year ended 31st March, 1936. This has been a substantial element in raising factory production by 50 per cent. since 1938–39.

Statistics of internal transport reflect the increases shown by other statistical series. The net ton-miles run on the railways reached a record total of 971 million ton-miles in the financial year just closed—an increase of 69 per cent. above the 1938–39 total and 119 per cent. above the 1935–36 figure. Motor-vehicles licensed at 30th June, 1949, reached a record total of 392,386.

A particularly pleasing aspect of recent statistics has been the continued increase in timber production, which reached a new record total of 480 million board feet in the March year, 1949, an increase of 11 per cent. above the 1948 total, 52 per cent. above the 1939 figure, and more than three times the footage in 1932.

This has permitted gratifying developments in the sphere of housing. The total number of private buildings for which permits were granted (in urban areas), for the year ended 31st March, 1949, was 11,102, compared with 8,093 in 1938–39, or 4,140 in the year ended 31st March, 1936.

Of the total of 11,102—which would approximate 16,000 if rural buildings were added—the number of dwellings of which construction was commenced by the Government in the year ended March, 1949, was 4,530. These records indicate the fruitful results that can be achieved by the harmonious co-operation of State and private interests.

Of all the nations of the world, New Zealand is among the highest in terms of trade per head. The total value of production for the year ended June, 1948, was £265 million. Of this £132,400,000 (roughly half) was exported. The total value of all goods available for use in New Zealand in the same year was £275,900,000. Of this, £143,300,000 (about 52 per cent.) was imported.

The figures throughout history show that New Zealand is largely dependent on farm products for its overseas income. Eighty-five per cent. of the value of exports was major farm products—33 per cent. dairy, 22 per cent. meat, and 30 per cent. wool.

Our overseas trade continues to expand, the volume of exports in the calendar year 1948 being 27 per cent. above the 1938 figure and 28 per cent. above the total in 1935. The volume of imports in 1948 was 8½ per cent. above the 1938 total.

The Government, in conjunction with farming representatives, has given an undertaking to the British Ministry of Food to facilitate, by 1955, a substantial increase in supplies of meat and dairy exports.

Steps have already been taken to obtain supplies of fencing-wire, while a policy of increased importation of fertilizer and the establishment of additional fertilizer-works is being actively pursued. Recently, as farmers are aware, the Government, after consultation with farming representatives, approved a basis of subsidy on imported phosphatic fertilizers (slag, finely ground North African phosphates, and guanos). The subsidy with a maximum of £3 per ton will be found—one-half by the Government and the other half from the farm industry stabilization accounts.

The Government is also fully aware of farmers' needs for farming machinery and equipment, part of which is obtainable only from dollar sources, and it is intended, within the limited amount of dollars available, to make a reasonable provision for these requirements.

New Zealand is potentially able to increase locally grown tobacco-supplies, and Government assistance has recently been given for flood-control measures in Nelson which should open up additional land capable of producing by 1952-53 an additional million pounds weight of tobacco, which will constitute a direct saving of three-quarters of a million dollars. The Government is also pressing on with the establishment of a pulp and paper mill, which will supply all New Zealand's needs and provide a surplus for export.

Turning now to goods available for consumption in New Zealand. This figure is obtained by ascertaining the value and volume of goods produced—deducting exports and adding imports.

The volume of goods imported in the year ended 30th June, 1948, was 25 per cent. more than 1938–39. Taking into account the rise in local production to 20 per cent. above pre-war, we find that the volume of all goods available for use in New Zealand has risen by 25 per cent. over 1938–39. The community has thus progressed beyond the point of re-gaining its pre-war level of consumption. On a “per head” basis goods available are 11 per cent. higher in volume than in 1938–39, and nearly 30 per cent. above 1936. In other words, on an average, each individual has available one-third more goods—imported and locally-produced—than he had in 1936.

This summarises the most important aspect of our economy—the physical goods available to individuals.

On the financial side the years of spectacular increases in the volume of money are past. For the year ended March, 1949, the increase in the volume of money was £3·5 million—compared with £22·6 million for the year ended March, 1948, £6·9 million for 1947, and £32·5 million for 1946.

On the evidence of the considerably diminished increase in the volume of money for the year ended 31st March, 1949, it seems clear that, by such measures as general stabilization, price control and the restriction of trading-bank advances, the financial policy of the Government has been successful in preventing buoyant conditions from developing into inflation.

Sterling holdings on 25th May, 1949, totalled £74,830,000. There had been a declining tendency since July, 1947, but this was inevitable, in view of war arrears of consumer and capital imports. The peak figure of sterling held by New Zealand was that of February, 1947, when approximately £91 million sterling was held.

New Zealand has had ample experience in the past to learn that precipitous falls in the overseas prices of primary products can, in the absence of adequate safeguards, reduce the exporter and the whole community to economic distress. The importance of stabilization to farmers entails the following action by the Government: (1) The maintenance of a guaranteed price; (2) the securing of long-term markets for the farmer's goods; and (3) the efficient use of overseas exchange—and the assurance of economic reserves.

There is good reason for satisfaction concerning the farm industry stabilization accounts, in which £44 million are held in reserve. Used in conjunction with the guaranteed price, which could take into account falling costs following any possible falling prices, the stabilization funds and the wool reserves would afford a very substantial cushion against any shocks originating overseas.

The long-term bulk contracts with the United Kingdom, with a guarantee of stable prices with a maximum rise or fall in any one year of $7\frac{1}{2}$ per cent., is one of the major factors safeguarding the future of our trade.

By import control, the Government is in a position to hold reasonable balances of sterling—a further safeguard against any adverse developments overseas. As has been shown, the accumulation of reserves has been accomplished without making heavy inroads into available imports; in fact, the volume of imports for the year ended June, 1948, had never been higher.

Generally, there is cause for satisfaction in the trade position. The value figures are records, as are some of the volume figures. All volumes are at high levels.

Only by continuing import control can New Zealand assist the United Kingdom and also maintain necessary sterling reserves.

The £10 rebate from income-tax assessments last year was of great benefit to many individuals; 125,000 persons who formerly paid income-tax were totally exempt; and about half the number of taxpayers had their tax reduced by 50 per cent. or more.

There is no way of reducing taxation very substantially, unless by cutting social services and reducing the number of civil servants. The Government will do neither.

Social Security benefits, health services, education, development of resources, debt services—all must be paid for, mainly by taxation. The smaller taxpayer ultimately receives (in cash and kind), in the majority of cases, more than he has contributed to the State.

The Government is keeping a close supervision over prices, and will continue to ensure that no excessive margins will be charged.

The people of New Zealand have cause for confidence and optimism in the state of the community.

We are enjoying conditions of prosperity. Employment levels are very high; wages and other incomes afford a comfortable living for those who work; social security benefits provide for the aged, the widows and the disabled; and the volume of goods available in New Zealand has never been greater.

We should never lose sight of the fact that our standard of living depends ultimately on the goods and services available. Wise planning can ensure that these are distributed fairly within the community; but total production must continue to increase if the standard of living is to advance.

Wage levels and savings

As we enter a period when prices overseas, especially of raw materials, are becoming stable, and in some cases receding, the importance of successful stabilization of costs and efficiency of production in New Zealand becomes greater than ever.

The general level of wages has a double effect on internal stability. In the first place it affects costs of production directly, because wages become costs. Secondly, it largely determines the level of incomes, and thus, to the extent that a wage increase is spent instead of being saved, directly affects the demands for goods and services. Increasing wages unless balanced by increased production are incompatible with stable costs of production and prices.

One important subject in relation to increased production is that of savings. More production requires extended and new equipment and installations. Such equipment and installations cannot be obtained except by saving or by loans from overseas. The national output in any year can only be used once—either consumed currently or invested in capital equipment for future production of consumers' goods and services. The whole of our national income should not be expended on current consumption—a portion equal to the new capital expenditure must be saved if we are to avoid undue pressure on the prices of consumer goods. Sufficient savings to finance capital development for our long-term needs are essential. Every effort should therefore be made by all New Zealanders to increase their savings, in banks, in the Post Office, in National Savings, in Government securities, or through insurance, and companies should allocate the greatest possible proportion of their annual profits to reserve.

New Zealand's balance of payments

For the calendar year 1948 New Zealand's payments to the rest of the world exceeded receipts by a little over seven million pounds sterling. Receipts totalled £150,000,000 and payments £157,000,000, but this excess of payments takes into account capital transactions in relation to Government and local-body debt amounting to £10,400,000.

The volume of our exports in 1948 continued to increase, and the value reached a record total of £124,600,000. Imports in the same year totalled £108,000,000.

An estimate of New Zealand's overseas transactions for the calendar year 1949 is as follows:—

RECEIPTS						£ (N.Z.) Millions.
Exports—						
Butter .. .. .	..	..	..	..	..	34·50
Cheese .. .. .	..	..	..	..	..	12·25
Meat .. .. .	..	..	..	..	..	27·00
Wool .. .. .	..	..	..	..	..	40·00
Other exports .. .. .	..	..	..	..	..	20·00
Other receipts .. .. .	..	..	..	..	..	22·00
						..
Estimated receipts .. .. .	..	..	..	..	..	£155·75
PAYMENTS						
Debt services .. .. .	..	..	..	..	..	3·20
Government imports for Government use .. .. .	..	..	..	..	..	13·50
Government imports for public use .. .. .	..	..	..	..	..	6·70
Other Government requirements .. .. .	..	..	..	..	..	5·15
Licensed imports .. .. .	..	..	..	..	..	110·00
Other payments .. .. .	..	..	..	..	..	25·00
						..
Estimated payments .. .. .	..	..	..	..	..	£163·55

On the basis of licences issued, it is estimated that licensed imports coming into New Zealand this year will reach as high as £110 million.

Exchange appreciation

Costs of production and of living in New Zealand have been forced upwards considerably during and since the war by the increase in the prices of imports, and this difficulty became more pronounced early in 1948. To reduce the rising tendency in prices, it was announced in the financial statement last year that the Government had decided to increase the value of the New Zealand pound to parity with sterling.

Although it is twelve months since the change was made, it is still too early to assess fully all the effects on our economy. The effect on prices of all imported goods was, of course, apparent at once. Prices of some important items were reduced a few days after the exchange-rate was altered. The price of one type of agricultural tractor was reduced from £512 to £424, while the prices of fencing and barbed wire were also reduced within a few weeks. Important items of food and clothing were included in the price-reductions. During the ten months ended 30th June last some £84,500,000 of overseas exchange was expended on licensed imports.

The appreciation in currency meant a saving to the whole community of £21,000,000 on these imports. It will also be appreciated that the alteration in the exchange-rate has had an important effect in reducing the prices payable for imported industrial plant and machinery. This should assist our industries, as well as keeping down the cost of production in New Zealand. The Government and local authorities have also benefited through the lower charges for interest.

The Government's policies of stabilization and price-control have played, and will continue to play, a vital role in ensuring that the benefits of the exchange reduction are passed on to consumers and producers, and in regulating costs and prices generally.

CONSOLIDATED FUND

Having reviewed the setting in which our public finances operate, I now deal with these for the past year and give an outline of the prospects for the current year.

The sound position of the public accounts for 1948—49, which have already been tabled in the House, is shown by the surplus of £2,631,000, which will be retained in the Consolidated Fund as part of the working balance. While the revenue from income-tax was in excess of the original estimate, the revenue from Customs and sales-tax did not reach the amount anticipated. Other sources of taxation showed minor variations from the estimates.

The work of the Land and Income Tax Department in the Wellington and Hamilton districts, which had been in arrears, was during the year brought substantially up to date. This, together with improvement in the staff position, which enabled more attention to be given to the collection of overdue tax, resulted in the collection of increased amounts in the districts mentioned, and also in the sum collected for tax arrears.

On the expenditure side, excluding special transfers of £4,000,000 to the Loans Redemptions Account (representing the non-recurring tax receipts) and £2,000,000 to the War Expenses Account, the final figures generally were close to the estimates.

Estimates for 1949—50

The estimated revenue of the Consolidated Fund for the current year is £121,397,000, and the estimated expenditure is £120,720,000. The balance of £677,000 will be required for the supplementary estimates and for contingencies.

The detailed estimates of revenue show that taxation receipts should follow fairly closely the actual receipts for last year. The following sets out the estimated revenue for 1949-50:—

						1949-50 Estimate.
Taxation—						£(000)
Customs	..	..	..	..	..	19,250
Beer duty	..	..	..	..	..	4,525
Sales-tax	..	..	..	..	..	13,750
Film-hire tax	..	..	..	..	..	190
Highways	..	..	..	..	..	3,880
Stamp duty	..	..	..	..	..	9,616
Land-tax	..	..	..	..	..	900
Income-tax	..	..	..	..	..	49,000
						101,111
Interest	..	..	..	..	..	5,712
Profits of trading undertakings	..	..	..	..	..	2,175
Departmental receipts	..	..	..	..	..	12,399
						£121,397

The total of permanent appropriations on the expenditure side should approximate that of last year. Annual appropriations, however, show an increase of £7,919,000 over last year's expenditure. While full details will be found in the estimates the following table shows the position for 1949-50 in summarised form:—

						Estimate, 1949-50	
						£(000)	£(000)
Debt services	..	..	..	..	..	22,365	
Other permanent appropriations	..	..	..	..	..	3,305	
							25,670
Votes—							
Social security	..	..	..	..	..	12,000	
Other social services	..	..	..	..	..	25,411	
Armed services	..	..	..	..	..	10,697	
Stabilization	..	..	..	..	..	13,947	
Other votes	..	..	..	..	..	32,995	
							95,050
Total expenditure						..	..
						..	£120,720

Defence

The result of the referendum for military training will enable the Government to give full effect to its policy that the Armed Forces of New Zealand should be properly balanced, organized, and trained in peace to discharge, if ever the need should arise, our responsibilities in war. For many years the Government has emphasized that we must take increasing responsibility for our own defence. The plans for our Forces will enable us to do that and, at the same time, help to ease the burden which for so many years has been, and is still, borne by the United Kingdom.

Our naval Forces will be trained to defend trade and communications in New Zealand and the South Pacific. They will be capable of operating with the Forces of Australia, the United Kingdom, and any other of our allies in support of our common objectives.

The task of the Air Force in the South Pacific complements that of the Navy. The defence of trade and communications in this area is their joint responsibility. Fiji to the north of New Zealand occupies an important position in relation to the defence of trade and communications in the South Pacific, and special arrangements with respect to the defence of the Colony have already been made.

Now that the electors have decided in favour of the military training scheme the Regular Army can begin to discharge its primary role of training the Territorial Force. With a military training scheme New Zealand can ensure the maximum facilities for the defence of its own shores and also make its contribution towards the defence of the British Commonwealth of Nations. Whilst the training scheme will enable us to meet the military situation it will also be of real personal benefit to our young men and to society.

The estimated cost of the full defence scheme in an average year is £(m.)17.25, but it will take upwards of three to four years to reach this figure, which covers both recurrent and capital costs, including full provision for purchase of the modern equipment that will be required for all arms of the Forces. In terms of cost per head of population the full scheme will represent an expenditure of approximately £9 per head. The present expenditure from the Consolidated Fund is, of course, less, and for this financial year represents £5 14s. 2d. per head. Though these costs are still below the present average for the United Kingdom—viz., £15 2s.—they are much greater than the average of £1 13s. 6d. per head of population in 1939.

We can be justly proud both of what has been done and what is planned in defence. When these plans are developed we shall be able to meet our obligations for the defence of New Zealand and the South

Pacific area, for the maximum contribution possible to the defence of the British Commonwealth, and the provision of Forces in certain circumstances for the purposes of the United Nations. In the meantime, we are proceeding with the realization of our plans which call, in particular, for close consultation with the United Kingdom and Australia and other like-minded States which share with us a common concern for the security of the Pacific and the world.

The estimate of expenditure for the three services on defence for the current year is £10,696,376 compared with £8,986,611 for 1948-49.

Stabilization

The payment of subsidies to hold the prices of essential goods and services has been continued as part of the stabilization programme. Expenditure for the 1948-49 financial year was £11,663,710. The estimated expenditure this year is £13,934,000. The major increases in subsidy expenditure have been incurred in respect of butter and milk for local consumption consequent on recent increases in the guaranteed prices paid to producers.

Provision has also been made in the estimates to meet half of the cost of the subsidy on certain imported fertilizers: the other half will be recoverable from the farm industry stabilization accounts in terms of a special agreement with the industries concerned. The balances in those stabilization accounts continue to accumulate as a reserve held on behalf of the industries. The most recent available details of the position of these accounts are as follows:—

Dairy Industry Stabilization Account balance as at 31st July, 1949, £15,400,000, of which £12,200,000 was invested.

Meat Pool and Meat Industry Stabilization Account estimated balance as at 30th September, 1949, £29,000,000, of which £27,000,000 is invested.

The position of these funds will be improved by the recent 7½ per cent. increase in prices for the 1949-50 season under the long-term contracts negotiated with the United Kingdom.

Immigration

The Government will continue the existing policy of assisting suitable persons to migrate to New Zealand, and for this purpose the s.s. "Atlantis" will be operated on behalf of the Government. It is anticipated that the ship will make three voyages during 1949, and will bring approximately 2,400 assisted immigrants to New Zealand. Accommodation for assisted immigrants on other vessels will probably be very limited. Under the Child Migration Scheme 140 children are expected to arrive this year, while, by arrangement with the International Refugee Organization, 932 displaced persons recently arrived in Wellington.

Associated with the immigration policy, and to assist in providing accommodation for workers, the Government has established numerous hostels in various districts. This policy has contributed materially in providing labour for essential industries. The Labour and Employment Department operates or is interested in twenty-seven camps and hostels, and a further ten camps or hostels are projected.

SOCIAL SECURITY FUND

The total expenditure from the Social Security Fund last year amounted to £42,997,000. Revenue of the Fund, apart from the transfers from Consolidated Fund, amounted to £29,437,000. The credit balance of the Fund at 31st March, 1949, was £8,682,000.

For the current year it is estimated that social security taxation will realize £31,600,000, and it is proposed to provide £12,000,000 from the Consolidated Fund. Including provision for increased benefits amounting to £1,800,000, the estimated expenditure from the Fund will amount to £46,224,000.

The following gives a summary of the anticipated receipts and payments of the Fund for the current year:—

ESTIMATED EXPENDITURE		£
Monetary benefits other than family benefits ..	..	22,260,000
Family benefits .. .. .	..	14,800,000
Medical and hospital benefits .. .. .	..	8,059,000
Administration expenses .. .. .	..	793,000
Emergency benefits .. .. .	..	312,000
		<hr/>
		£46,224,000
		<hr/>
ESTIMATED RECEIPTS		£
Social security charge .. .. .	..	31,600,000
Miscellaneous receipts .. .. .	..	36,000
Transfer from Consolidated Fund .. .. .	..	12,000,000
		<hr/>
		£43,636,000
		<hr/>

Expenditure in excess of receipts will be met from the cash balance carried forward in the Fund last year.

Reciprocity of Social Security

Reciprocal arrangements with Australia for payments of social security benefits to persons who move from one country to the other were recently brought into operation.

Proposals for a reciprocal agreement with United Kingdom are under discussion, and it is hoped that negotiations can be completed in time for authorizing legislation to be passed this session. This agreement is to apply to age, universal superannuation, widows', and orphans' benefits.

War Expenses Account

The expenditure from War Expenses Account during 1948—49 was met out of revenue, thus maintaining the policy which has been adopted over the past two years that no further loans for war purposes would be raised. The principal receipts were transfers from the Consolidated Fund, £3,786,000; sale of surplus assets, including German reparations, £1,661,000; and rehabilitation repayments, £1,541,000. The more substantial payments were for Army, £1,661,000, and Air, £168,000—mainly J Force expenditure; rehabilitation, £4,591,000, and war gratuities, £1,330,000.

For the present financial year the principal sources of receipts will be sale of surplus assets, £600,000, and of German Reparation Assets, £100,000. The final accounts for J Force expenditure have still to be submitted but it appears that the expenditure in respect of the Armed Services from War Expenses Account will be about £450,000. Rehabilitation, estimated at £2,323,000, is the main item of expenditure while the balance of gratuities will probably require £175,000. It is anticipated that the present balance of War Expenses Account, together with the estimated receipts, will meet the demands for the current year.

Rehabilitation

As at 31st March, 1949, the total number of demobilized servicemen and women was 209,161, an increase of 6,896 on the previous year.

Loan authorizations for the year totalled £12,125,000, making an aggregate for the seven years to date of £61,486,000. Of the last mentioned total, £29,813,000 is in respect of housing, £23,610,000 for farm settlement, £4,584,000 for establishment in business, and £3,479,000 for the purchase of furniture, tools of trade, and miscellaneous loans.

Trade training and education schemes continue to meet a steady demand from ex-servicemen desirous of improving their qualifications and employment prospects. To date, trade training has been provided in over 14,000 cases, and over 18,000 ex-servicemen and women have been assisted in educational courses.

As at 31st March, 1949, 6,253 ex-servicemen had been settled on the land with rehabilitation finance. Despite the fact that 939 new applications were received during the year for farm training and settlement, the number of men awaiting settlement was substantially reduced.

Housing loans granted to ex-servicemen to date total 25,259 and 10,256 State rental houses have been allocated to ex-servicemen, making a grand total of 35,515 who have been assisted to obtain their own homes.

During the year rehabilitation expenditure and loan authorizations amounted to £19,327,000, making the total to date £84,643,000. It is estimated that requirements in the current financial year will be in the vicinity of £18,000,000.

PUBLIC DEBT

Full details of transactions affecting the public debt during 1948-49 will be found on page 72 of the Public Accounts (parliamentary paper B-1 [Pt. I]), already tabled.

The major transaction was the adjustment necessitated by the bringing of New Zealand currency to parity with sterling as determined in August of last year.

Since 1943 the London debt has been recorded in the accounts at 25 per cent. more than sterling value. It will now be recorded as at parity with sterling. The alteration in the rate of exchange has reduced the London debt in New Zealand currency by £20,797,000. The annual payments of interest in London will now cost correspondingly less in New Zealand currency.

The moneys available in the Consolidated Fund were insufficient to pay to the Reserve Bank of New Zealand the liability arising out of the provisions of section 4 of the Finance Act, 1934, consequent upon the exchange alteration. Authority was obtained in section 2 of the Finance Act, 1948, to raise the funds necessary to meet the liability, and stock to the value of £20,000,000 was issued to the Reserve Bank for this purpose.

The year's transactions included a 3 per cent. £16,000,000 conversion issue in London to take advantage of an optional maturity of a 4½ per cent. £19,225,465 loan. Of that amount £225,465 was repaid, and the balance of £3,000,000 was transferred to New Zealand domicile. Details of the issue were included in last year's Financial Statement. Two internal loans of £3,761,485 and £3,492,230 which matured during the year were repaid on due dates.

The domicile of the public debt as at 31st March, 1949, was as follows:—

	Amount. £	Per Cent.
London	79,962,101	13·0
Australia	628,226	0·1
New Zealand	534,395,305	86·9
	<hr/> <hr/>	
	£614,985,632	100·0
	<hr/> <hr/>	

The figures exclude the amount of the funded debt relating to the 1914-18 war. The floating debt in the form of Treasury bills included in the above figures remained at £55,000,000.

It will be noted that 13·1 per cent. only of the debt is now held overseas.

A conversion offer of £7,000,000 made on 1st June last in respect of a £7,322,579 3½ per cent. London loan was very successful, and cash applicants received small allotments only. The balance of £322,579 was repaid in cash.

In New Zealand arrangements were made to redeem, on 15th June last, two 2½ per cent. war loans totalling £16,806,940 and a 4 per cent. 1933 conversion loan for £12,432,440, totalling in all £29,239,380. Securities issued to those who wished to convert their holdings to new investments were 2½ per cent. 1954–55 stock, and 3 per cent. stock maturing 1961–64. Investors in loans totalling £15,111,380 elected to convert to the new stocks, while holders of the old loans amounting to £14,128,000 were repaid in cash.

The only other overseas loan requiring action in this financial year is a London loan of £7,500,000 which matures on 15th December next.

Interest on Public Debt

Payments on account of interest, at home and abroad, shown first in millions of New Zealand pounds and then as a percentage of national income, are as follows:—

Year Ended 31st March,	Annual Interest Charge £(N.Z.) (Millions).		Percentage of National Income.	
	Overseas.	New Zealand.	Overseas.	New Zealand.
1939	6·8	4·7	3·5	2·4
1944	6·6	9·0	2·0	2·8
1946	7·1	11·5	2·0	3·3
1947	4·7	12·9	1·3	3·5
1948	4·7	13·1	1·1	3·2
1949	3·3	13·3	0·8	3·2

Since 1936 the average rate of interest on public debt has fallen from £3 19s. 1d. per cent. to £2 14s. 4d. per cent. Over the period for which estimates of national income are available—that is, since 1938–39—the burden of debt, defined as total interest charges, has declined from 5·9 per cent. to 4·0 per cent. of the net national income; and this over a period of expenditure upon war unprecedented in New Zealand's history. The Government's policy regarding overseas debt has resulted in a reduction since 31st March, 1936, of £52,558,000. The annual interest on this debt has been reduced during the same period from £5,725,000 sterling, to £3,273,000, a net reduction of £2,452,000 sterling annually. This reduction is in addition to repayment of all moneys made available by the United Kingdom Government in respect of the 1939–45 War amounting to £48,667,000 sterling.

Although the sums mentioned have been repaid we are producing more than ever before and are able to import more goods, because of the reduced charges on our export receipts. To-day our standard of living is higher than in any previous period, and instead of mortgaging the future we have freed a considerable portion of our future earnings from unproductive charges.

Whilst this debt redemption policy has been followed successfully it is not proposed to extend it in a way that will restrict the major capital development works, which are essential to the expansion of production.

Loan moneys represented by Assets

From 31st March, 1936, up to 31st March of the present year, the public debt has increased from approximately £256 million to £615 million, a net increase of £359 million. During the same period New Zealand has borne its share of the cost of the world's greatest war, in respect of which almost £204 million of debt has been incurred, in addition to huge sums expended from current taxation. Deducting £204 million from the increase of £359 million over the period, we have a remainder of £155 million of debt represented by productive or useful assets. These are as follows:—

	£(Million)
Housing	49
Hydro-electric schemes	26
Railways	21
Roads and highways	18
Bank of New Zealand	7
Airways, phosphates, and other undertakings	5
Land settlement, coal-mines, Post Office facilities, irrigation, and State forests	22
Public Buildings, including schools and hospitals	16
	<hr/>
	<u>£164</u>

This excess of £9 million in value of assets over relative loan debt arises largely from repayment of debt in the interim, and the excess might be increased by bringing into account capital expenditure from reserves and from revenue. The point I desire to emphasize, however, is that when war debt is omitted we can show against a net increase of £155 million in debt a total of tangible assets, some of them highly productive, at least £9 million greater than that increase in debt, even when those assets are very conservatively valued. There is obviously every reason for confidence in New Zealand Government securities as permanent investments.

NATIONAL DEVELOPMENT PROGRAMME

The 1948 Appropriation Act authorized the raising of £32,000,000 to finance the National Development Programme for 1948-49. Less work than anticipated was carried out, so that the borrowing for the works portion was £26,724,000. Additional amounts, totalling £1,560,000, were raised and invested in the New Zealand National Airways Corporation (£685,000), the British Petroleum Company of New Zealand, Ltd. (£765,000), and the Linen Flax Corporation (£110,000), making the total borrowed for the year £28,284,000.

It is estimated that for ordinary purposes £35,268,000 will be required during the present year, and this compares with the actual expenditure last year from loan-moneys as follows:—

	Expenditure, 1948-49. £	Estimates, 1949-50. £
Housing	7,738,000	9,250,000
Education buildings	1,629,000	2,250,000
Electric supply	5,000,000	6,350,000
Highway-construction	1,970,000	2,500,000
Land-settlement	2,450,000	4,250,000
Railways: improvements and additions	1,746,000	2,990,000
State coal-mines	1,500,000	2,000,000
State forests	813,000	1,250,000
Telegraph extension .. .. .	..	2,500,000
Christmas Island phosphates	1,375,000	125,000
Other works	2,503,000	1,803,000
	<u>£26,724,000</u>	<u>£35,268,000</u>

An additional sum of £881,000 will be required from which to advance capital moneys to trading corporations.

The foregoing programme will be financed from proceeds of the current loan securities on sale to the public, together with departmental and other investment funds.

Hydro-electricity

To the extent that labour and materials are available, work is being accelerated on new power-stations on the Waikato, Clutha, and Cobb Rivers and at Lake Tekapo. Every endeavour is being made to have these new power-stations in operation as early as possible, and it is anticipated that the Tekapo and Maraetai schemes will be completed about the end of 1950 and 1951 respectively. Water-storage works are in progress at Lakes Pukaki and Waikaremoana. Power-transmission lines are being erected as required.

The total capital invested by the State in electricity undertakings is over £46,000,000, and new projects under construction will double this figure. The year's estimate for capital expenditure is £6,350,000.

Last year's generation of 2,753 million units exceeded that of the previous year by 241 million units, and compares with 1,319 million units ten years ago.

Steel

As a result of the Prime Minister's representations in the United Kingdom earlier this year, the Government has been successful in obtaining vital heavy steel plate requirements for the Maraetai and Cobb hydro-electric schemes, which will be available in time to ensure that no hold-up occurs in the construction of these high priority works. Steel supplies for the Auckland and Wellington water-supply schemes are being obtained to enable work to proceed.

With a current trend for overseas steel supplies to improve, particularly from the United Kingdom, it is expected that the major requirements will be available from this source.

Land Settlement

The development of land for settlement for ex-servicemen and civilians is proceeding on a greater scale as additional labour and materials becomes available, this being evidenced by the number of units allotted during the financial year 1948-49 as compared with the previous year.

Provision for the acquisition and development of land will in future be made on new votes out of the reconstituted Land Settlement Account in terms of section 27 of the Land Act passed last session.

Owners of land who sell properties to the Crown often incur loss of income while seeking other suitable investments for the purchase-price, which is now paid in cash as soon as the transfer is completed. Consequently, many landowners are reluctant to sell to the State. To overcome the difficulty it is proposed to give vendors an option if they so desire to have payment of the purchase-price spread over a period or payable at the end of an agreed period up to say, ten years, and in the interim to receive interest on the unpaid purchase-money. Empowering legislation will be included in a suitable Bill to be brought down this session.

The heavy expenditure on land-development is being reflected in increased production. It is the Government's policy to maintain this progress until the whole of the land capable of development is in production. For this reason the allocation of funds for this year, £4,250,000, is considerably higher than the £2,450,000 provided last year.

Progress has been maintained in development of Maori lands, and a programme for bringing into use a minimum of approximately 20,000 acres annually for ten years is under way. A further increase in house-building for Maoris is anticipated, and preparations have been made for handling more work in this respect.

State Coal-mines

During the year the Government purchased the undertaking of Taupiri Coal-mines, Ltd., a company operating the Rotowaro and Alison Mines and owning extensive coal-bearing lands in the vicinity of Huntly. Six other smaller properties were also purchased mainly for development purposes.

The Coal Valuation Commission has been established in accordance with the provisions of the Coal Act, 1948, and will soon commence its discussions to determine the global sum which is to be apportioned amongst the claimants in respect of the coal vested in the Crown on the 1st April, 1949.

Christmas Island Phosphates

In the Finance Act (No. 2), 1948, authority was given in section 2 for the Government of New Zealand to join with the Government of the Commonwealth of Australia in an agreement with the Christmas Island Phosphate Co., Ltd., for purchase of the company's mining rights and assets on Christmas Island in the Indian Ocean. The purchase was completed on the 31st December last, the total cost being £3,000,000, which was shared equally between the two Governments.

Negotiations are proceeding for the future management of the undertaking. In the meantime the British Phosphate Commissioners are managing the workings.

Telegraph Extension

Financial provision has been made for the expansion of the Post Office telecommunication network, including the overtaking of arrears of work which accumulated during the war and immediate post-war years. This provision covers estimated expenditure on new telephone switching equipment, both automatic and manual, outside telephone plant, machine printing telegraph apparatus, and radio plant. Most of this equipment has been on order for a considerable time and some has already been landed, while reasonably early delivery is promised for the remainder. But many new buildings and extensions to existing premises are necessary, and a great deal of work in installing switching equipment and in new reticulation work has to be done before the Post Office will be able to give service to every one who wants a telephone or to provide a "no-delay" toll service. Progress is also dependent on the availability of labour, poles, &c.

Assistance for residential accommodation

The Government has paid particular regard to the needs of people, both old and young, who live in hostels or other institutions provided by religious bodies. The action which has been taken by various churches and societies to provide suitable accommodation is greatly appreciated, and since 1947 Government subsidies have been arranged, amounting to £111,000. These subsidies for approved proposals are normally provided on the basis of one-third of the capital cost of land and buildings. Where necessary, further Government assistance by way of loan is arranged.

Homes are also being built by the Government for older people and pensioners who will rent these dwellings on much the same basis as that on which other State houses are made available. Suitable blocks of flats for this purpose are being erected throughout New Zealand. Special arrangements have also been made to accommodate old people at Howardville, near Christchurch.

Hostel accommodation for Public Service typists, cadets, and other employees has been extended over the past year, and further hostels will be operating shortly.

National Income Statistics

No approach to a complete review of a country's public finances can ignore consideration of the trend and state of the national income. Upon the national income depends largely our standard of living, and from it is drawn the taxation with which governmental services are financed and by which any necessary redistribution of resources is effected.

The following table shows the trend of national income as disclosed by the latest statistics. It should be remembered that for all years except part only of the latest year the figures are based on currency at its former exchange value of £125 N.Z. equals £100 sterling.

	National Income, £(Million)			
1938-39 194
1943-44 327
1946-47 365
1947-48 411
1948-49 (provisional) 419

The New Zealand national income has increased by 2 per cent. over the past year, and the purchasing-power of the currency in which that income is expressed has increased also.

The national income statistics are being published separately, and as a result of further research it is possible to indicate the disposal of the national product by way of current consumption, by capital formation in New Zealand, and by the effect on the net balance of

international payments. There is also shown the disposal of private income by personal consumption, by payment of direct taxation, and by private savings.

The tables which are being published show clearly the effects of the diversion of our economy to war purposes and of the return to more normal conditions. In 1938–39 personal consumption of goods and services accounted for 66 per cent. of the gross national product. In 1943–44, when our war effort was at its peak, the proportion fell to 48 per cent., while the provisional estimates for 1948–49 with increasing availability of goods and services for civilian consumption show a return to 65 per cent. or approximately the pre-war proportion.

A corresponding movement has also taken place in expenditure on capital formation, which as a percentage of gross national product fell in 1943–44 from a pre-war level of 23 per cent. to 10 per cent. and has now returned to 21 per cent., or approximately the pre-war level. This information is of special importance as it represents the provision that is being made out of current production to cover maintenance and expansion of national capital assets.

The following table prepared from the national income studies shows in an interesting way the relation of current Government expenditure to the value of national production.

—	1938–39.		1948–49.	
	£(Million).	Percentage of Gross National Product.	£(Million).	Percentage of Gross National Product.
Current Expenditure on Goods and Services—				
Interest on overseas debt ..	6.8	3.0	3.3	0.7
Social services (excluding transfers to private income)	8.3	3.6	20.3	4.2
Defence and war	2.1	0.9	10.4	2.2
Maintenance of works and services	2.5	1.1	5.1	1.1
Development of industry ..	0.7	0.3	4.0	0.8
Administration and other expenditure	3.0	1.3	9.2	1.9
Total, excluding transfers and subsidies	23.4	10.2	52.3	10.9
Transfers to private income—				
Social security monetary benefits and pensions	7.7	3.4	39.5	8.2
Interest on public debt in New Zealand	4.7	2.0	13.3	2.8
Transfers to local authorities	5.1	2.2	6.6	1.4
Subsidies	0.6	0.3	12.0	2.5
Grand total ..	41.5	18.1	123.7	25.8

It will be noted that the proportion of the national product absorbed by current Government expenditure on goods and services remained virtually constant at £10 4s. per cent. in 1938–39 and £10 18s. per cent. in 1948–49, while the proportion collected in taxation and re-distributed to private persons rose from 5·4 per cent. in 1938–39 to 11 per cent. in 1949. A large proportion of this increase has resulted from the improvement in social security monetary benefits.

How the taxation revenue was spent

It is interesting to analyse the expenditure of a pound of taxation revenue. The analysis of the 1948–49 revenue shows the following result:—

						s.	d.
Debt services	..	..	..	..	..	3	2
War and defence	..	..	..	..	..	2	0
Social services and Stabilization—						s.	d.
Health and mental hospitals	..	..	..	..	..	1	2
Education	..	..	..	..	..	1	6
Pensions and benefits (war and social security)	..	..	..	..	..	7	4
Stabilization	..	..	..	..	..	1	7
						—	11 7
General administration and other	..	..	..	..	..	3	3
							20 0
							<u>20 0</u>

Tax reductions since the war

The attainment of post-war recovery has been assisted by the substantial tax reductions made by the Government since hostilities ceased. The remission of national security tax, when calculated at 1948–49 income levels, approximates £20 million per annum. Income-tax reductions, together with the abolition of the social security registration fee, amounted to a further £14 million. This shows that, despite expenditure on war pensions and social security benefits amounting to £20·6 million more in 1948–49 than in 1945–46, the Government has materially reduced taxes to the benefit of the whole community. Thus consumers have been able to retain a greater proportion of their gross earnings. Since the volume of goods available for consumption has risen (according to the latest statistics to 25 per cent. above 1938–39 volume and to more than 30 per cent. above 1945–46 volume), people have been able to buy more goods, and so improve their standard of living.

What these tax reductions mean to the individual taxpayer is illustrated by the following comparisons of residue left after direct taxes have been paid and family benefit has been added:—

Gross Earned Income.	Residue for Year Ended 31st March,		Amount of Increase in Residue.
	1946.	1949.	
<i>Taxpayer With Dependent Wife and One Child</i>			
£	£	£	£
400	334	396	62
500	403	476	73
600	470	552	82
800	600	700	100
<i>Taxpayer With Dependent Wife and Two Children</i>			
400	342	422	80
500	413	511	98
600	480	587	107
800	612	736	124
<i>Taxpayer With Dependent Wife and Three Children</i>			
400	376	448	72
500	421	540	119
600	490	621	131
800	624	771	147

In addition to the relief from direct taxes there is the considerable benefit to consumers from lower tariffs, duties, and sales tax consequent upon reductions made by the Government, and by the operation of the General Agreement on Tariffs and Trade. The value of remissions of indirect taxes since the war amounted to £12 million, giving a total over-all reduction in taxes of approximately £46 million per annum.

Honourable members will appreciate that these reductions in taxation represent a considerable concession to taxpayers without interfering with our high social standards and needs for defence.

Remission of certain amusements-tax

Amusements-tax is payable in respect of certain amateur sports and amateur musical and operatic functions. From the information available the Government is satisfied that activities of this kind merit exemption from taxation. Legislation to this end will therefore be introduced during this session.

Insurance against national disasters

In accordance with the Government's promise last year, it is proposed to extend the cover under section 14 of the Earthquake and War Damage Act, 1944, to insured property damaged as the direct result of storm or flood which is of an abnormal and unforeseen nature.

No increase in the present premium charge is intended for this additional cover, but 10 per cent. of the premium income will be credited to a special Disaster Fund to be used to meet approved claims.

It is also intended to give authority to grant insurance on a voluntary basis under section 15 of the Act for damage occurring as the direct result of storm and flood to property of any kind, including property which is not normally insured against loss or damage by fire.

Apart from these provisions, if farmers promote mutual insurance schemes to protect their crops and stock not normally covered by insurance, the Government will consider favourably paying a proportion of the cost of approved claims.

Increased Assistance in Education

To assist parents who are required to board their children away from home in order to attend school it is proposed to increase the boarding-allowances paid on account of children attending both primary and post-primary schools. These increased allowances will be payable from the beginning of the next school year, 1st February, 1950.

Similarly, it is intended to give increased financial assistance to students attending University by increasing the values of University scholarships and bursaries. Regulations to implement these proposals will be issued in due course.

Social security benefits

It is proposed to increase the scale of social security monetary benefits from £2 5s. to £2 10s. a week, with effect from 1st June, 1949.

The increase will apply to age, widows', invalids', miners', sickness, and unemployment benefits, and where the benefit includes a portion payable on account of a wife who is not qualified to receive a benefit in her own right her portion will also be raised by 5s. a week, from £2 5s. to £2 10s. a week.

Beneficiaries under twenty years of age and orphans will benefit from the increase of 5s. weekly in the basic rate. Mothers' allowances payable to widows will also be increased by 5s. weekly.

It is not proposed to vary the present rates of universal superannuation or family benefits.

The estimated additional cost of the above increases for the current financial year is £1,800,000.

Proposals for the present year include the introduction of an "ambulance benefit," and also improvements to the existing procedure in dealing with the "general medical services."

War Pensions

War-pension rates will also be increased. As the majority of ex-servicemen suffering minor disabilities for which they are receiving war pensions are following normal employment, they will benefit from the increase in the general wage-level, but to ensure that all pensioners will participate in the improvements in benefits it is proposed to raise the basic pension. For a pensioner who suffers 50 per cent. disablement the pension will be raised from £1 10s. a week to £1 15s. a week. Where a pensioner is totally disabled the pension will be raised from £3 a week to £3 10s. a week. Other pensions for various degrees of disablement will be proportionately increased.

At the same time the pension for a wife will be increased from £1 to £1 5s. a week. Where there are dependent children, the mother's allowance of £1 10s. will rise to £1 15s., but the children's allowance will remain at 10s. a week for each child as at present.

Thus a disabled man on full economic pension with a wife and two children, according to percentage of disability can receive:—

			Totally Disabled.		50 Per Cent. Disabled.		
			£	s.	£	s.	
				d.		d.	
Disablement pension	..	..	3	10	1	15
Economic pension ..	..	..	2	5	2	5
Mother's allowance	..	..	1	15	1	15
Children's allowance (2)	..	..	1	0	1	0
			<hr/>			<hr/>	
			£8	10	£6	15	
			<hr/>			<hr/>	
Previous rate	..	..	£7	15	£6	5
			0		0		

The basic rate of pension for war widows will be increased by 5s. per week, while war pensions payable to other classes of dependants will be increased *pro rata*.

The basic rate of war veterans' allowance, both for the war veteran and, if married, for his wife, will be increased from £2 5s. to £2 10s. a week, giving a maximum of £5 weekly for a married couple.

All increases in war pensions and war veterans' allowance will operate from 1st June, 1949.

The estimated cost of these increases for the balance of the current financial year is £500,000.

Income-tax rebate

Last year a rebate of up to £10 was made on all income-tax assessments of individuals. This was designed to give relief, particularly to those in the lower-income groups. The result was that no income-tax was payable by individuals whose assessments were not more than £10, and a flat reduction of £10 was made on all other individual assessments.

It is proposed to continue this rebate for the current financial year, and a reduction of some £3.3 million has been allowed for in the estimates of revenue which I have already mentioned.

Conclusion

From the facts and figures which I have supplied to the House this evening it will be seen that the public finances, as well as the whole economy of New Zealand, are in very good condition. We have been able to conclude the past year with a surplus of £2,600,000. At a time when other countries are experiencing or expecting difficulty in disposing of all their products which normally enter into international trade we have a full and insistent demand for all our products.

Controls have been necessary and efficacious in the past and may be essential in the future. The Government will, nevertheless, take every opportunity to relax and abandon controls wherever the circumstances warrant. Rationing of meat and sugar has been removed during the past year, while the restrictions on building control have been diminished. At the same time it is to be borne in mind that the needs of the United Kingdom, with which New Zealand's fortunes are so closely and so irrevocably bound, may require some redirection of exports and of imports.

Supplies of goods and services are becoming in increasing degree more readily available in New Zealand. In other words, our standard of living is rising. In the announcement which I have just made regarding increased benefits and pensions for those who for one good reason or another are unable to increase their earning-power, some recognition is made of the fact that every one should share in an increase in the national income and in an enhanced standard of living.

Too much emphasis cannot be placed on the fact that continuance of the present good conditions depends upon good conditions in other countries as well as upon every one pulling his weight in our own country. Strikes, disputes, profiteering, idleness, and friction of all kinds, whether local or international, merely drag us back, and in the long run are of no gain to any one. A steady increase in efficiency and in productivity is imperative.

We are fortunate in that New Zealand is a country with great resources. We have a great heritage in our country and in our association with the other members of the British Commonwealth. To live up to the responsibilities of that heritage means continuous and energetic efforts. Those efforts can only be successful with orderly Government and orderly public finance. These during the past fourteen years have been and will be for the future the objectives of the Government.

Table No. 1

REVENUE OF THE CONSOLIDATED FUND, SOCIAL SECURITY FUND, AND WAR EXPENSES ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 1948, AND FOR THE YEAR ENDED 31ST MARCH, 1949

	1948.				1949.			
	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.
Taxation—	£	£	£	£	£	£	£	£
Income-tax	36,632,581	..	..	36,632,581	49,007,672	..	..	49,007,672
Land-tax	854,456	..	..	854,456	916,120	..	..	916,120
National security tax	772,029	..	..	772,029	..	..	..	..
Social security charge .. .. .	..	26,176,635	..	26,176,635	..	29,378,385	..	29,378,385
Customs duties	24,390,881	..	..	24,390,881	19,111,486	..	..	19,111,486
Beer duty	4,404,051	..	..	4,404,051	4,555,374	..	..	4,555,374
Sales tax	15,945,813	..	..	15,945,813	14,105,224	..	..	14,105,224
Highways tax	3,543,954	..	..	3,543,954	3,613,743	..	..	3,613,743
Stamp duties	9,382,555	..	..	9,382,555	9,624,256	..	..	9,624,256
Other	172,833	..	..	172,833	127,864	..	..	127,864
Interest receipts	96,099,153	26,176,635	..	122,275,788	101,061,739	29,378,385	..	130,440,124
Disposal of surplus assets	5,002,728	..	5,425,622	5,002,728	5,215,789	..	..	5,215,789
Other receipts	16,014,234	97,432	4,930,852	5,425,622	15,246,387†	58,651	1,535,835	1,535,835
Transfers from Consolidated Fund	117,116,115	26,274,067	10,356,474	153,746,656	121,523,915	29,437,036	3,989,772	154,950,723
	—22,666,018	16,000,000	6,666,018*	..	—18,783,712	15,000,000	3,785,712†	..
	94,450,097	42,274,067	17,022,492	153,746,656	102,738,203	44,437,036	7,775,484	154,950,723

* Includes Budget surplus, 1946-47, £4,611,048. † Includes Budget Surplus, 1947-48, £1,785,713.

‡ Excludes £20,000,000 receipts for stock issued to Reserve Bank due to alteration of the exchange-rate.

Table No. 2

STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1949, COMPARED WITH THAT OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1948.

	Year ended 31st March, 1949.	Year ended 31st March, 1948.	Increase.	Decrease.
Permanent Appropriations—	£	£	£	£
Under Special Acts of Legislature—				
Civil List	98,922	101,724	..	2,802
Debt Services—				
Interest	16,619,960	17,825,052	..	1,205,092
Transfer to Loans Redemption Account—				
New Zealand Loans Amendment Act, 1947—				
Section 14 (Annual Contribution) ..	4,513,156	4,377,223	135,933	..
Section 11 (c)	4,670,000	4,200,000	470,000	..
Administration and management ..	225,961	210,064	15,897	..
Total—Debt Services ..	26,029,077	26,612,339	621,830	1,205,092
Other Services—				
Highways	205,325	219,281	..	13,956
Other special Acts	25,428,617	2,387,907	23,040,710	..
Total—Other Services ..	*25,633,942	2,607,188	23,040,710	13,956
Total—Permanent Appropriations	51,761,941	29,321,251	23,662,540	1,221,850
Annual Appropriations—				
Vote,—				
Legislative	177,521	152,506	25,015	..
Prime Minister's Department ..	221,449	156,966	64,483	..
External Affairs	621,151	673,909	..	52,758
Finance—				
Treasury	354,096	309,711	44,385	..
Stabilization	11,687,137	14,621,917	..	2,934,780
Customs	329,713	272,086	57,627	..
Land and Income Tax	731,772	560,749	171,023	..
Stamp Duties	191,867	169,458	22,409	..
Audit	108,419	104,311	4,108	..
Total—Finance	13,403,004	16,038,232	299,552	2,934,780
General Administration—				
Public Service Commission ..	81,413	63,872	17,541	..
Internal Affairs	1,417,935	3,184,825	..	1,766,890
Island Territories	663,234	652,875	10,359	..
Printing and Stationery	676,010	669,451	6,559	..
Marine	480,570	434,283	46,287	..
Labour and Employment	1,479,145	935,873	543,272	..
Maori Affairs	521,219	463,807	57,412	..
Valuation	220,557	171,276	49,281	..
Electoral	20,094	35,257	..	15,163
Census and Statistics	76,729	75,556	1,173	..
Rehabilitation	349,304	373,330	..	24,026
Total—General Administration	5,986,210	7,060,405	731,884	1,806,079

* Includes £20,576,207 paid to Reserve Bank for liability due to alteration in exchange rate.

Table No. 2—*continued*STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND, ETC.—*ctd.*

	Year ended 31st March, 1949.	Year ended 31st March, 1948.	Increase.	Decrease.
Annual Appropriations— <i>continued</i>	£	£	£	£
Vote— <i>continued</i>				
Law and Order—				
Justice and Prisons	605,949	554,872	51,077	..
Crown Law Office	13,679	12,971	708	..
Police	1,073,999	968,836	105,163	..
Total—Law and Order	1,693,627	1,536,679	156,948	..
Defence—				
Navy	2,300,533	1,736,627	564,906	..
Army	2,229,876	3,470,245	..	1,241,369
Air	5,857,932	4,175,219	1,682,713	..
Total—Defence	10,388,341	9,382,091	2,247,619	1,241,369
Maintenance—				
Maintenance of Public Works and Services	6,759,475	6,405,234	354,241	..
Highways Maintenance	3,920,772	3,404,081	516,691	..
Total—Maintenance	10,680,247	9,809,315	870,932	..
Development of Primary and Secondary Industries—				
Lands and Survey	1,238,624	1,184,258	54,366	..
Forest Administration	810,659	..	810,659	..
Agriculture	1,844,631	1,609,709	234,922	..
Scientific and Industrial Research	774,433	745,004	29,429	..
Mines	132,438	107,166	25,272	..
Transport	317,738	220,849	96,889	..
Industries and Commerce	520,271	1,276,855	..	756,584
Tourist and Health Resorts	596,541	452,739	143,802	..
Total—Development of Primary and Secondary Industries	6,235,335	5,596,580	1,395,339	756,584
Social Services—				
*Health	8,081,457	4,718,733	} 2,119,392	..
Mental Hospitals .. .. .	..	1,243,332		..
Education	9,588,988	8,883,246	705,742	..
War and other pensions	4,926,081	4,688,312	237,769	..
Social Security	15,000,000	16,000,000	..	1,000,000
Total—Social Services	37,596,526	35,533,623	3,062,903	1,000,000
Unauthorized Expenditure—				
Services not provided for	127,801	68,845	58,956	..
Total—Annual Appropriation	87,131,212	86,009,151	8,913,631	7,791,570
			32,576,171	
			9,013,420	
Total Expenditure	138,893,153	115,330,492	23,562,751	..

* Mental Hospitals expenditure incorporated in vote: Health from 1st April, 1948.

Table No. 3
SOCIAL SECURITY FUND

	Year Ended 31st March, 1946.	Year Ended 31st March, 1947.	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Estimate for Year Ended 31st March, 1950.
<i>Receipts</i>					
	£	£	£	£	£
Registration fees	585,713	15,287	..	..	..
Social security charge	14,557,460	22,383,884	26,176,635	29,378,385	31,600,000
Miscellaneous receipts	143,020	120,993	97,432	58,651	36,000
Balance from previous year	2,389,701	1,716,303	5,410,977	7,241,918	8,681,917
Transfer from Consolidated Fund	7,000,000	18,000,000	16,000,000	15,000,000	12,000,000
	24,675,894	42,236,467	47,685,044	51,678,954	52,317,917
<i>Expenditure</i>					
Administration expenses	721,587	704,194	707,883	729,259	792,920
Emergency benefits	121,959	134,287	227,857	251,409	312,000
Hospital benefits, &c.—					
Maternity benefits	600,209	672,989	800,030	916,120	915,000
Hospital benefits	2,173,460	1,986,288	1,949,489	1,997,375	2,020,000
Medical benefits	1,427,309	1,760,574	2,167,826	2,306,881	2,305,000
Pharmaceutical benefits	1,133,366	1,439,686	1,558,350	1,793,159	1,819,000
Supplementary benefits	229,971	352,043	545,793	861,913	1,000,000
Unauthorized expenditure—					
Services not provided for .. ..	..	..	..	95	..
Monetary benefits—					
Age	9,817,615	11,881,119	12,976,286	13,790,971	15,350,000
Widows	1,043,593	1,529,010	1,709,626	1,847,030	2,125,000
Orphans	24,178	22,905	24,187	27,623	27,500
Family	2,611,759	12,680,778	13,798,648	14,242,203	14,796,000
Invalids	1,183,537	1,328,485	1,367,300	1,348,616	1,426,500
Miners	88,359	105,416	110,106	113,659	123,500
Maori War	101	104	111	10	..
Unemployment	31,661	24,332	8,357	8,948	10,750
Sickness	565,420	853,328	897,093	911,107	1,000,000
Universal superannuation	1,185,508	1,349,689	1,593,757	1,850,079	2,195,500
Social Security Amendment Act, 1943, section 13 (8) (c): Main- tenance moneys .. ..	..	263	427	580	..
Balance	1,716,302	5,410,977	7,241,918	8,681,917	6,099,247
	24,675,894	42,236,467	47,685,044	51,678,954	52,317,917

Table No. 4

WAR EXPENSES ACCOUNT

STATEMENT SHOWING THE NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1949, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1948

	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Increase.	Decrease.
Navy—	£	£	£	£
Pay and allowances	62,465	110	..	62,355
Accommodation, victualling, and clothing	4,104	25	..	4,079
War and other stores	61,561	440	..	61,121
Medical services	1,101	2	..	1,099
Land, buildings, and ships	2,002,569	881	..	2,001,688
Docking, repairs, maintenance, and rent	76,716	13,936	..	62,780
Transport	42,224	1,465	..	40,759
Miscellaneous effective services	8,603	2,025	..	6,578
Non-effective services	11,855	..	..	11,855
	2,271,198	18,884	..	2,252,314
Army—				
Pay and allowances	1,489,397	737,169	..	752,228
Accommodation, victualling, and clothing	2,869	6,787	3,918	..
War and other stores	3,589,408	242,123	..	3,347,285
Medical services	118,724	356,789	238,065	..
Educational and vocational services	824	72	..	752
Land, buildings, and fortifications .. .. .	..	3,608	3,608	..
Transport	363,807	309,269	..	54,538
Miscellaneous effective services	9,024	3,849	..	5,175
Non-effective services	10,144	1,403	..	8,741
	5,584,197	1,661,069	245,591	4,168,719
Air—				
Pay and allowances	257,541	50,338	..	207,203
Accommodation, victualling, and clothing	51,901	2,786	..	49,115
War and other stores	123,158	67,231	..	55,927
Medical services	228	8	..	220
Educational and vocational services .. .. .	..	5	5	..
Land, aerodromes, and other buildings	4,004	33	..	3,971
Repairs, maintenance, and rent	154,547	36,556	..	117,991
Transport	29,360	9,965	..	19,395
Miscellaneous effective services	64,163	1,606	..	62,557
Non-effective services	960	12	..	948
	685,862	168,540	5	517,327
Ancillary—				
Primary producers' subsidies	668,063	Cr. 11,869	..	679,932
Promotion and expansion of industry	150,022	Cr. 3,708	..	153,730
E.P.S. and other security measures	4,280	6,932	2,652	..
Services for Armed Forces (recoverable)	Cr. 844,826	Cr. 70,309	774,517	..
Reserve stocks, indents, and manufactured goods (recoverable)	Cr. 710,132	Cr. 229,962	480,170	..
Soldiers' financial assistance, patriotic, and similar grants	54,647	31	..	54,616
Bulk purchase and sales by Food Controller	Cr. 536,844	Cr. 324,125	212,719	..
UNRRA	414,091	93,530	..	320,561
WARB administration and operating expenses .. .. .	..	102,431	102,431	..
WARB transit housing .. .. .	..	10,336	10,336	..
Miscellaneous (recoverable in part and whole)	353,654	Cr. 129,301	..	482,955
Miscellaneous (non-recoverable)	38,016	32,976	..	5,040
	Cr. 409,029	Cr. 523,038	1,582,825	1,606,834
Rehabilitation advances, &c.	5,148,443	4,590,669	..	557,774
Gratuities	1,049,796	1,329,447	279,651	..
Refund to Chief Paymaster, B.C.O.F., military currency issued to Occupation Troops, Japan .. .. .	..	94,817	94,817	..
Loss on devaluation Occupation Currencies	63,359	..	..	63,359
Transfer to Loans Redemption Account	3,300,000	..	..	3,300,000
	9,561,598	6,014,933	374,468	3,921,133
				10,973,502
				620,064
Total	17,693,826	7,340,388	..	10,353,438

Table No. 6

PRIVATE INCOME - 1938-39 TO 1948-49

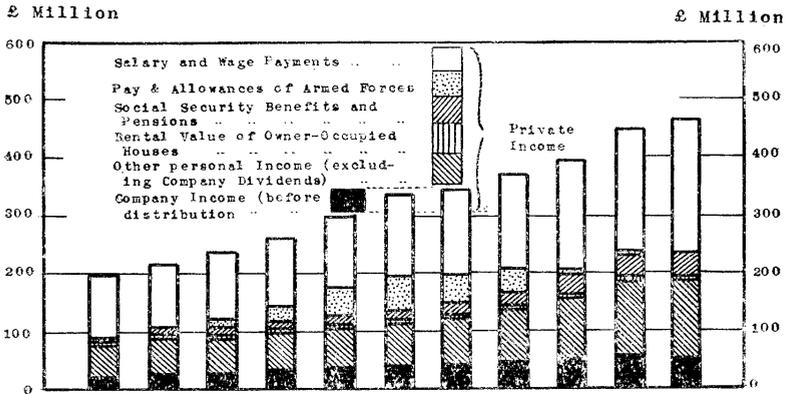
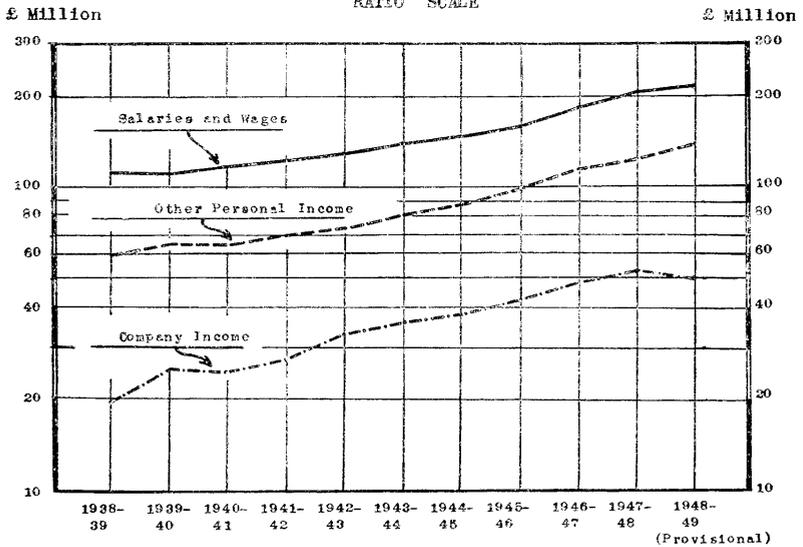
MOVEMENT IN INDIVIDUAL ITEMS
RATIO SCALE

Table No. 7
NATIONAL INCOME
 Components of Private Income as Percentages of Private Income
 (Index Numbers)

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.	1948-49 (Provisional).
Salary and wage payments	55.5 (100)	51.0 (100)	49.7 (106)	46.7 (109)	42.8 (115)	42.5 (127)	43.3 (133)	44.6 (146)	47.3 (168)	47.3 (190)	48.9 (203)
Pay and allowances of Armed Forces	0.5	1.4	7.0	10.2	15.8	17.4	14.2	11.0	2.1	1.4	0.9
Total	56.0 (100)	52.4 (102)	56.7 (120)	56.9 (132)	58.6 (156)	59.9 (178)	57.5 (175)	55.6 (181)	49.4 (174)	48.7 (194)	49.8 (205)
Social security benefits and pensions	3.9 (100)	5.3 (149)	5.3 (102)	5.0 (168)	4.8 (187)	4.7 (205)	5.2 (229)	5.7 (271)	8.8 (452)	8.4 (488)	8.5 (513)
Rental value of owner-occupied houses	3.1 (100)	3.1 (108)	3.0 (116)	3.0 (124)	2.7 (127)	2.5 (134)	2.6 (142)	2.5 (147)	2.4 (150)	2.1 (153)	2.2 (161)
Other personal income (excluding com- pany dividends)	27.1 (100)	27.7 (111)	24.9 (109)	24.3 (116)	22.7 (125)	21.9 (134)	23.5 (148)	24.7 (166)	27.2 (198)	28.7 (236)	28.7 (244)
Company income (before distribution)	9.9 (100)	11.5 (126)	10.1 (121)	10.8 (141)	11.2 (167)	11.0 (184)	11.2 (192)	11.5 (211)	12.2 (243)	12.1 (270)	10.8 (251)
<i>Private income</i>	100.0 (100)	100.0 (108)	100.0 (119)	100.0 (130)	100.0 (149)	100.0 (166)	100.0 (170)	100.0 (182)	100.0 (198)	100.0 (223)	100.0 (231)
Government and local authority trading income	(100)	(120)	(137)	(154)	(191)	(206)	(167)	(176)	(167)	(154)	(138)
<i>Net National income</i> —											
At factor cost	(100)	(109)	(119)	(131)	(151)	(168)	(170)	(180)	(188)	(212)	(216)
At market prices	(100)	(108)	(118)	(128)	(149)	(166)	(168)	(178)	(185)	(210)	(212)
Gross National Product	(100)	(108)	(117)	(127)	(146)	(163)	(165)	(175)	(182)	(208)	(210)

Table No. 8

DISTRIBUTION OF OTHER PERSONAL INCOME (1)—SHOWING INDIVIDUAL ITEMS AS PERCENTAGE OF TOTAL PRIVATE INCOME AND AS INDEX NUMBERS (BASE 1938-39 = 100)

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.	1948-49 (Pro- visional.)
Professional occupations (on own account)—											
Value (£m.)	5.0	5.5	4.5	..	..	..	..	7.5	9.0	11.0	11.7
Per cent.	2.5	2.5	1.9	..	..	..	..	2.1	2.3	2.5	2.5
Index No.	100	110	90	..	..	..	..	150	180	220	234
Commerce, trade, or business—											
Value (£m.)	9.0	9.9	8.9	..	..	..	..	16.7	21.0	24.0	25.8
Per cent.	4.5	4.6	3.8	..	..	..	..	4.6	5.3	5.4	5.6
Index No.	100	110	99	..	..	..	..	186	233	267	287
Farming—											
Value (£m.)	24.7	25.4	27.0	..	..	..	..	41.5	47.0	59.5	64.0
Per cent.	12.3	11.7	11.4	..	..	..	..	11.4	11.9	13.4	13.9
Index No.	100	103	109	..	..	..	..	168	190	241	259
Interest, rents, &c.—											
Value (£m.)	15.5	16.4	15.2	..	..	..	..	15.4	15.6	16.1	16.0
Per cent.	7.7	7.6	6.4	..	..	..	..	4.2	3.9	3.6	3.5
Index No.	100	106	98	..	..	..	..	99	101	104	103
Other—											
Value (£m.)	1.7	1.8	1.5	..	..	..	..	3.0	5.0	5.5	6.0
Per cent.	0.9	0.8	0.6	..	..	..	..	0.8	1.3	1.2	1.3
Index No.	100	106	88	..	..	..	..	175	294	324	353
Primary produce stabilization accounts (change in pounds)—											
Value (£m.)	-1.6	1.0	1.8	2.9	3.2	5.8	7.9	5.9	10.1	11.8	9.0
Per cent.	-0.8	0.5	0.8	1.1	1.1	1.7	2.3	1.6	2.5	2.6	1.9
Total other personal income—(1)											
Value (£m.)	54.3	60.1	59.0	68.0	67.7	72.9	80.3	90.0	107.7	127.9	132.5
Per cent.	27.1	27.7	24.9	24.3	22.7	21.9	23.5	24.7	27.2	28.7	27.1
Index No.	100	111	109	116	125	134	148	160	188	206	214

(1) Excluding distributed company income, and rental value of owner occupied houses.

Table No. 9
PRIVATE INCOME AND INCIDENCE OF DIRECT TAXATION

£(million)

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.	1948-49 (Provisional).
Salary and wage payments	111.1	110.6	117.9	121.2	127.6	141.5	147.8	162.4	187.0	210.6	226.0
Less direct taxes	4.9	8.0	12.5	15.6	19.4	23.4	24.5	26.8	23.7	24.5	27.1
	106.2	102.6	105.4	105.6	108.2	118.1	123.3	135.6	163.3	186.1	198.9
Pay and allowances of Armed Forces	0.9	3.1	16.7	26.5	47.1	57.9	48.3	40.0	8.2	6.4	4.0
Less direct taxes .. .. .	..	..	0.8	1.1	3.2	3.5	3.8	3.3	1.2	0.3	0.5
	0.9	3.1	15.9	25.4	43.9	54.4	44.5	36.7	7.0	6.1	3.5
Social security benefits and pensions	7.7	11.5	12.5	12.9	14.4	15.8	17.6	20.9	34.8	37.6	39.5
Other personal income (including rental value of owner-occupied houses)	60.5	66.8	66.2	70.7	75.6	81.2	89.1	99.1	117.0	137.4	142.5
Less direct taxes	11.8	13.3	18.8	20.7	24.2	25.9	26.3	29.4	29.3	30.1	35.1
	48.7	53.5	47.4	50.0	51.4	55.3	62.8	69.7	87.7	107.3	107.4
Company income	19.9	25.0	24.0	28.0	33.2	36.7	38.2	42.0	48.3	53.7	50.0
Less direct taxes	7.1	9.2	13.5	14.0	19.6	22.7	26.6	25.5	24.0	22.5	30.4
	12.8	15.8	10.5	14.0	13.6	14.0	11.6	16.5	24.3	31.2	19.6
Private income	200.1	217.0	237.3	259.3	297.9	333.1	341.0	364.4	395.3	445.7	462.0
Less direct taxes ⁽¹⁾	23.8	30.5	45.6	51.4	60.4	75.5	81.2	85.0	78.2	77.4	93.1
Private disposable income	176.3	186.5	191.7	207.9	231.5	257.6	259.8	279.4	317.1	368.3	368.9

(1) Excludes direct taxes on Government trading profits.

Table No. 10
PRIVATE DISPOSABLE INCOME

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.	1948-49 (Provisional).
Salary and wage payments—											
£(m.)	106.2	102.6	105.4	105.6	108.2	118.1	123.3	135.6	163.3	186.1	198.9
Per cent.	(60.2)	(55.0)	(55.0)	(50.8)	(46.7)	(45.9)	(47.4)	(48.5)	(51.5)	(50.5)	(53.9)
Index No.	100	97	99	99	102	111	116	128	154	175	187
Pay and allowances of Armed Forces—											
£(m.)	0.9	3.1	15.9	25.4	43.9	54.4	44.5	36.7	7.0	6.1	3.5
Per cent.	(0.5)	(1.6)	(8.3)	(12.2)	(19.0)	(21.1)	(17.1)	(13.1)	(2.2)	(1.7)	(1.0)
Social security benefits and pensions—											
£(m.)	7.7	11.5	12.5	12.9	14.4	15.8	17.6	20.9	34.8	37.6	39.5
Per cent.	(4.4)	(6.2)	(6.5)	(6.2)	(6.2)	(6.1)	(6.8)	(7.5)	(11.0)	(10.2)	(10.7)
Index No.	100	149	162	168	187	205	229	271	452	488	513
Other personal income (including rental value of owner-occupied houses)—											
£(m.)	48.7	53.5	47.4	50.0	51.4	55.3	62.8	69.7	87.7	107.3	107.4
Per cent.	(27.6)	(28.7)	(24.7)	(24.1)	(22.2)	(21.5)	(24.2)	(25.0)	(27.6)	(29.1)	(29.1)
Index No.	100	110	97	103	106	114	129	143	180	220	221
Company income (before distribution)—											
£(m.)	12.8	15.8	10.5	14.0	13.6	14.0	11.6	16.5	24.3	31.2	19.6
Per cent.	(7.3)	(8.5)	(5.5)	(6.7)	(5.9)	(5.4)	(4.5)	(5.9)	(7.7)	(8.5)	(5.3)
Index No.	100	123	82	109	106	109	91	129	190	244	153
Private disposable income—											
£(m.)	176.3	186.5	191.7	207.9	231.5	257.6	259.8	279.4	317.1	368.3	368.9
Per cent.	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Index No.	100	106	109	118	131	146	147	158	180	209	209

Table No. 11

PRIVATE INCOME AND TOTAL TAXATION

£ Million

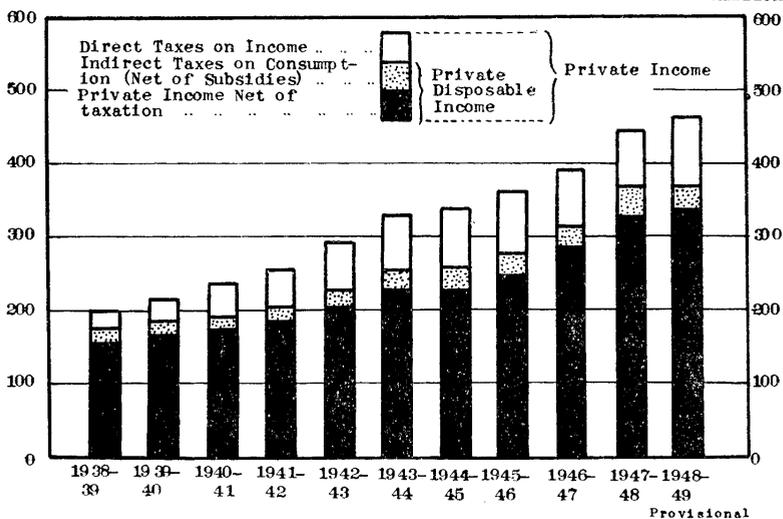
	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49
											(1)
Private Income	200.1	217.0	237.3	259.3	297.9	333.1	341.0	364.4	395.3	445.7	462.0
Direct Taxation	23.8	30.5	45.6	51.4	66.4	75.5	81.2	85.0	78.2	77.4	93.1
Indirect Taxation	20.6	21.0	22.3	23.2	27.9	31.8	34.0	37.3	43.0	53.0	46.0
Less subsidies	-0.6	-0.5	-1.6	-2.7	-3.3	-3.1	-4.6	-6.6	-11.8	-13.6	-12.0
Total Taxation less subsidies	43.8	51.0	66.3	71.9	91.0	104.2	110.6	115.7	109.4	116.8	127.1
Total Taxation as a Percentage of Private Income	21.9	23.5	27.9	27.7	30.5	31.2	32.4	31.8	27.7	26.2	27.5

(1) Provisional

PRIVATE INCOME - 1938-39 TO 1948-49

£ Million

£ Million



"Total taxation less subsidies" and "direct taxation" exclude direct taxes paid by Government trading departments.

Table No. 12
PRIVATE INCOME BEFORE AND AFTER TAXATION
(Including changes in balances of Primary Produce Stabilization Accounts)
DIVISION INTO DISTRIBUTIVE SHARES

Income Year.	Value £(m.).					Percentage of Private Income.				
	Income Received by Salary and Wage Earners(1).	Income Received by Persons Not Gainfully Employed(1).	Income Received by Other Persons(2).	Company Income (Before Distribution).	Private Income.	Income Received by Wage Earners(1).	Income Received by Persons Not Gainfully Employed(1).	Income Received by Other Persons(2).	Company Income (Before Distribution).	Private Income.
	<i>Before Taxation</i>									
1938-39	118.0	12.2	50.0	19.9	200.1	59.0	6.1	25.0	9.9	100.0
1939-40	120.7	15.5	55.8	25.0	217.0	55.6	7.2	25.7	11.5	100.0
1940-41	142.1	17.1	54.1	24.0	237.3	59.9	7.2	22.8	10.1	100.0
1941-42	155.5	17.2	58.6	24.0	259.3	60.0	6.6	22.6	10.8	100.0
1942-43	183.1	17.8	63.8	33.2	297.9	61.5	6.0	21.4	11.1	100.0
1943-44	208.6	18.4	69.4	36.7	333.1	62.6	5.5	20.9	11.0	100.0
1944-45	206.3	19.1	77.4	38.2	341.0	60.5	5.6	22.7	11.2	100.0
1945-46	214.1	20.7	87.6	42.0	364.4	58.8	5.7	24.0	11.5	100.0
1946-47	214.5	23.9	108.6	48.3	395.3	54.3	6.0	27.5	12.2	100.0
1947-48	237.6	25.5	128.9	53.7	445.7	53.3	5.7	28.9	12.1	100.0
1948-49 (provisional)	251.0	27.1	133.9	50.0	462.0	54.3	5.9	29.0	10.8	100.0
	<i>After Taxation</i>									
	(but including non-monetary social security benefits)									
1938-39	112.1	11.4	40.0	12.8	176.3	63.6	6.5	22.7	7.2	100.0
1939-40	112.2	14.7	44.7	15.8	187.4	59.9	7.8	23.9	8.4	100.0
1940-41	128.6	15.9	38.3	10.5	193.3	66.5	8.2	19.8	5.5	100.0
1941-42	138.9	16.2	41.1	14.0	210.2	66.1	7.7	19.5	6.7	100.0
1942-43	161.3	16.7	43.4	13.6	235.0	68.6	7.1	18.5	5.8	100.0
1943-44	183.1	17.3	47.7	14.0	262.1	69.9	6.6	18.2	5.3	100.0
1944-45	179.8	18.3	55.1	11.6	264.8	67.9	6.9	20.8	4.4	100.0
1945-46	185.7	20.1	62.7	16.5	285.0	65.2	7.0	22.0	5.8	100.0
1946-47	191.7	23.3	84.0	24.3	323.3	59.3	7.2	26.0	7.5	100.0
1947-48	215.6	25.1	103.4	31.2	375.3	57.4	6.7	27.6	8.3	100.0
1948-49 (provisional)	226.7	26.6	103.9	19.6	376.8	60.2	7.0	27.6	5.2	100.0

(1) Excluding distributed company income.

Table No. 13
PRIVATE INCOME BEFORE AND AFTER TAXATION
(Excluding changes in balances of Primary Produce Stabilization Accounts)

Income Year.	Value £(nc).					Percentage of Private Income.				
	Income Received by Salary and Wage Earners(1).	Income Received by Persons Not Gaintully Employed(1).	Income Received by Other Persons(2)(3).	Company Income (Before Distribution).	Private Income(3).	Income Received by Salary and Wage Earners(1).	Income Received by Persons Not Gaintully Employed(1).	Income Received by Other Persons(2)(3).	Company Income (Before Distribution).	Private Income(3).
	<i>Before Taxation</i>									
1938-39	118.0	12.2	51.6	19.9	201.7	58.5	6.0	25.6	9.9	100.0
1939-40	120.7	15.5	54.8	25.0	216.0	55.9	7.2	25.3	11.6	100.0
1940-41	142.1	17.1	52.3	24.0	235.5	60.3	7.3	22.2	10.2	100.0
1941-42	155.5	17.2	55.7	28.0	256.4	60.7	6.7	21.7	10.9	100.0
1942-43	183.1	17.8	60.6	33.2	294.7	62.1	6.0	20.6	11.3	100.0
1943-44	208.6	18.4	63.6	36.7	327.3	63.7	5.6	19.5	11.2	100.0
1944-45	206.3	19.1	69.5	38.2	333.1	61.9	5.7	20.9	11.5	100.0
1945-46	214.1	20.7	81.7	42.0	358.5	59.7	5.8	22.8	11.7	100.0
1946-47	214.5	23.9	98.5	48.3	385.2	55.7	6.2	25.6	12.5	100.0
1947-48	237.6	25.5	117.1	53.7	433.9	54.7	5.9	27.0	12.4	100.0
1948-49 (provisional)	251.0	27.1	124.9	50.0	453.0	55.4	6.0	27.6	11.0	100.0
	<i>After Taxation</i>									
	(but including non-monetary social security benefits)									
1938-39	112.1	11.4	41.6	12.8	177.9	63.0	6.4	23.4	7.2	100.0
1939-40	112.2	14.7	43.7	15.8	186.4	60.2	7.9	23.4	8.5	100.0
1940-41	128.6	15.9	36.5	10.5	191.5	67.1	8.3	19.1	5.5	100.0
1941-42	138.9	16.2	38.2	14.0	207.3	67.0	7.8	18.4	6.8	100.0
1942-43	161.3	16.7	40.2	13.6	231.8	69.6	7.2	17.3	5.9	100.0
1943-44	183.1	17.3	41.9	14.0	256.3	71.4	6.8	16.3	5.5	100.0
1944-45	179.8	18.3	47.2	11.6	256.9	70.0	7.1	18.4	4.5	100.0
1945-46	185.7	20.1	56.8	16.5	279.1	66.5	7.2	20.4	5.9	100.0
1946-47	191.7	23.3	73.9	24.3	313.2	61.2	7.4	23.6	7.8	100.0
1947-48	215.6	25.1	91.6	31.2	363.5	59.3	6.9	25.2	8.6	100.0
1948-49 (provisional)	226.7	26.6	94.9	19.6	367.8	61.7	7.2	25.8	5.3	100.0

(1) Excluding distributed company income.

(2) Excluding changes in balances of primary produce stabilization accounts.

Table No. 14
IMPROVEMENT IN NEW ZEALAND ECONOMIC CONDITIONS
MOST RECENT INFORMATION COMPARED WITH EARLIER PERIODS

	Unit.	Depression Low.		1935-36.		1938-39.		Recent Figures.	
		Year Ended 31st March,	Amount.	Year Ended 31st March,	Amount.	Year Ended 31st March,	Amount.	Year Ended 31st March,	Amount.
<i>Production—</i>									
Value of total production	£(m.) ..	1932 ¹	83.3	1936 ¹	113.8	1939 ¹	136.1	1947 ¹	230.9
Volume of total production (1938-39 = 100)	Index No.	..	..	1936 ¹	93	1939 ¹	100	1947 ¹	116
Value of farm production	£(m.) ..	1932 ¹	49.1	1936 ¹	71.8	1939 ¹	81.9	1947 ¹	131.4
Volume of farm production (1938-39 = 100)	Index No.	..	..	1936 ¹	101	1939 ¹	100	1947 ¹	110
Value of gross farming income	£(m.) ..	1932 ¹	37.9	1936 ¹	59.0	1939 ¹	68.9	1947 ¹	113.4
Wool production (lbs.—greasy basis)	Million..	..	..	1936 ¹	304.3	1939 ¹	327.7	1947 ¹	367.0
Butter production (tons)	(000) ..	..	..	1936 ¹	168	1939 ¹	148	1947 ¹	146
Cheese production (tons)	(000) ..	..	..	1936 ¹	89	1939 ¹	85	1947 ¹	92
Meat production (tons)	(000) ..	..	..	..	..	1939 ⁹	470	1947 ¹	557.5
Value of factory production ²	£(m.) ..	1933 ¹	17.7	1936 ¹	23.2	1939 ¹	30.5	1947 ¹	61.7
Volume of factory production ² (1938-39 = 100)	Index No.	..	..	1936 ¹	76	1939 ¹	100	1947 ¹	147
Total factory employees	(000) ..	1934 ³	86.0	1936 ³	102.3	1939 ³	123.7	1948 ³	162.8
Electric-power production (units)	Million..	..	..	1936	1,031.7	1939	1,413.5	1947	2,520.6
Gas production (coal-gas sold) (cubic feet)	Million..	..	..	1936	3,324.4	1939	3,591.4	1947	4,637.4
Coal production (tons)	(000) ..	1933 ⁴	1,821	1933 ⁴	2,115	1938 ⁴	2,222	1947 ⁴	2,752
Timber production (superficial feet)	Million..	1932	154.2	1936	293.1	1939	316.7	1948	433.0
									480.05
									265.05
									120.5
									155.05
									113.5
									136.55
									362.0
									151
									89
									540.05
									70.05
									150.5
									164.7
									2,589.6
									4,750.05
									2,782.5
									480.05

For footnotes, see end of table.

Table No. 15
COMPARISON OF RETAIL PRICES OF BASIC FOODSTUFFS
(In New Zealand Currency)

Item.	Unit.	New Zealand (Wellington) (¹), June, 1949.	Australia (Sydney), April, 1949.	South Africa (Cape Town) April, 1949.	Great Britain ⁽¹⁾ , 12th April, 1949.	Canada (Dominion Average). February, 1949.	U.S.A. ⁽²⁾ (Average Fifty-six Large Cities, 15th February, 1949.
Bread ..	2 lb.	s. d. 0 5½	s. d. 0 6	s. d. 0 7¼	s. d. 0 4½	s. d. 0 11½	s. d. 1 4½
Flour ..	25 lb.	4 5½	5 1¾	7 4	5 8¾	7 8¼	11 11
Tea ..	lb.	4 3¼	2 2½	5 2½	3 4 ⁽⁶⁾	5 1½	(3)
Coffee ..	"	4 8 ⁽⁸⁾	(3)	1 8¾	(3)	3 1¾	2 7¼
Sugar ..	"	0 6¼	0 3½	0 3¾	0 5	0 5¾	0 5½
Milk (fresh)	Quart	0 7	0 8¾	0 10	0 10	0 10½	1 1
Butter	lb.	1 6	1 8¾	2 6	1 4	3 7½	3 8¼
Cheese ..	"	1 5¾	1 3½	1 11¾	0 10	3 0¾	3 0¾
Bacon ..	"	2 0	2 0¾	2 8¾	2 0	3 7¾	3 4¾
Raisins	"	1 0½	1 1	1 3½	(3)	0 11½	(3)
Prunes ..	"	1 0¼	(3)	1 8½	1 0	1 0¼	1 1½
Canned peaches	30 oz. tin	2 3¼	1 3½	(3)	(3)	2 1½	1 7¼
Beef—rib roast	lb.	0 10½	0 8	0 9	1 8 ⁽⁴⁾	3 2½	3 0¾
Mutton—leg	"	1 2 ⁽⁹⁾	0 8¾	1 1	1 6	(3)	(3)
Pork—loin	"	1 3	1 9¼	(3)	1 6 ⁽⁵⁾	3 0¾	(3)
" —chops	"	1 5	1 9¼	1 7	(3)	(3)	3 3½

(¹) Maximum prices. (²) Prices exclude Sales Tax. (³) Not available. (⁴) Wing rib. (⁵) Leg. (⁶) Average price, mid-October, 1948. (⁷) New series, prices not always comparable with previous quotations. (⁸) In jars. (⁹) Up to 6 lb.

Table No. 16
MARRIED TAXPAYER—DEPENDENT WIFE AND TWO CHILDREN

Fixed Gross Income per Annum.	Tax Payment During Financial Year Ended 31st March, 1947 : Residue, <i>Including Universal Family Benefit, £52.</i>		Tax Payment During Financial Year Ended 31st March, 1948 : Residue, <i>Including Universal Family Benefit, £52.</i>		Tax Payment During Financial Year Ended 31st March, 1949 : Residue, <i>Including Universal Family Benefit, £52.</i>	
	Tax. £	Residue £	Tax £	Residue £	Tax £	Residue £
400 ..	40	412	30	422	30	422
500 ..	64	488	51 10s.	500 10s.	41	511
600 ..	90	562	75	577	65	587
800 ..	146	706	126	726	116	736
1,000 ..	207	845	182	870	172	880
1,500 ..	391	*1,161	353 10s.	*1,198 10s.	343	*1,209
2,000 ..	613	*1,439	563	*1,489	553	*1,499
	Income-tax at basic rate, plus 15 per cent. Combined charge at 2s. Income-tax based on income for year ended 31st March, 1946, and payable in February, 1947. Wife exemption, £100. Child exemption, £50. *Maximum rebate in tax, £26.		Income-tax at basic rate, plus 15 per cent. Combined charge, 1s. 6d. Income-tax based on income for year ended 31st March, 1947, and payable in February, 1948. Wife exemption, £100. Child exemption, £50. *Maximum rebate in tax, £26.		Income-tax at basic rate, plus 15 per cent. less £10 rebate. Combined charge, 1s. 6d. Income-tax based on income for year ended 31st March, 1948, and payable in February, 1949. Wife exemption, £100. Child exemption, £50. *Maximum rebate in tax for wife exemption, £26.	

Table No. 17
INVESTMENTS IN NATIONAL SAVINGS

NATIONAL SAVINGS ACCOUNTS

—	Number of Depositors at End of Year.	Total Amount of Deposits During Year.	Total Amount of Repayments During Year.	Excess of Deposits Over Repayments.	Interest Credited to Depositors.	Total Amount to Credit of Depositors at End of Year.
		£	£	£	£	£
1940-41 (6 months)	127,034	718,077	460	717,617	..	717,617
1941-42 ..	291,043	2,476,206	9,447	2,466,759	10,063	3,194,439
1942-43 ..	327,560	2,425,204	25,255	2,399,949	71,675	5,666,063
1943-44 ..	411,445	7,257,536	63,816	7,193,720	150,476	13,010,259
1944-45 ..	454,633	7,267,400	178,444	7,088,956	357,733	20,456,948
1945-46 ..	480,949	7,607,413	1,706,755	5,900,658	559,775	26,917,381
1946-47 ..	499,740	6,175,368	2,306,164	3,869,204	773,260	31,559,845
1947-48 ..	522,460	7,285,423	3,680,450	3,604,973	905,439	36,070,257
1948-49 ..	545,437	7,032,119	3,943,079	3,089,040	1,037,921	40,197,218

NATIONAL SAVINGS BONDS

—	Purchase Value of Bonds Sold. (1)	Net Interest Accrued on Bonds Redeemed. (2)	Maturity Value of Bonds Redeemed. (3)	Purchase Value of Bonds Outstanding. (1)
	£	£	£	£
1940-41 (6 months)	611,709	..	..	611,709
1941-42	2,786,299	..	..	3,398,008
1942-43	1,356,301	..	..	4,754,309
1943-44	3,121,859	..	..	7,876,168
1944-45	2,609,105	..	..	10,485,273
1945-46	1,313,723	65,075	520,596	11,343,475 ²
1946-47	457,041	261,175	2,089,396	9,972,295 ²
1947-48	492,697	367,033	2,936,265	7,895,760 ²
1948-49	434,687	396,234	3,169,870	5,556,811 ²

(1) Includes Social Security tax payable on purchase. (2) Estimated, approximate figure only.

(3) Includes interest payable at maturity.

Table No. 18
INDEX NUMBERS OF VOLUME OF GOODS

Base : 1938-39 = (100)

Year ended 30th June,	Produced in New Zealand.				Imported.	All Goods available for Use in New Zealand.	
	Total.	Exported.	Available for Use in New Zealand.			Total.	Per Head.
			Total.	Per Head.			
1929 ..	77	74	79	88	86	82	91
1933 ..	83	96	74	78	50	64	68
1936 ..	93	105	86	88	81	84	86
1937 ..	99	104	95	97	98	96	98
1938 ..	100	102	99	100	106	102	103
1939 ..	100	100	100	100	100	100	100
1940 ..	105	106	104	103	84	96	95
1941 ..	113	111	113	112	69	95	94
1942 ..	110	109	110	109	58	88	88
1943 ..	109	116	104	102	58	85	84
1944 ..	107	132	91	89	66	81	79
1945 ..	113	155	83	80	63	75	72
1946 ..	111	110	111	104	71	95	88
1947 ..	116	112	119	108	93	108	98
1948 (1) ..	120	113	125	110	125	125	111

(1) Provisional.

Table No. 19
BURDEN OF PUBLIC DEBT

INTEREST AND ADMINISTRATION CHARGE AS PERCENTAGE OF NATIONAL INCOME

£N.Z.(000)

Year Ended 31st March,	Interest.				Administra- tion and Management.	Total Burden.	Percentage of Net National Income at Factor Cost.
	London.	Australia.	New Zealand.	Total.			
1939 ..	6,712*	48	4,719	11,479	56	11,535	6.0
1944 ..	6,574	47	8,992	15,613	137	15,750	4.9
1946 ..	7,045	47	11,492	18,584	248	18,832	5.4
1947 ..	4,661	47	12,851	17,559	208	17,767	4.9
1948 ..	4,657	45	13,123	17,825	210	18,035	4.4
1949 ..	3,273	39	13,308	16,620	226	16,846	4.0

* Exchange has been assessed and added to interest charge.

Table No. 20

PUBLIC DEBT

MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1949
£(N.Z.)

Loans Maturing in Financial Year Ending 31st March.*	Due in				Total Debt (Nominal Amount).
	London	Australia.	New Zealand.		
			Public.	Departmental.	
	£	£	£	£	£
Overdue .. .. .	..	..	3,185	..	3,185
Treasury bills .. .. .	..	..	5,000	54,995,000	55,000,000
Interest free .. .. .	..	..	4,350	..	4,350
1950	7,500,000	..	16,137,635	981,300	24,618,935
1951	1,250,000	628,226	..	..	1,878,226
1952 .. .. .	..	..	4,592,430	5,459,380	10,051,810
1953 .. .. .	..	..	11,229,430	1,203,010	12,432,440
1954	7,322,579	..	9,023,545	561,905	16,908,029
1955 .. .. .	..	..	6,069,860	362,540	6,432,400
1956	12,000,000	..	18,636,290	982,135	31,618,425
1957 .. .. .	..	..	29,543,070	4,203,275	33,746,345
1958 .. .. .	..	..	21,188,245	135,803,210	156,991,455
1959 .. .. .	..	..	10,005,820	64,175,290	74,181,110
1960 .. .. .	..	..	7,081,660	21,357,350	28,439,010
1961	6,311,679	..	18,772,580	2,291,505	27,375,764
1962 .. .. .	..	..	..	17,000,000	17,000,000
1964	7,339,656	..	23,332,305	6,081,240	36,753,201
1965 .. .. .	..	..	11,088,510	8,681,935	19,770,445
1966	17,238,187	..	9,339,815	14,202,500	40,780,502
1969	16,000,000	..	..	..	16,000,000
1972	5,000,000	..	..	..	5,000,000
Totals	79,962,101†	628,226	196,053,730	338,341,575	614,985,632†

* In respect of many of the loans the Government has the option to redeem the securities at an earlier date. For particulars, see B.-1 [Pt. I].

† Excludes debt as under:—

Advances from Imperial Government funded in terms of section 8 of Finance Act, 1922	£	24,100,200
Other debt on which interest has been suspended and principal repayments postponed by agreement with Imperial Government .. .. .	..	2,090,909
		<u>£26,191,109</u>

SUMMARY OF DEPARTMENTAL INVESTMENTS

Investments held by accounts within the Public Account	£	29,807,345
National Broadcasting Service .. .. .	..	1,850,000
Marketing .. .. .	..	31,253,510
Government Life Insurance .. .. .	..	7,019,915
Government Superannuation Board .. .. .	..	3,912,060
Maori Trustee .. .. .	..	676,860
Post Office .. .. .	..	142,343,650
Post Office: National savings .. .. .	..	40,800,000
Public Trustee .. .. .	..	13,084,180
Reserve Bank .. .. .	..	65,045,325
State Advances Corporation .. .. .	..	680,630
State Fire Insurance Office—		
Accident Branch .. .. .	..	717,500
Fire Branch .. .. .	..	1,150,600
		<u>£338,341,575</u>

Table No. 21
LONDON DEBT*
MOVEMENT IN BALANCE AND IN ANNUAL INTEREST CHARGE
(All amounts in sterling currency)

Year Ended 31st March.	Debt.				Interest.	
	New Borrowings.	Repayments.	Net Movement.	Balance of Debt.	Annual Charge.	Movement Com- pared With Previous Year.
	£	£	£	£	£	£
1933 ..	..	..	..	135,209,594	5,812,327	..
1934 ..	10,602 ¹	503,200	- 492,598	134,716,996	5,931,417	+ 119,090
1935 ..	101,125 ¹	37,000	+ 64,125	134,781,121	5,921,037	- 10,380
1936 ..	..	2,260,300	- 2,260,300	132,520,821	5,725,115	- 195,922
1937 ..	..	1,974,914	- 1,974,914	130,545,907	5,294,088	- 431,027
1938 ..	120,000 ²	..	+ 120,000	130,665,907	5,280,144	- 13,944
1939 ..	..	4,000	- 4,000	130,661,907	5,282,869	+ 2,725
1940 ..	3,183,445	2,173,190	+ 1,010,255	131,672,162	5,669,801	+ 386,932
1941 ..	7,598,618	7,090,300	+ 508,318	132,180,480	5,421,338	- 248,463
1942 ..	8,284,051	12,900,077	- 4,616,026	127,564,454	5,406,264	- 15,074
1943 ..	15,436,635	10,917,900	+ 4,518,735	132,083,189	5,341,556	- 64,708
1944 ..	9,386,000	8,552,471	+ 833,529	132,916,718	5,259,028	- 82,528
1945 ..	6,784,000	6,609,444	+ 174,556	133,091,274	5,321,255	+ 62,227
1946 ..	2,830,000	41,392,100	- 38,562,100 ³	94,529,174	5,636,409	+ 315,154
1947 ..	..	..	..	94,529,174	3,729,085	- 1,907,324 ⁴
1948 ..	..	11,341,608	- 11,341,608 ⁵	83,187,566	3,726,096	- 2,989
1949 ..	..	3,225,465	- 3,225,465 ⁶	79,962,101	3,273,064	- 453,032 ⁵
Total	53,734,476	108,981,969	- 55,247,493	..	..	- 2,539,263

*Excludes funded debt arising from 1914-18 war.

¹ Rectification of domicile during 1933 debt conversion operations. ² Rural advances bonds incorporated in public debt as at 31st March, 1938.

³ Includes £18,000,000 borrowed under the Memorandum of Security, and repayment of loans on 1st January, 1946, and 1st February, 1946, amounting to £12,885,000 and £10,808,800 respectively.

⁴ Interest savings due to 1946 repayments: Memorandum of Security, £540,000 per annum; other loans, £1,064,000 per annum.

⁵ £11,221,609 4½-per-cent. loan repaid, making annual interest saving of £504,972 per annum. Conversion of £19,225,465 4½-per-cent. loan to £16,009,000 3-per-cent. 1/9/68 stock; balance repaid, £3,225,465.

Table No. 22

PUBLIC DEBT

STATEMENT SHOWING ALLOCATION OF INCREASES AND DECREASES OF THE
PUBLIC DEBT SINCE 1st APRIL, 1936

	£	£	£
Debt as at 1st April, 1936			256,369,989*
Increases—			
<i>Investments—</i>			
Bank of New Zealand shares	7,092,505		
British Commonwealth Pacific Airlines, Ltd.	300,000		
British Petroleum Co. of New Zealand, Ltd.	1,083,750		
Christmas Island Phosphates	1,375,000		
Linen Flax Corporation of New Zealand	300,000		
New Zealand National Airways Corporation	1,225,000		
New Zealand Woolpack and Textiles, Ltd.	150,000		
Tasman Empire Airways, Ltd.	375,000		
		11,901,255	
<i>Productive—</i>			
Housing	49,354,560		
Hydro-electric schemes	25,920,974		
Land settlement	4,759,833		
Mining	4,339,661		
Post and Telegraph service	5,330,461		
Railways	20,518,951		
Soil conservation, irrigation, and drainage	3,517,092		
State forests	4,852,669		
		118,594,201	
<i>Indirectly productive—</i>			
Public buildings	7,041,197		
Education buildings	8,571,525		
Roads and highways	17,817,939		
		33,430,661	
<i>Intangible—</i>			
War expenses (1939–45)	203,874,694		
Reserve Bank exchange adjustments	20,000,000		
		223,874,694	
		387,800,811	
Less Decreases—			
<i>Investments—</i>			
Nauru and Ocean Islands	218,871		
State Advances Corporation	6,142,333		
		6,361,204	
<i>Productive—</i>			
Harbours and lighthouses	534,722		
Cash balance Public Works Account	681,010		
		1,215,732	
<i>Indirectly Productive—</i>			
Miscellaneous		13,247,040	
<i>Intangible—</i>			
War Loans (1914–18)		8,361,192	
		29,185,168	
Total net increase in public debt for thirteen years ended 31st March, 1949			358,615,643
Debt as at 31st March, 1949			£614,985,632*

*Excludes £26,191,109 debt due to Imperial Government. See B-1, Part I, page 71.

Table No. 23

ALLOCATION OF THE PUBLIC DEBT AS AT 31ST MARCH, 1949, ACCORDING TO THE
EXPENDITURE APPEARING IN THE DEPARTMENTAL ACCOUNTS

	£
Bank of New Zealand (shares)	7,967,505
British Commonwealth Pacific Airlines, Ltd.	300,000
Christmas Island phosphates	1,375,000
British Petroleum Co. of New Zealand, Ltd.	1,083,750
Education buildings	16,070,336
Forests (State)	6,790,706
Harbours and lighthouses	1,667,638
Housing	49,747,380
Hydro-electric schemes	38,080,486
Land settlement and improvement	25,435,031
Linen Flax Corporation of New Zealand	300,000
Mining	5,346,038
Nauru and Ocean Island phosphates	192,044
New Zealand National Airways Corporation	1,225,000
New Zealand Woolpack and Textiles, Ltd.	150,000
Post and Telegraph services	18,816,651
Public buildings	12,956,050
Railways	81,466,811
Reserve Bank exchange adjustment	20,000,000
Roads and highways	45,740,196
Soil conservation, irrigation, and drainage	7,634,560
State Advances Corporation	31,910,788
Tasman Empire Airways	375,000
War loans (1914-18)	30,483,435
War expenses (1939-45)	203,874,694
Miscellaneous assets and services	4,774,892
Cash and investments in hand	1,221,641
	£614,985,632*
	£614,985,632*

* Excludes £26,191,109 debt due to the Imperial Government; see B-1, Part I, page 71

Copy of Prospectus of Internal Loan

NEW ZEALAND GOVERNMENT LOAN

Issue at par of

3-PER-CENT. STOCK MATURING 15TH MAY, 1964-66, AND

2½-PER-CENT. STOCK MATURING 15TH MAY, 1955-56

Interest payable 15th May and 15th November

Authorized to be raised in accordance with the provisions of the New Zealand Loans Act, 1932, whereby the interest and principal are a direct charge upon the public revenues of the Dominion

Trustees may invest in this Loan under the powers of the Trustee Act, 1908, unless expressly forbidden by the instrument (if any) creating the Trust

The RESERVE BANK OF NEW ZEALAND gives notice that, on behalf of the Minister of Finance, it is authorized to receive applications for the issue of stock in terms of this Prospectus.

The proceeds of this issue will be used partly for repaying existing loans and partly for National Development purposes.

1. *Applications.*—Applications, which must be accompanied by a cheque for the full issue price of the stock, may be lodged at the Reserve Bank of New Zealand, Wellington, at any Branch of any bank in New Zealand, including trustee savings-banks, at the District Treasury Offices at Auckland, Christchurch, or Dunedin, or at any postal money-order office in New Zealand. All cheques should be drawn in favour of the Reserve Bank of New Zealand, Wellington.

Applications must be for a multiple of £10, with a minimum of £50.

2. *Securities.*—New Zealand Government Stock will be issued in either of the following forms, as may be directed by the applicant in the form of application :—

(a) *Ordinary Stock* transferable by Memorandum of Transfer without payment of any fee and free of stamp duty unless the transfer is by way of gift.

(b) *Death Duty Stock*, which in terms of section 40 of the N.Z. Loans Act, 1932, may be tendered at par by the executor or administrator of a deceased stockholder in payment of Death Duties in the estate of the deceased Stockholder. Death Duty Stock is not transferable as such but may be exchanged for Ordinary Stock.

3. *Registration.*—The Register of Stock will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered free of charge. Any minor of the age of ten years or upwards is entitled to be registered as the holder of Stock and to execute transfers thereof. Ordinary Stock and Death Duty Stock will be registered in the name of the applicant, and Registration Certificates will be issued as soon as registration has been effected. If a Certificate of Title is required, application should be made on the prescribed form.

4. *Interest.*—Interest will be paid half-yearly on the 15th May and 15th November in each year, and the first payment, representing interest from the date of the lodgment of the application moneys up to the 15th May, 1949, will be made on that date.

The first payment will in every case be made to the original subscriber and will be paid by means of warrants forwarded by post from the Reserve Bank of New Zealand.

Subsequent payments will be made by means of interest warrants forwarded to the stockholder as at the due date of payment. The Reserve Bank of New Zealand, however, will accept directions from stockholders for payment of interest to any agent in the Dominion, and existing instructions for the payment of interest will apply to stock issued in terms of this Prospectus.

5. *Repayment.*—The Minister of Finance reserves the right to repay the 3 per cent. 1964–66 Loan at par at any time during the period 15th May, 1964, to the 15th May, 1966, and the 2½-per-cent. 1955–56 Loan at par at any time during the period 15th May, 1955, to the 15th May, 1956, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

If not previously redeemed, the 3-per-cent. 1964–66 Loan will be repaid at par at the Reserve Bank of New Zealand on the 15th May, 1966, and the 2½-per-cent. 1955–56 Loan will be repaid at par at the Reserve Bank of New Zealand on the 15th May, 1956.

6. *Exchange on Remittances.*—Cheques in payment of amounts subscribed to this Loan will be accepted free of inland Exchange.

7. *Commission.*—Commission at the rate of 5s. per £100 of Stock issued will be allowed to Bankers and registered Sharebrokers.

Copies of this Prospectus and forms of application may be obtained at the Reserve Bank of New Zealand, Wellington; at any branch of any bank in New Zealand, including trustee savings-banks; at the District Treasury Offices at Auckland, Christchurch, or Dunedin; at any postal money-order office in New Zealand; or from a member of any Stock Exchange in the Dominion.

The list of applications will be opened forthwith and may be closed at any time determined by the Minister of Finance.

Reserve Bank of New Zealand,
Wellington, 20th April, 1949.

Copy of Prospectus of London Loan

Consent of His Majesty's Treasury has been obtained to this issue in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act, 1946.

NEW ZEALAND GOVERNMENT 3 PER CENT. STOCK, 1973–1977

Interest will be payable half-yearly on the 1st June and the 1st December. The first payment, at the rate of 5s. per £100 Stock, will be made on the 1st June, 1949, in respect of Stock issued for cash.

ISSUE OF £7,000,000 STOCK

Under the New Zealand Loans Act, 1932

Price of issue £100 per Cent. payable as follows:—

On application .. .. .	..	..	..	..	£10 per Cent.
On Thursday, the 10th March, 1949 .. .. .	..	..	..	..	£20 per Cent.
On Friday, the 27th May, 1949 .. .. .	..	..	..	..	£70 per Cent.
					£100 per Cent.
					£100 per Cent.

The Government of New Zealand have observed the conditions prescribed under the Colonial Stock Act, 1900, as notified in the London Gazette of the 14th December, 1900, and the Stock is, therefore, an investment authorized under the Trustee Act, 1925, and the Trusts (Scotland) Act, 1921.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND give notice that, on behalf of the Agents appointed for raising and managing Loans under the New Zealand Loans Act, 1932, they are authorized to receive applications for such amount of the above Stock as is not required for issue in exchange for holdings of New Zealand Government 3½ per Cent. Inscribed Stock, 1949–1954, in accordance with the offer contained herein.

Under the provisions of the New Zealand Loans Act, 1932, the principal of and interest on the Stock are charged upon the Public Revenues of New Zealand.

Under the provisions of the New Zealand Land and Income Tax Act, 1923 (No. 21), income derived by a person not resident in New Zealand from New Zealand Government Stock the interest on which is payable in London is not liable to taxation in the Dominion.

The Revenues of the Dominion of New Zealand alone are liable in respect of the Stock and the interest thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the interest thereon, or for any matter relating thereto.

The following information is furnished by the High Commissioner for New Zealand :—

Under the provisions of the New Zealand Loans Amendment Act, 1947, which replaced the Repayment of the Public Debt Act, 1925, resources are made available, under the control of the Public Debt Commission constituted under the Act, for the purchase of New Zealand Government Securities on the open market for cancellation or to pay them off at maturity, thereby providing the Commission with the means of effecting an annual repayment of Public Debt. The Act provides for the annual appropriation to Loans Redemption Account of a sum equal to one half per Cent. of the Public Debt coming within the Act and outstanding at the end of the previous financial year, together with a further sum equal to four per Cent. of the debt repaid or redeemed under the 1925 and 1947 Acts before the same date.

Since September, 1939, the Dominion has repaid under the provisions of the 1925 and 1947 Acts, and from other sources, over £50,000,000 of New Zealand Government Stock issued in the United Kingdom, thus reducing the New Zealand Public Debt in London to £106,200,000. During the corresponding period the value of New Zealand's exports has risen from £46,500,000 per annum to over £120,000,000 per annum.

The proceeds of the Stock issued for cash will be applied towards the redemption on the 1st June, 1949, of New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, which is not exchanged under the terms of this prospectus.

The stock, if not previously redeemed, is to be repaid at par at the Bank of England on the 1st June, 1977, but the New Zealand Government reserve to themselves the right to redeem the Stock, in whole or in part, by drawings or otherwise, at par at the Bank of England on, or on any date after, the 1st June, 1973, on three calendar months' previous notice being given by public advertisement in *The Times*, in which case the Stock to be redeemed will cease to bear interest on the date so fixed for redemption.

The Stock will be transferable by deed, in multiples of one penny, free of charge and stamp duty.

The Bank of England have been appointed Registrar of the Stock.

Interest will be payable half-yearly on the 1st June and the 1st December; the first payment, at the rate of 5s. per £100 Stock, will be made on the 1st June, 1949, in respect of Stock issued for cash. The interest due on the 1st June, 1949, will be paid (less Income Tax) by coupon if the relative Scrip Certificate to Bearer has not been registered on or before the 2nd May, 1949; in all other cases interest warrants will be transmitted by post and Income Tax will be deducted from payments of more than £5 per annum.

If allotments of the Stock in respect of cash applications and applications for exchange of New Zealand Government 3½ per cent. Inscribed Stock, 1949-1954, do not reach the total of £7,000,000 Stock, the balance of the Stock will be issued for cash to the Reserve Bank of New Zealand on the terms of this prospectus.

Issue of Stock for Cash

Applications, which must be accompanied by a deposit of £10 per Cent., will be received at the Bank of England, Loans Office, London, E.C. 2. In the case of partial allotment the balance of the amount paid as deposit will be applied towards payment of the first instalment; any surplus remaining after making that payment will be refunded by cheque.

Default in the payment of any instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation. Instalments may be paid in full at any time after allotment but no discount will be allowed on such payments.

Applications must be for £100 Stock or a multiple thereof; no allotment will be made for a less amount than £100 Stock. Allotment Letters will not be posted before the 28th February, 1949.

Scrip Certificates to Bearer, in denominations of £100, £500, £1,000 and £5,000, with coupons attached for the interest due on the 1st June, 1949, will be issued in exchange for Allotment Letters. Scrip Certificates must be surrendered for registration at the time when the final instalment is paid; in the case of registrations effected on or before the 2nd May, 1949, the coupon for the interest due on the 1st June, 1949, must also be surrendered.

The first interest payment in respect of Stock issued for cash will be at the rate of 5s. per £100 Stock and will be made on the 1st June, 1949.

The List of Cash Applications will be opened and closed on Friday, the 18th February, 1949.

Issue of Stock in Exchange for New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954

Holders of the above Stock, which will be redeemed at par on the 1st June, 1949, are invited to apply to exchange their holdings, in whole or in part, for New Zealand Government 3 per Cent. Stock, 1973-1977, on the terms set forth in this prospectus.

Holdings of New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, in respect of which applications are accepted will be exchanged, as on the 1st June, 1949, into New Zealand Government 3 per Cent. Stock, 1973-1977, at the rate of £100 of such Stock for each £100 Stock surrendered.

Holdings of New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, in respect of which applications are accepted will be known until the close of business on the 31st May, 1949, as New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, "Assented". Interest at the rate of £1 3s. 4d. per £100 "Assented" Stock will be paid on the 1st June, 1949, to the persons who are registered as holders of "Assented" Stock at the close of business on the 2nd May, 1949.

The first interest payment in respect of Stock issued in exchange for New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, will be a full six months' interest and will be made on the 1st December, 1949.

The total of New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, outstanding is £7,322,579. This offer of exchange is limited to a total amount of £7,000,000 3½ per Cent. Stock and the list will remain open until applications in respect of this amount of Stock have been accepted, provided however that applications will not be received after the 28th February, 1949.

Applications for exchange must be made on the special printed forms which have been sent by post to all registered holders of 3½ per Cent. Inscribed Stock, 1949-1954 (in the case of joint accounts to the first-named holder or to the first-named holder whose registered address is in the United Kingdom). Applications in respect of Stock Certificates to Bearer must be lodged at the Chief Accountant's Office, Bank of England,

London, E.C. 2, and must be accompanied by the relative Stock Certificates bearing the coupons dated the 1st August, 1949, and subsequently; the interest due on the 1st June, 1949, will be paid by warrants transmitted by post.

A Commission of 5s. per £100 will be paid to Bankers or Stockbrokers on allotments made in respect of applications bearing their stamp, viz :—

On cash applications 5s. per £100 nominal of New Zealand Government 3 per Cent. Stock, 1973-1977, allotted.

On applications for exchange 5s. per £100 nominal of New Zealand Government 3½ per Cent. Inscribed Stock, 1949-1954, for which applications are accepted.

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

A copy of the authorizing Act may be inspected at the Bank of England, Loans Office, during business hours until the 4th March, 1949.

Bank of England, 15th February, 1949.

Copy of Prospectus of Internal Conversion Loan

NEW ZEALAND GOVERNMENT CONVERSION LOANS

Interest payable 15th June and 15th December

Issue of

3-PER-CENT. STOCK AT PAR REPAYABLE 15TH JUNE, 1961/64, AND

2½-PER-CENT. STOCK AT PAR REPAYABLE 15TH JUNE, 1954/55

In conversion of

2½-per-cent. Stock Maturing 15th June, 1949

2½-per-cent. Stock Maturing 15th February, 1949/50

4-per-cent. Stock Maturing 15th May, 1949/52

Authorized to be raised in accordance with the provisions of the New Zealand Loans Act, 1932, whereby the interest and principal are a direct charge upon the public revenues of the Dominion

Trustees are authorized by the Trustee Act, 1908, to invest in New Zealand Government stocks unless expressly forbidden by the instrument (if any) creating the trust.

The RESERVE BANK OF NEW ZEALAND gives notice on behalf of the Minister of Finance that New Zealand Government securities will be repaid as indicated hereunder :—

Securities to be repaid at maturity—

2½-per-cent. stock maturing 15th June, 1949.

Securities to be repaid before maturity—

Notice has been given in the *New Zealand Gazette* of intention to repay the New Zealand Government securities described below on the 15th June, 1949 :—

Description of Securities—

2½-per-cent. stock maturing on 15th February, 1949/50.

4-per-cent. stock maturing on 15th May, 1949/52.

Interest on Securities Being Repaid.—Interest on the securities to be repaid will be calculated up to and paid on the date fixed for repayment, after which interest will cease.

Interest payable for any period being less than a full half-year will be calculated on a daily basis and paid by warrants which will be transmitted by post.

Offer of Conversion.—The Reserve Bank of New Zealand gives notice that on behalf of the Minister of Finance it is authorized to receive applications for the issue of stock in conversion of any or all of the above securities.

In accordance with the terms of this Prospectus holders of convertible securities are offered conversion as from the 15th June, 1949, into either :—

- (a) 3-per-cent. stock maturing 15th June, 1961/64 ; or
- (b) 2½-per-cent. stock maturing 15th June, 1954/55.

Interest on the new securities issued in conversion will be paid half-yearly on the 15th June and 15th December, and the first payment will be that for the half-year ending 15th December, 1949, and will be paid on that date.

Death Duty Stock.—Any person who accepts the offer of conversion into either of the new issues may stipulate in the form of application that the whole or any portion of the stock (being a multiple of £5) to be issued to him will be available for payment of death duties in terms of section 40 of the New Zealand Loans Act, 1932.

The attention of persons who hold Death Duty stock in the loans to be repaid is directed to the fact that the conditions of availability for payment of death duties will not attach to the securities to be issued in conversion unless the necessary stipulation is made in the form of conversion application.

Death Duty stock is not transferable as such from person to person but may be exchanged for ordinary stock which is transferable.

Applications.—Holders accepting the offer of conversion must transmit their applications on the prescribed form to the Reserve Bank of New Zealand, Wellington, or lodge them with the District Treasury Officer at Auckland, Christchurch, or Dunedin, or with any branch of any trading bank or trustee savings bank or at any postal money-order office in the Dominion, for transmission to the Reserve Bank.

Applications for conversion may be for the whole or a part of any holding to which this offer applies, but must be for a multiple of £5 and must be accompanied by any relative documents of title such as certificates of title to stock in cases where such certificates have been issued.

In the case of 2½-per-cent. stock certificates maturing 15th June, 1949, the coupon in respect of interest due on that date should be detached before such stock certificates are surrendered for conversion ; in the case of 2½-per-cent. stock certificates maturing 15th February, 1950, and 4-per-cent. stock certificates maturing 15th May, 1952, all coupons in respect of interest due subsequent to the 15th June, 1949, should be surrendered intact with the stock certificates.

Securities Not Converted.—Any registered stock subject to the offer contained in this Prospectus and not converted will be repaid at par on the 15th June, 1949. The non-receipt of an application for conversion by the 14th April, 1949, will be taken to indicate that repayment is required and a warrant will be issued and forwarded by post to the registered address of the stockholder in time for negotiation on the 15th June, 1949.

Repayment of stock certificates will be made only on receipt *in the Reserve Bank* of the actual stock certificates accompanied by an application for repayment.

New Securities.—New Zealand Government Stock will be issued in the following forms as applicants may direct—

- (a) Registered stock transferable by Memorandum of Transfer :
- (b) Death Duty stock under section 40 of the New Zealand Loans Act, 1932.

Transfers.—The Register of Stock for both the new issues will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered without payment of any fee. Such stock will be transferable in amounts of £5 or multiples thereof.

Certificates of Title.—If certificates of title evidencing ownership of the stock are required applications should be made on the prescribed form. No fee is payable for the issue of a certificate of title.

Repayment.—If not previously redeemed stock of the 3-per-cent. Loan 1961/64 will be repaid at par at the Reserve Bank of New Zealand on the 15th June, 1964, and stock of the 2½-per-cent. Loan 1954/55 will be repaid at par at the Reserve Bank of New Zealand on the 15th June, 1955, but the Minister of Finance reserves the right to repay at par the 3-per-cent. Loan at any time on or after the 15th June, 1961, and the 2½-per-cent. Loan at any time on or after the 15th June, 1954, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

Interest on New Securities.—Interest on registered stock of the new issues will be paid free of inland exchange by means of interest warrants which will be transmitted by post at the risk of the stockholder. Existing instructions for the payment of interest in the Dominion will apply in respect of the new issues.

Closing of Registers.—The Registers will be closed for all transactions on the 14th April, 1949.

The final payment of interest, and the repayment of principal or conversion as the case may be, will be made on the 15th of June, 1949, to the persons who on the 14th of April, 1949, are registered as owners of the respective stocks.

Commission.—Commission at the rate of five shillings per £100 nominal value of convertible securities will be allowed to bankers and registered sharebrokers in respect of conversion acceptances bearing their stamp.

Copies of this Prospectus and forms of application may be obtained at the Reserve Bank of New Zealand, Wellington; or at the District Treasury Offices at Auckland, Christchurch, or Dunedin.

The lists for the loans will be opened forthwith, and will be closed on the evening of the 14th April, 1949. The Reserve Bank, however, is authorized to accept applications after the closing date specified in any case where, in the opinion of the Bank, application prior to such date was impracticable.

Reserve Bank of New Zealand,
Wellington, 15th March, 1949.