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1950
NEW ZEALAND

FINANCIAL STATEMENT

(In Committee of Supply, 24th August, 1950)

By the Right Hon. S. G. Holland, Minister of Finance

MR. CHAIRMAN,—

In this, the new Government's first Budget, its plans for dealing with the financial and economic affairs of State are dealt with under various headings. An indication of its contents can be given by saying—

(1) There will be a very big increase in defence expenditure due to the introduction of compulsory military training; and the costs of the Korean expeditionary force will have to be found.

(2) In addition, we have to provide out of current revenue for substantial increases in expenditure on education, social security, health, and hospitals.

(3) Full provision is made for a vigorous programme of capital works such as hydro-electric schemes, housing, land settlement, new railway rolling-stock, telephones and telegraph extensions.

(4) Notwithstanding these additional costs I am happy to be in a position to say that—

(a) We will balance the Budget.

(b) All the greatly increased costs will be met without any increase in existing rates of taxation.

(c) On the contrary, there will be some relief from present taxation burdens.

(d) Encouragement, incentives, and rewards for thrift and independence will be provided under a number of headings.

(e) There will be no creation of fresh Reserve Bank paper money or credit to finance our current works programme.

(f) A further instalment of freedoms is provided for.

Korean Situation

At the moment attention is focused on what is happening in Korea. It is appalling that, so soon after the close of the Second World War, our way of life and our economy, in common with those of most other countries, are again threatened by war. Wilful aggression to a pattern, now, unfortunately, too well known to leave any doubt as to its origin and objective, has occurred in an unwarranted and ruthless attack upon the small Republic of South Korea.

New Zealand, in fulfilment of its obligations, has responded to the call of United Nations for aid by immediately sending two naval vessels to the scene of operations, and more recently has offered to send an artillery formation to assist in repelling the invaders. Volunteers in ample numbers have offered their services for this force, which is now being organized. The spontaneous response to the call for volunteers is precisely the same as on two previous occasions when our young men came forward to defend our way of life.

In addition to the naval and land forces to which I have already referred, the Royal New Zealand Air Force has for a long time had a small but extremely valuable force operating in conjunction with other Empire air units in Malaya.

International Affairs

Problems of economic development and living standards of South and South-east Asia have recently claimed the attention of Commonwealth Governments. The Colombo Conference recognized the urgent need for Commonwealth action to assist in the economic development of the area and more detailed discussion of the degree of assistance required and likely to be available took place later in the year. Countries in the area have been invited to produce development plans for the next six years, and these will be considered by Commonwealth countries in September. It was agreed that the Commonwealth would provide technical assistance to the total value of £8 million sterling during the next three years, and a Commonwealth Bureau has been established in Ceylon to co-ordinate this work. New Zealand is participating in the scheme. In this year's estimates £30,000 has been provided as a first instalment of New Zealand's share of the cost. It is expected that much of our contribution, at least in the initial stage, will take the form of technical training in New Zealand of people from Asia.

European Recovery Programme

As members will recall, Marshall Aid (or the European Recovery Programme, as it is officially called) has run more than half its course. The great effort of the Western European peoples to restore their production would have been greatly impaired without the raw materials and plant provided under Marshall Aid, and this has resulted to the advantage of New Zealand in maintaining high prices for its wool and other products. Allied to Marshall Aid there has recently been approved a plan for a European Payments Union designed to overcome or minimize exchange difficulties between the countries concerned and thereby facilitate freer trade. Because the sterling area is a member of the European Payments Union we are now able to admit imports from Belgium, for example, as freely as from soft-currency countries such as France, Italy, and the Netherlands.

It is pleasing to note the measure of economic recovery in the position of the United Kingdom and the sterling area in general. As external trade is such an important feature in our own economy and the United Kingdom is by far the largest buyer of our exports, we have more than a sentimental interest in the state of affairs in the United Kingdom.

Since the devaluation of sterling last year the sterling area's gold and dollar reserves have risen from \$1,340 million to \$2,422 million at the end of June last. This heartening recovery was due to the better competitive position of sterling-area exports combined with better business conditions in the United States. We are, however, not yet at the end of our dollar difficulties, and the improvement so far does not justify any general relaxation of efforts to limit dollar payments and to increase our dollar earnings. Although the size of the reserve has nearly doubled, it had fallen to a dangerously low level in 1949. The present figure is still very small relative to the huge amount of sterling-area trade, and therefore not adequate to buttress anything beyond minor fluctuations in the ebb and flow of trade. Prior to the war the sterling-area reserves amounted to more than \$4,000 million, or the equivalent of \$10,000 million at present price-levels.

New Zealand's Overseas Funds

Turning to our own position the level of our sterling reserves cannot be regarded as satisfactory. But for a fortunate phenomenal rise in the price of wool, it would now have been a matter for considerable anxiety. Over-all, the production season for 1949-50 was a good

one, and on the latest estimates receipts from exports under all headings show substantial increases. Total overseas receipts for the calendar year 1950 are now estimated at £200 million, compared with £160·7 million for 1949. Notwithstanding this increase of nearly £40 million in receipts, no accretion to our reserves is expected, as payments are also estimated at £200 million, compared with £165·2 million for 1949. Most of the increase is on account of payments for licensed imports. Deferred replacement of durable goods arising out of the war has meant an abnormal demand for imports, and this has been accentuated by the effects of inflation over recent years and by the need for capital imports for developmental purposes. Consequently, the demand for imports can be expected to continue for the next year or two at a high level, and this is recognized in the Import Schedule for 1951 recently issued. At this time receipts from exports during 1951 cannot be estimated with any great accuracy, and our reserves are inadequate to meet any marked adverse fluctuations in overseas prices or trade.

For 1950, as compared with the previous year, wool receipts will be up by over £25 million, but in another year we could easily have an adverse movement of equal magnitude. At the end of 1949 overseas funds held by our banks amounted to £52 million. If half of this were used, and that could have happened this year in the absence of the rise in wool prices, we would be faced with a serious position. It has to be realized that our aggregate payments in and out are now of the order of £400 million. The experience of the past has shown that adverse movements amounting to 10 per cent. of the turnover would not be a record.

Until the recent amendment was made, the Reserve Bank was required to maintain a minimum reserve of gold and sterling equal to 25 per cent. of its demand liabilities. In an emergency the provision could be suspended, but under normal working it had the effect of immobilizing a large part of our sterling balances. Reserves are necessary to cushion fluctuations in overseas trade arising from price changes, bad seasons, or any other cause, but better use can be made of them if the reserves are under the unfettered control of the Board of Directors. The responsibility of maintaining adequate reserves is now placed upon the Board.

There has been a remarkable improvement in our dollar position this year. In 1949 we spent over \$50 million more than we earned. This year it seems that we will be not far off balance in our

transactions with the dollar area. Again, the main reason for this improvement is the high price of wool and the much larger quantity of this commodity which is being purchased in New Zealand by the United States of America. Also our dollar expenditure is lower than last year because we have reduced dollar imports, in common with other sterling-area countries, to nearly three-quarters of the value of our dollar imports in 1948.

Our present external position would have been much stronger had not more than £50 million been used for overseas debt repayment, in some cases many years before the debt was due for payment, and at a time when the debt could easily have been renewed on advantageous terms and at lower rates of interest. The disadvantages of repaying that debt heavily outweighed the saving in interest charges.

As it is, we are using all our receipts at a record level of £200 million per annum when every circumstance is favourable. Nothing is being added to our inadequate reserves. The problem is a fundamental one, very closely related to the economic welfare and living standards of the people. Accordingly we must proceed with reasonable caution. However, some 326 lines of goods from soft-currency countries have been entirely freed from import control, and thus can be imported without restriction of any kind.

In future years we may have to face falling prices for some of our exports. That would inevitably mean less money available for imports. In the meantime every effort should be made to increase production, both primary and secondary, for more and cheaper production is the only thing in those circumstances that would maintain the standard of living. I would again stress the need to get costs down and output up in all fields of economic endeavour.

The Government, for its part, has already set up a special committee to consider ways and means of increasing farm production.

Abolition of Controls

In furtherance of its policy of removing as many as possible of the hindrances and obstacles to economic freedom, and particularly those affecting trade and industry, the Government has made a searching investigation of controls and restrictions existing when it took office.

Much has already been accomplished:—

(a) *Rationing*.—On the 22nd February last cream was derationed, followed by the freeing of butter on 5th June. Petrol was derationed on 1st June. It is still too early to know the effect of derationing on sales of butter, but the increase in consumption of cream has been much lower than was expected.

(b) *Price Control*.—It has been found possible to free from price control a wide range of goods and services. On account of the continuing pressure of purchasing power on available goods and services it has, however, not been possible to move more rapidly towards our objective of complete decontrol. Some commodities, including foodstuffs, clothing, and raw materials, remain subject to control meantime, but will be freed immediately it becomes evident that the removal of control will not seriously affect the cost of living and economic stability generally. We believe that an abundant supply of goods, with competition among traders, is a much better regulator of prices than any control system, and that is the basis of our policy in relaxing controls.

(c) *Import Control*.—During the past few years a costly and inefficient system of import control has been developed on no clearly defined basis. Buying and selling of import licences has been widespread and has been a contributing factor in raising costs. On the 17th May last the Government appointed an Import Advisory Committee whose primary function is to overhaul the import licensing system and its administration. It has already prepared a licensing schedule for 1951 under which many items can be bought from soft-currency countries without licences. These include most raw materials and machinery, many essential foodstuffs, medical supplies, certain textiles, and books, amounting to a total of about £45 million in value, which is nearly one-third of all our imports. Import licences for the remaining controlled items are now available for use in any soft-currency country. The Committee is making a searching investigation into the present licensing system, and I am confident that simpler and more satisfactory methods of control will be devised.

(d) *Land Sales*.—Sales of urban property were freed from control on 23rd February last, and just how successful this move has been in bringing houses and properties on the market will be obvious to all. While there are still ex-servicemen eligible for

rehabilitation awaiting settlement on the land it is necessary to retain some control over rural properties in order that these men may be given a preference in the purchase of farms. It is intended, however, to introduce legislation at an early date to remove the inequity now existing as a result of the continued stabilization of farm values at 1942 levels. Ex-servicemen will, nevertheless, continue to be settled at 1942 levels, and to enable this policy to be carried out a contribution of £500,000 has been placed on the estimates to cover the difference between 1942 values and a reasonable valuation at date of settlement.

(e) *Building Controls*.—Further relaxation has been made in building controls in order to increase the amount of accommodation available, whether by facilitating the building of new houses or by enabling existing homes to be used to better advantage by subdivision. These further relaxations allow a greater measure of freedom in meeting individual requirements.

(f) *Finance Controls*.—The Government has been examining the possibility of revoking the Finance Emergency Regulations 1940. These regulations were a war measure, and as soon as inflationary trends have been sufficiently counteracted this control should go. In the meantime it has been possible to relax the regulations in two important respects. On the 18th May last restrictions relating to the disposal of funds and securities held overseas in sterling area countries by New Zealand residents were removed. These funds may now be used to import goods into this country on “no remittance” licences. Since 9th March the trading banks have had a much wider discretion in the making of advances, particularly for the purpose of facilitating production—for example, purchase of farm implements, machinery, and tools of trade.

PUBLIC FINANCES

On taking over the portfolio of Finance my first task was a thorough investigation of our public finances. The situation as I found it was clearly explained in public statements issued at the time, and there is no necessity to repeat them in detail. The essence of the matter was that the last Government was spending much more than it was raising from the people by taxation and borrowing combined,

and financing the difference by inflationary methods. No less than £26 million was borrowed from the Reserve Bank during last financial year, while business enterprises under State ownership were showing large and increasing losses—all this at a time when production and prices were at a high level and every one was employed. It was clear that the position was getting out of hand and that a continuation of such methods of finance would before very long have landed the country in serious difficulties.

As I have pointed out on previous occasions, inflation is an insidious method of taxing the people by reducing the purchasing power of their earnings and savings. It hits the working people and those living on fixed incomes most severely. It is remorseless and relentless, it works day and night and never lets up. The present higher costs of living are the result of past inflationary practices.

Since this Government took control of the country's affairs much time and effort has been devoted to stopping the harmful drift and getting the finances on to a sounder basis. Although it will take some time to undo all the harm that has been done, what has been achieved in a few months shows how unnecessary were the methods of finance formerly followed.

The first step was to grapple with the upsurge of Government expenditure, which was rising rapidly. When things are started and commitments made in all directions it is not easy to call a halt without causing disruption, but, in the interests of the people, it has to be done, and the new Ministers are tackling it resolutely. It was found that the costs of defence and the new military training scheme authorized by the people last year, on top of all the commitments made by our predecessors in office, would have entailed a deficit of about £10 million unless further taxation had been levied to bridge this gap in our revenue accounts. Taxation is already too high, and to follow the path of inflation would have been disastrous.

Removal of Subsidies

The largest item of expenditure, however, was subsidies, and unless action was taken it was clear that for this financial year the cost would have exceeded £17 million. If the all important objective of balancing the Budget was to be achieved it was evident that there must be substantial relief from this ever-increasing burden. Accordingly,

following my broadcast on the subject on 5th May, action was taken which will save about £12 million in a full year. Details of the annual value of the saving on each subsidy and of the subsidies which still remain are recorded in Table No. 10 attached to this Statement. As the adjustments were made during the course of the current financial year, the saving to the Consolidated Fund this year will amount to about £9 million only.

Although provision has been made in this year's estimates for subsidy expenditure amounting to £8,091,000, the annual value of the remaining subsidies is only £5·5 million.

To obviate any hardship caused by increases in prices following the removal of subsidies, the attention of the Arbitration Court was drawn to the action taken. The Stabilization Regulations were amended to enable the Court to make an interim general wage order increasing rates of remuneration so that wage-earners could be compensated without delay for increased living costs. This was done.

Following the removal of subsidies from the 8th May, 1950, and in pursuance of the undertaking given, the Government immediately increased the basic rates of age, widows', invalids', orphans', miners', sickness, unemployment, and related emergency benefits by 2s. 6d. a week for single beneficiaries and by 5s. a week for married couples. Mothers' allowances were also increased by 2s. 6d. weekly. The additional cost to the Social Security Fund is estimated to be £1 million a year.

Increases on a similar basis have also been made to certain classes of war pensioners and their dependants. War veterans' allowances have similarly been increased.

There is, however, a small but thrifty section of elderly people, living on small fixed incomes derived from interest and dividends on shares, stocks, bank deposits, and similar investments, who get no benefit from the recent increase in social security rates. These most deserving people, who have accumulated savings that a decade or so ago would have appeared substantial and adequate, are to-day little better off by way of weekly income than those who of necessity or otherwise spent their income as it was received and now are recipients of social security benefits. This is because of a provision whereby, in their case, benefits are reduced by £1 for every £10 of such accumulated property, as it is called. Thus a widow with, say, £2,000 invested in

Government stock on which the interest would be £60 per annum only is debarred from getting any age-benefit. In such cases it is proposed to provide for some increase to meet higher living costs by reducing the rate of abatement for accumulated property to £1 for every £15 instead of every £10 of such property. Thus in the case quoted the widow would receive an age-benefit of £36 10s. a year instead of nothing under the present legislation.

Although the saving in Government expenditure on subsidies will be to some extent offset by higher costs of wages and stores, there will be a considerable net saving which will avoid having to call upon the community for higher taxation to pay for the increasing cost of defence, social services, and other established costs. At the same time the individual is left more free to do his part in combating inflation by using his own judgment as to whether and what he will buy at the price. In other words, the people pay as consumers instead of as taxpayers.

State Trading Undertakings

Steps have been taken to place State commercial concerns on a businesslike and payable basis. Over the last four years the operation of the Post Office had suffered a setback from a profit of more than £1·1 million, after meeting all expenses and interest charges, to an estimated loss of £250,000 in 1949–50. The Railways for 1949–50 showed an operating loss of over £1 million and a loss after charging interest on capital of £3·8 million. Similar tendencies appear in other accounts, such as the State Coal-mines, the Broadcasting Service, and the National Airways. It is the policy of the Government to ensure that as soon as is practicable State trading undertakings are restored to a sound financial basis. The cost of operating such services must be met, and in general it is more equitable that the services should be paid for by those who use them rather than by the taxpayer. With this objective, adjustments have recently been made in the charges of the Railways and the Post Office. As already announced, the Government is offering to sell the National Airways services as a complete going concern or in suitable parts. It is considered that the services would do better under private management. Steps will be taken to ensure that safety standards are maintained.

Last Year's Results

I should like here to direct attention to the financial results of last year's operations.

Consideration of Government finances can conveniently be given under two main headings, viz:—

(a) *Current Account*.—Moneys received from taxation and other revenue sources and spent on education, social security, and similar matters.

(b) *Capital Account*.—Money raised by borrowing and spent on capital works such as hydro-electric schemes, housing, schools, and such like.

(a) CURRENT ACCOUNT

	Revenue	Expenditure.	Surplus (+) Deficit (—)
	£	£	£
Consolidated Fund	124,997,000	120,689,000	+ 4,308,000
Social Security Fund	43,773,000	46,360,000	— 2,587,000
War Expenses Account	3,249,000	4,279,000	— 1,030,000
Net surplus on Current Account			+ £691,000

(b) CAPITAL ACCOUNT

	£
Expenditure on works	34,399,000
Loans raised	19,399,000
Deficiency on Capital Account made up by newly created Reserve Bank credit	£15,000,000

In order to meet commitments for 1949–50 recourse had to be made to the creation of new Reserve Bank credit to the extent of £26 million, made up as follows:—

For repayment of debt	£11 million
To make up the deficiency in the Capital Account	£15 million
Total	£26 million

I have already called public attention to the fact that this large amount of newly created money was authorized at a time when New Zealand was enjoying abundant production and record prices for her exports.

Form of Public Accounts

For some years there has been discussion in this and other countries as to the most suitable form of Government accounts. I realize that it is essential to have the accounts in such a form that the actual expenditure can be compared readily with the authorizations given by Parliament. The accounts as now prepared serve this purpose, and it may be that by a judicious inclusion of summaries we can meet all requirements. Although it is not an easy matter having regard to the wide ramifications and magnitude of State activities, I would like to present the accounts in such simple form that the average taxpayer could readily understand them. I intend to have further examination made as to the practicability of making some progress in that direction without affecting comparability with the past. Meantime the accounts themselves have been issued in precisely the same detail and form as in previous years.

War Expenses Account

The War Expenses Account has been closed as from 1st April of this year, and any necessary expenditure, except by way of loans, hitherto met from that account will be met from the Consolidated Fund. To enable business and furniture loans to be arranged as heretofore £500,000 was transferred to the State Advances Corporation. The balance then remaining in the War Expenses Account—namely, £1,865,000—has been transferred to Loans Redemption Account and will be used for repayment of war debt.

This will eliminate one of the large separate accounts which has complicated the interpretation of the public accounts, and should thus bring a further measure of clarification.

I have had Table 5 prepared as an addendum to this Statement so as to provide a form of accounting history of the War Expenses Account through which, during World War II and its aftermath, nearly £749 million of expenditure has been recorded.

PUBLIC DEBT

Reference to the expense of war must remind us of public debt. At 31st March, 1950, the public debt, including approximately £26 million of suspended overseas debt, amounted to £670 million, an increase of £387·5 million since 31st March, 1936. Of the total interest bearing debt slightly under £79 million is repayable overseas, the

balance of £565 million being repayable within New Zealand. Table No. 9 attached to this Statement shows the allocation of the debt over the various war and development purposes, and full details as to interest rates and maturity dates will be found at the end of the parliamentary paper B-1 [Pt. I].

During the year just ended the net increase in the debt in round figures was £28,900,000, representing a decrease of £1,800,000 in overseas debt and an increase of £30,700,000 in internal debt. The total interest charge on the debt for last year was £16,700,000.

CAPITAL EXPENDITURE PROGRAMME

Sound development of the country's resources should proceed as fast as practicable, but unquestionably in a time of full employment harm is done to the whole economy and the standard of living of the people is lowered, whatever may be done with money incomes, if capital expenditure is not confined to the resources obtainable from the public for the purpose. There is a back-log of necessary works arising out of postponement during the war period, but the supply of capital and labour available without impairing industry and lessening production is limited.

The huge programme of works prepared by the previous Government was thoroughly examined, and the schedule of work for this year was held down to a total which it was considered could be financed without recourse to additional creation of credit. We are now assured of sufficient capital to finance our programme of works without drawing a penny from the Reserve Bank. This year, unlike the last, the Government will not be spending more than is raised from the people by taxation and borrowing combined. That is one very important change we have made to safeguard the economy of the country and the standard of living of the people. It is one of the carefully planned steps the present Government has taken to correct the position we discovered on taking office.

Hitherto there was a tendency for the Government to undertake any and every class of work, but we consider that the State should carry out only works of national importance, and that works of purely local benefit should primarily be the responsibility of local authorities or other local interests. In appropriate cases where an essential job is beyond local resources State assistance would be given, but many people have a fallacious idea that what the State provides does not

cost them anything. Where there is direct local responsibility there is likely to be greater care and consideration as to what should be done.

Housing

It is the policy of the Government to assist people to get homes of their own. State housing activities will continue, but every encouragement will be given to an expansion of private building. For this purpose building sections are being offered for sale, and a "suspensory" loan of 10 per cent. of the cost of a house, with a maximum of £200, is offered, the loan to be cancelled if the house is held by the owner for seven years. Existing State houses are also being offered for sale to occupiers on attractive terms, and during the first ten days after publication of the details of the scheme 858 applications for purchase were made by State tenants. In addition, there were over three thousand preliminary inquiries by tenants during this period, thus indicating the popularity of the new policy.

The Government has a comprehensive building programme covering both State rental houses and those for Government Departments. These latter are for accommodation away from the towns for the staffs of the Armed Services and State Hydro-electric Department, for example, and also for the settlement of ex-servicemen, both European and Maori. This year altogether £12,450,000 will be provided for housing construction, and 5,260 units are estimated to be completed. These figures compare with total expenditure of £11,380,000 and 4,405 units completed last year. The Maori housing programme is included here for both years.

To meet the urgent needs of people now living in caravans and tents and other unsatisfactory types of accommodation the Minister of Works has in hand a scheme for constructing in the four main centres temporary blocks of flats equipped with proper amenities. Blocks containing fifty flats will be erected in each centre as soon as possible. If necessary the scheme will later be extended to other centres.

Additional rural housing is being given high priority by the Government because adequate accommodation of this nature in most districts means so much towards increasing the labour force in our primary industries. A survey of requirements is being undertaken, and funds will be made available so that building contracts can be let this year.

As an experiment import licences have been issued for a limited number of different types of prefabricated houses. The purpose is to ascertain their suitability for our conditions and to obtain accurate data as to the complete costs of this type of accommodation ready for occupancy.

The Government is anxious to do everything possible to assist in overcoming the housing shortage, but a real factor that should not be overlooked is that the demand for all types of buildings, houses, schools, offices, camps, and hostels exceeds the architectural capacity, material, and man-power resources available. There has been a tendency to try and go too fast. The result has been a lack of any real competition among contractors, and this usually means higher costs. A slackening of Government work, if that were practicable, might have an appreciable effect on prices and costs.

School Buildings

New schools and other educational buildings represent a very heavy commitment because of the rapid numerical growth of the school population and the development of new housing and farming communities. The greatest need at present is for additional class-rooms for schools, and that type of building is to receive priority. For these purposes £2,750,000 has been allocated for education buildings, compared with an expenditure of £2,336,000 last year. In order to reduce the call upon loan-moneys and because of the non-productive nature of such assets financially, £750,000 of the amount to be spent this year will be provided from revenue.

Electric Power

Electric-power schemes under way in the South Island include a very large one at Roxburgh, a smaller one at Tekapo, and extensions to existing schemes at Waitaki and Cobb River. There are also lake control schemes at Pukaki and Tekapo. In the North Island efforts are being concentrated on the completion of Maraetai while considerable progress has been made on another large project at Whakamaru, and investigations into the practicability of using geo-thermal steam for power development are being vigorously pursued.

Work on all these schemes is limited mainly by the labour forces available, but the Government's immigration policy should help to meet this difficulty. Provision has been made for increased capital

expenditure this year on electric supply schemes, with a total of £7 million to be spent from loan funds. Construction on new schemes will cost about half this sum, while the balance will be required for power-transmission lines, substations, &c.

An essential part of hydro-electric development is the designing of the various schemes. The State Hydro-electric Department and the Ministry of Works are hard pressed to keep pace in design work for schemes already in hand and are unable to undertake any additional designing at the present time.

To overcome this difficulty the Minister of Works is now preparing to invite overseas consulting firms of eminence, with the technical staff capable of designing these schemes, to undertake the design of two more major schemes for the North Island. When the necessary plans and specifications are complete tenders will be called for the construction of these schemes. If it is found practicable to let contracts for these new projects on a basis of the necessary labour forces being provided from overseas a great step towards relieving the present position will have been taken.

Land Development

Land development, particularly for settlement of ex-servicemen and Maoris is being pushed ahead to maximum capacity. As well as breaking in new areas and making more use of land only partly developed, work such as roading, fencing, and building is all needed before men can be established on the new farms. In addition to other funds available from Land Settlement Account £3.25 million of loan-moneys is to be spent.

Railway Improvements

Railway capital works have been held up since the war years mainly due to lack of materials. More equipment is now available so that more funds have been allocated for purchase of rolling stock and locomotives, electrification of suburban lines, and improvements to main lines and station yards, which will ease present bottlenecks in train traffic. The sum of £5 million is made available for these works this year.

Telephones and Telegraphs

Telephone and telegraph extensions have also been delayed on account of overseas supply difficulties, but here again it is proposed to increase the capital programme to £4 million this year. This will

improve the position of toll and telephone facilities and telecommunications generally, but, by reason of the very large programme awaiting completion, work is being put in hand first where the need is greatest.

Other Works

Many other works such as highway, road and bridge construction, rivers control, forestry, and mine development schemes are being undertaken as and where requirements call for operations to be carried out immediately, and these also are provided for in the current year's expenditure estimates.

The works projects now in hand will take several years to complete and there are others to follow, so that the capital expenditure programme will remain at a high level for some years to come. How far we can go depends upon the resources that can be made available at the time. On the physical side, there is the question of obtaining labour, material, and plant, and to the extent that these are used for capital works there is obviously so much less available for production of consumer goods. Therefore we cannot avoid inflation, with all its harmful effects, unless an equal proportion of the aggregate income of the people is also used per medium of savings and investments to provide the money for the capital expenditure.

Finance for Works Programme

To assist in paying for the current year's programme I announced in May last that it is proposed to use last year's Consolidated Fund excess of receipts over expenditure, which is £4,308,000 for that purpose. That left about £33 million to be borrowed, of which approximately £2·5 million was received earlier in the year, £20 million had to be raised by the special loan issue now successfully completed, and we are confident that about £10·5 million will be provided through national savings during the year.

To show how successful was the £20 million loan, I would like to place on record some of the figures. The response of the investing public was excellent. The amount subscribed was approximately £20,940,000.

In the four-week period that the loan was open 14,071 applications were received. This total compares with 2,695 in 1946, 4,919 in 1947, 2,941 in 1948, and 2,412 in 1949. Those four loans raised by the former

Government were each open for approximately a year, and the total applications over the four-year period were 12,967, compared with 14,071 received by the present Government in four weeks.

The source of the investment in each case is also important—what class of investor supported the respective loans? Analysing the figures and eliminating investments by Government Departments, primary industry stabilization accounts, trustee savings banks, and insurance companies, we find that in the last loan raised by my predecessor £2,952,460 was subscribed by the public. That compares with £12,868,450 received from the same source by the present Government in the loan just raised.

Immigration

The extent of labour shortages in New Zealand was one of the problems which confronted the Government on taking office. In spite of a permanent gain in population from immigration, the Labour and Employment Department in April of this year recorded a total of 33,881 vacancies, the highest level yet recorded.

Although the Government realized that problems of accommodation, shipping, and recruitment of suitable immigrants were involved, it decided to undertake an expanded programme of immigration with the objective of satisfying essential labour needs and promoting the development of our country and, incidentally, increasing our national security.

An annual target of 10,000 selected immigrants has been set from 1952 onwards, but it is proposed, in view of accommodation difficulties, to bring in 7,500 persons in each of the next two years. It is hoped that the intake will be made up of approximately 5,500 migrants from the British Isles, comprising 2,000 single persons and 1,000 families, plus approximately 2,000 single men and women from Western European countries.

To avoid building large hostels which would reduce housing construction, temporary hostel accommodation in converted Army Service establishments is being arranged for single persons and also to a limited extent for the married workers. It will be necessary, however, for the Government to erect between two hundred and fifty and three hundred temporary houses annually for married couples.

In cases where industry can provide its own accommodation the Government will afford priority in bringing out suitable immigrants under its sponsorship scheme.

1950-51 Estimates

It is now time to consider what are the estimated proceeds for this year from taxation and other current receipts and how it is proposed that they shall be applied. The estimated receipts of the Consolidated Fund and the Social Security Fund taken together are—

Consolidated Fund—			£	£
Customs	..	..	22,900,000	
Beer duty	..	..	4,750,000	
Sales tax	..	..	15,250,000	
Film-hire tax	..	..	110,000	
Highways	..	..	3,925,000	
Stamp duty	..	..	9,674,000	
Land-tax	..	..	900,000	
Income-tax	..	..	56,500,000	
			<hr/>	
			114,009,000	
Interest	..	..	6,472,000	
Profits of trading undertakings			1,994,000	
Departmental receipts	..	..	10,201,000	
			<hr/>	
			132,676,000	
Less transfer to Social Security Fund	..	..	14,000,000	
			<hr/>	
				118,676,000
Social Security Fund—				
Social security charge	..	..	35,000,000	
Miscellaneous receipts	..	..	114,000	
Transfer from Consolidated Fund	..	..	14,000,000	
			<hr/>	
				49,114,000
				<hr/>
				£167,790,000
				<hr/>

The estimate for income-tax is set down at £8 million more than was collected last year. This increase is based on generally buoyant conditions, but particularly the substantial increase in wool prices. With large increases in requirements for defence and rising costs of social services the additional revenue is welcome, but as the source of it is unlikely to be stable it is not a good basis for increasing rigid expenditure commitments. In another year we may suffer an equally large fall in revenue.

Apart from a not-unexpected rise of about £2 million in Customs duties and sales-tax estimates, there are no other changes in the Consolidated Fund revenue which call for comment.

The rise of about £3·25 million in the social security charge is also due partly to the possibly temporary rise in incomes from wool, but partly also to the normal increase in national income which comes from a growing population and from smaller increases in other produce prices.

Now, how is it proposed to spend that £167 million? This is how the money will go—

Interest, repayment, and management charges on	£
the public debt	23,491,000
Defence	16,582,000
Stabilization subsidies	8,091,000
Maintenance of works, buildings, plant, &c. ..	10,979,000
Administration expenses, including agriculture, immigration, rehabilitation, police, forestry, civil aviation, &c.	29,580,000
Social services—	
Payments from Social Security	£
Fund	49,068,000
Other social service costs, (education, health, war pensions, hospital sub- sidies, &c.)	28,454,000
	<hr/> 77,522,000
Provision for supplementary estimates and contingencies	1,545,000
	<hr/> <hr/> £167,790,000

Now let us consider some of the main headings under which all this money is being expended. Outstanding among these is social services, which is set down at £77,522,000, and which amount could justifiably be increased by some part of the capital cost of buildings and other such works.

In New Zealand, as in other countries, we have been spending an increasing proportion of our national income through our social services. Over the last ten years the proportion so spent has risen from about 9 per cent. to 16 per cent. in 1949–50. Similarly, the proportion of general taxation expended on social services has risen from one-third to over one-half.

The trend to increased expenditure on social services has been universal, and in New Zealand it is the greatest single cause of high levels of taxation to-day. What needs stressing is that neither social

security schemes nor any other kind of social service can distribute goods or services which have not been produced. Nothing is free. The value of the present or any future developments in our social services will depend upon the quantity and quality of the work done on our farms, in our factories, and elsewhere. The higher the level of taxation the less incentive there is to put more effort into production, and our rates are already too high from this point of view. On the other hand, the revenue is fully committed for expenditure that is rigid to a large extent. The Government will maintain, and where practicable improve, social services, but it is obvious that in future costs must be carefully watched lest harm is done to those we would wish to benefit, through making the load of taxation so heavy as to retard progress.

Defence Expenditure

Members will recall that Parliament agreed to the taking of a referendum on compulsory military training, and that the public response was overwhelmingly in favour of such training. The first trainees under this scheme have been in camp recently, and every care has been taken to ensure that the course is as interesting and as useful as possible. Military training cannot be undertaken, however, without greatly increased cost. Buildings, uniforms, food, transport, pay, arms and ammunition, all have to be provided and paid for. In addition to our defence programme, an amount of £500,000 has been provided in the Army vote to defray the costs for the balance of this year, of the force being organized for service in Korea.

Modern equipment for all three branches of the Armed services involves an outlay of many millions, but without it our Forces could not become effective fighting units. To spread the cost of acquiring jet fighters and other modern equipment a Defence Fund was previously established. It is proposed to use the fund for costly equipment for all three services and to pay into it this year £2 million from vote "Army," £1.75 million from vote "Air," and £200,000 from vote "Navy," a total of £3,950,000.

Expenditure Economies

Any proposals for opening up new avenues of expenditure will be critically examined. It is an arresting fact that the amount taken from the people by way of taxation has risen from £38 million for 1938-39 to £149 million for the current year. Changes in the value of money account for some of the difference, but even so there has been a huge increase in Government expenditure.

Government activities have been diversified and extended during recent years. In many cases these activities could more efficiently and more cheaply be undertaken by private enterprise.

Persons employed by the State now number approximately 100,000, which is about 14 per cent. of the working population.

The Government does not contemplate any indiscriminate reduction of this or that service, but in numerous instances it would have been better for New Zealand had many people remained in productive private enterprise instead of being added to the Government's pay roll. It is the present Government's policy to curtail further expansion of its activities and to make a thorough overhaul of existing services with a view to eliminating duplication and unwarranted functions.

To protect the rights of existing State employees and to ensure the inflow of junior public employees, the situation will be dealt with along the lines of not replacing all adult employees who may leave the service of the State through death, resignation, marriage, retirement, and other causes.

While the general policy must be to call a halt to anything in the nature of spectacular increases in spending by the State, it is proposed to make a few adjustments.

Social Security Benefits

In addition to the cost-of-living bonus of 2s. 6d. a week added to the age and other benefits under social security, one of the first actions of the Government on taking office was to increase allowable income from £1 to £1 10s. a week. This allows scope to earn a further 10s. a week with full benefit or up to 10s. increase in benefit in cases where there was a reduction on account of other income. The annual cost of this adjustment is about £500,000.

Earlier in this Statement I mentioned the alteration proposed in the rate at which age-benefit is decreased on account of investments in Government stock, shares, &c. This will give a measure of assistance to the thrifty class who otherwise would receive nothing to offset the increase in living costs.

The Government in its election programme had a proposal for increasing age-benefits by 2s. 6d. a week for each year by which eligible persons postponed their applications. It is now found, however, that in present circumstances the average age of application

for age-benefits is sixty-four, and that 40 per cent. of applicants are over sixty-five when they apply for the benefit. To adopt the proposal as outlined would not attain the objective, in that people would be induced to go on benefit earlier rather than later. While the present state of affairs continues it is proposed to offer some inducement to people to continue working, and also an encouragement to saving by applying the proposal to the allowable income for beneficiaries over sixty-five years of age. It is now proposed that persons who do not apply for the age-benefit until age sixty-five or over may have an allowable income, without reduction of benefit, of £1 10s. a week, increased by 2s. 6d. a week for each year prior to application that they were eligible for the age-benefit apart from earned income. If circumstances are such that any person cannot defer his application until he is sixty-five, he will be entitled when he does reach sixty-five to the extra allowable income at the rate of 2s. 6d. a week for each year of postponement of his application. That is to say, if he could have applied for age-benefit at age sixty but did not do so until he was sixty-four, he will at age sixty-five be permitted an allowable income of £2, instead of £1 10s. The maximum allowable income will be £2 2s. 6d. a week. Thus a person who fulfils the conditions between ages sixty and sixty-five will get the full age-benefit and be able to earn up to £2 2s. 6d. a week without reduction of benefit. If married, he and his wife could then have an income of £7 7s. 6d. a week. The allowable income could be wholly or partly derived from investment of savings and thus be an encouragement to thrift during the extended working life.

The Government is concerned at the difficulty experienced by housewives, and particularly by mothers with young children, in getting help in the home. To induce women to help in this direction it is proposed to allow them to earn up to £3 a week without affecting their social security benefits.

Taxation Adjustments

High rates of taxation generally tend to hold up prices and discourage enterprise. They also limit the scope for savings and discourage them by taking a big share of the interest return from investments. Unfortunately, the high level of expenditure at present precludes anything in the nature of a general reduction in taxation.

Sales Tax Exemptions

It is, however, proposed to exempt from sales tax a wide range of articles commonly used in the homes of the people which, when added to the list of household appliances which were exempted from sales tax in March last, will make an important contribution towards making the housewives' pound go further. The full list of further exemptions now proposed will be contained in the resolution to be submitted to the House at the conclusion of this Statement, but here are some of the items in which housewives are interested:—

- Household brushware and mops.
- Clothes-lines and clothes-pegs.
- Household cleansing powders, liquids, and pastes.
- Laundry blue and starch.
- Boot, floor, furniture, linoleum, metal, and stove polishes.
- Buckets and billies.
- Sandsoap.
- Caustic soda.
- Machines and appliances for the preparation of foods.
- Egg preservatives.
- Malt extracts.
- Medicinal oils.
- Infant powders.

Removal of sales tax on these items, on which the rate is 20 per cent., will mean appreciably lower prices for a large number of articles purchased by housewives in shopping from day to day.

Included in the list of goods to be exempted are some used by farmers, and the fall in prices that should follow will help to make the farmers' pound go further. Items in which farmers will be particularly interested are:—

- Cattle and sheep marking fluids.
- Metal chain.
- Metal gates and fencing panels.
- Horse-shoes.
- Fencing-strainers.
- Water piping of 2 in. or less in diameter.

Land Tax Exemption

Because of the very large number of people who are required to make land-tax returns, involving comparatively small assessments, it has been decided to increase the exemption on unencumbered land valued at less than £2,500.

The special exemption is now limited to £500, and this is to be increased to £1,000. Apart altogether from the reduction in taxation involved, approximately twenty-five thousand owners of land will not in future be required to fill in land returns. A further effect will be to reduce substantially a great amount of departmental work involved in sorting, checking, and assessing returns.

Income-tax

As announced when the successful £20 million loan was launched, the penal 33 $\frac{1}{3}$ per cent. extra income-tax on so-called unearned income is to be abolished. We want savings to provide capital for the development of the country's resources, and they should be encouraged and not penalized.

Another adjustment aimed at encouragement of those who continue working or who derive taxable income from accumulated savings is a proposal to increase from £200 to £300 the personal exemption in the assessment of income-tax for persons over sixty-five years at the end of the income year.

The general provision for a rebate of up to £10 on income-tax otherwise payable by individuals will be continued.

As an incentive to increased primary production and a direct encouragement to the development of farm land the Government proposes that certain developmental expenditure be allowed as a deduction for taxation purposes. Under this provision expenditure such as the cost of clearing scrub, weeds, and other growth detrimental to the land and also the cost of cultivating and seeding additional pastures may be claimed as a deduction.

The Government will also make provision to enable farmers actively engaged in farming to claim as a deduction for taxation an amount not exceeding £200 in any income year for expenditure incurred in such items as draining, making fences rabbit-proof, access tracks, earthen dams, repairing flood or erosion damage, and constructing landing strips to facilitate aerial top dressing.

The Government recognizes that greater productivity can be achieved by increased mechanization, and as an incentive in this direction the Commissioner of Taxes will be empowered to grant an initial depreciation allowance of 30 per cent. on new farm equipment such as farm tractors, hay and silage, top-dressing, and cultivation

equipment. To enable farmers to take full advantage of this concession the Commissioner of Taxes will in appropriate cases modify the conditions on which claims for depreciation on farm equipment have hitherto been allowed.

To help farmers provide accommodation for farm workers and to offset higher building costs in most country areas an initial depreciation allowance of 30 per cent. in addition to ordinary depreciation rates will be granted on the construction of new cottages or other accommodation for farm workers.

These initial depreciation allowances on plant and buildings can be claimed in one year instead of the special depreciation allowances spread over five years already provided for.

The provisions of section 15 of the Land and Income Tax Amendment Act, 1945, under which the Commissioner may allow special depreciation not exceeding 30 per cent. in addition to ordinary rates of depreciation on premises, plant, or machinery, will be extended for a further year.

As provision was not made for the necessary information to be included in income-tax returns of last year's income, it is not practicable to allow the special deductions and depreciation allowances in making this year's tax assessments. Farmers may, however, go ahead with their improvements in the knowledge that they will obtain these tax concessions next year on what they now spend for these purposes.

Assistance to Primary Production

As a further measure of assistance in farming operations it has been agreed that the subsidy on imported phosphatic fertilizers (basic slag, guano, and finely ground North African phosphate) will be continued for a further twelve months on the basis of a subsidy of £2 a ton, of which industry funds will carry 85 per cent. and the Consolidated Fund 15 per cent. The period for assistance in transport of lime has been extended until July, 1952.

Investigations into the problems associated with aerial top-dressing are being actively pursued by the Department of Agriculture and the Soil Conservation Council, and the results so far are encouraging. To augment the supply of fertilizer the Government is glad to see the project for the establishment of a new fertilizer-works in Hawke's Bay going ahead satisfactorily.

Licences authorized will permit the import from the sterling area during 1950 of tractors and farm implements to a total value of £4 million. In addition, \$12·8 million have been allocated for imports of American agricultural and industrial tractors, and other specialized farm equipment.

In May, 1950, the trading banks were given freedom to make any advances agreed with their customers for the purchase by farmers of live-stock, farm machinery, vehicles, and implements.

Obtaining labour for farm work is still an acute problem, but it is hoped that some assistance will come through the Government's rural housing and expanded immigration schemes.

Wheat

Though the area in wheat had risen to almost 300,000 acres during the war it declined rapidly after 1942–43, and last season reached the low figure of 130,000 acres. To arrest further decline and to stimulate production of this important item to a reasonable figure the Government decided in March last to offer an incentive price for the following (1950–51) season of 9s. 9d. a bushel f.o.r., an effective average increase of 1s. 5d. on the 1949–50 price of 8s. 9d. f.o.b. The change to a free-on-rail basis was designed to encourage production in the back country. It is gratifying to record that there was an immediate response by wheatgrowers, and preliminary estimates of the 1950 sowings point to a considerable increase over the area sown the previous season. The new price has since been extended to the 1951–52 season.

Manufacturing Industries

It is a source of great satisfaction to record that our manufacturing industries continue to make steady progress in producing, in the great majority of cases, goods that compare favourably with those of other countries.

The Government will continue to give practical support to efficient manufacturing and processing industries and will protect them from unfair competition or practices such as dumping or other devices. The importance of efficient manufacturing industries is recognized, and they will continue to receive full consideration in any future tariff revisions. In selecting the items to be exempted from import control the opportunity was taken to free from import restrictions a wide range of industrial raw materials which are obtainable only from overseas.

Incentives

It is hoped that employers and workers, both individually and through their organizations, will develop incentive schemes designed to increase efficient output, to swell the earnings of workers, and to lower prices to the public. With proper safeguards for the workers, these schemes can do much to counteract rising living costs that are, in many cases, caused by reduced output in relation to the time actually paid for.

Conclusion

The Government's proposals for dealing with the situation it found on taking office are being carried out in carefully planned stages in an effort to get back to a sound financial basis for our economy.

To summarize four major steps in our plans already taken:—

(1) We have arrested the decline in our overseas funds and will probably balance our overseas payments with overseas income.

(2) Our dollar expenditure will probably be balanced by dollar earnings, compared with deficits of \$43 million in 1948 and \$52 million in 1949.

(3) We will balance the Budget—*e.g.*, current expenditure will not exceed current income—and we will be able to give some taxation relief.

(4) Our works programme will be met from money already in existence, and we will not create a single new pound of paper money for that purpose this year.

In the few months it has been in office the Government has been grappling with fundamental problems, and it has accomplished a great deal in restoring the foundations of our economy.

It is our purpose to restore and preserve an economy founded on the private ownership of the means of production, distribution, and exchange, with private management, fair competition, and rewards and incentives for greater effort. We want to see our farmers, traders, and manufacturers enjoying prosperity acquired through their own efforts and the maximum possible freedom from unwarranted interference or dictation by the State. We want a State in which hard work, industry and enterprise, thrift and independence will receive encouragement with just rewards and compensations.

In eight all-too-short and overcrowded months the new Government has covered a great deal of ground, but much remains to be done. But let none of us ever forget that our prosperity and progress come from the industry, enterprise, and initiative of private individuals in their daily contribution to the total sum of human progress and happiness.

The Government undoubtedly has its part to play in providing a sound and vigorous administration and giving people freedom to get on with the job of increasing the supply of goods and services which alone makes our standard of living.

We pledge ourselves to work for the benefit of the people as a whole in an endeavour to build a country in which every one can enjoy a life of happiness and good health with freedom and security.

Table No. 1

SUMMARY OF RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT), THE SOCIAL SECURITY FUND, AND THE WAR EXPENSES ACCOUNT, FOR THE YEAR ENDED 31ST MARCH, 1950

	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.
<i>Receipts</i>				
Taxation	£ 103,853,464	£ 31,702,570	£ ..	£ 135,556,034
Interest	5,886,354	17,698	..	5,904,052
Profits of trading undertakings	2,162,111	..	..	2,162,111
Rehabilitation (repayment of loans and advances, &c.) .. .. .	..	..	1,906,263	1,906,263
Departmental receipts	13,094,704	..	..	13,094,704
Miscellaneous .. .. .	..	52,905	1,343,053	1,395,958
Total—Receipts	124,996,633	31,773,173	3,249,316	160,019,122
Transfer from Consolidated Fund	—12,000,000	12,000,000	..	..
	112,996,633	43,773,173	3,249,316	160,019,122
<i>Expenditure</i>				
Debt Services—				
Interest and management	17,092,008	..	..	17,092,008
Repayment	5,393,041	..	..	5,393,041
Stabilization	14,855,588	..	..	14,855,588
Defence	9,822,128	..	344,779	10,166,907
Rehabilitation	342,018	..	3,934,345	4,276,363
Social services	*25,847,006	46,360,426	..	72,207,432
Maintenance of works, &c.	11,851,802	..	..	11,851,802
Development of industry	8,451,259	..	..	8,451,259
Administration and general	15,034,042	..	..	15,034,042
Total—Expenditure	108,688,892	46,360,426	4,279,124	159,328,442
Excess of receipts (+) or of expenditure (—) for the year	+4,307,741	—2,587,253	—1,029,808	+690,680

* Excludes £12,000,000 transfer to Social Security Fund.

Table No. 2

CONSOLIDATED FUND—ORDINARY REVENUE ACCOUNT

STATEMENT OF THE ACTUAL REVENUE FOR THE YEAR ENDED 31ST MARCH, 1946, TO THE YEAR ENDED 31ST MARCH, 1950, AND THE ESTIMATED REVENUE FOR THE YEAR ENDED 31ST MARCH, 1951

	Year Ended 31st March, 1946.	Year Ended 31st March, 1947.	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Year Ended 31st March, 1950.	Estimate for Year ended 31st March, 1951.
Taxation—	£	£	£	£	£	£
Customs	8,800,016	15,718,983	24,390,881	19,111,486	21,474,533	22,900,000
Beer duty	2,308,600	4,251,509	4,404,051	4,555,374	4,822,340	4,750,000
Sales tax	4,505,443	15,550,547	15,945,813	14,105,224	14,785,320	15,250,000
Film-hire tax	134,472	134,918	111,155	108,285	112,701	110,000
Highways	2,324,068	2,972,036	3,543,954	3,613,743	3,640,116	3,925,000
Stamp and death duties	2,802,089	9,549,709	9,382,555	9,624,256	9,567,609	9,674,000
Land-tax	937,395	939,559	854,456	916,120	967,386	900,000
Income-tax	26,465,912	32,085,057	36,632,581	49,007,672	48,483,449	56,500,000
National security tax	*	9,404,220	772,029	..	..	..
Miscellaneous	92,723	108,855	61,678	19,579	10	..
Total—Taxation	48,370,718	90,715,393	96,099,153	101,061,739	103,853,464	114,009,000
Interest—						
On capital liability—						
Electric Supply Account	883,746	750,778	1,153,027	1,539,567	1,412,977	1,660,000
Postal and telegraph	712,973	738,906	746,316	659,045	704,000	815,000
Other accounts	1,903,506	704,739	864,908	1,245,241	1,940,101	2,264,500
On the Public Debt Redemption Fund	355,560	358,295	300,724	..	..	..
On other public moneys	2,001,479	2,161,292	1,937,753	1,771,936	1,829,276	1,732,500
Total—Interest	5,857,264	4,714,100	5,002,728	5,215,789	5,886,354	6,472,000
Profits from trading undertakings	1,124,032	1,489,335	2,171,755	2,197,300	2,162,111	1,994,000
Departmental receipts	3,153,801	11,375,645	13,840,709	13,047,757	13,094,704	10,201,000
Bank of New Zealand Act, 1945—						
Stock issued .. .. .	..	..	1,770	1,330	..	..
Finance Act, 1948, section 2—						
Stock issued .. .. .	..	..	..	20,000,000	..	..
Total	4,277,833	12,864,980	16,014,234	35,240,387	15,256,815	12,195,000
Totals	58,505,815	108,294,473	117,116,115	141,523,915	124,996,633	132,676,000

* Credited to War Expenses Account up to 31st March, 1946.

Table No. 3

STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR FINANCIAL YEARS 1945-46 TO 1949-50 AND THE ESTIMATED EXPENDITURE FOR THE YEAR 1950-51

	Year Ended 31st March, 1946.	Year Ended 31st March, 1947.	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Year Ended 31st March, 1950.	Estimate for Year Ended 31st March, 1951.
Permanent Appropriations— Under Special Acts of Legislature— Civil List	£ 95,441	£ 97,083	£ 101,724	£ 98,922	£ 97,095	£ 110,040
Debt Services— Interest	18,584,434	17,558,876	17,825,052	16,619,960	16,736,819	17,443,239
Transfer to Loans Redemption Account— New Zealand Loans Amend- ment Act, 1947— Section 14 (Annual Contri- bution)	3,914,184	4,048,499	4,377,223	4,513,156	4,723,041	5,057,529
Section 11 (c)	50,000	700,000	4,200,000	4,670,000	670,000	670,000
Administration and management	247,760	207,994	210,064	225,961	355,189	320,000
Total—Debt Services ..	22,796,378	22,515,369	26,612,339	26,029,077	22,485,049	23,490,768
Other Services— Highways	2,319,130	2,955,611	219,281	205,325	234,026	245,500
Other special Acts	288,942	3,362,648	2,387,907	25,428,617	2,844,715	3,216,142
Total—Other Services ..	2,608,072	6,318,259	2,607,188	25,633,942	3,078,741	3,461,642
Total—Permanent Approp- riations	25,409,891	28,930,711	29,321,251	51,761,941	25,660,885	27,062,450
Annual Appropriations— Vote,— Legislative	126,994	138,675	152,506	177,521	170,618	174,894
Prime Minister's Department	41,346	119,262	156,966	221,449	164,263	11,920
External Affairs	208,670	395,570	673,909	621,151	733,009	764,418
Finance— Treasury	73,787	179,175	309,711	354,096	380,663	391,464
Stabilization		14,539,431	14,621,917	11,687,137	14,855,588	8,091,385
Customs	176,307	247,807	272,086	329,713	348,215	355,000
Land and Income Tax ..	328,226	543,828	560,749	731,772	770,560	885,000
Stamp Duties	177,965	148,067	169,458	191,867	209,517	*
Audit	90,977	105,962	104,311	108,419	127,167	142,495
Total—Finance	847,262	15,764,270	16,038,232	13,403,004	16,691,710	9,865,344
General Administration— Public Service Commission	27,190	41,130	63,872	81,413	81,070	79,825
Internal Affairs	649,887	1,154,957	3,184,825	1,417,935	1,595,265	2,985,017
Island Territories	384,873	430,801	652,875	663,234	838,083	918,168
Printing and Stationery ..	352,726	423,959	669,451	676,010	692,942	1,041,153
Marine	231,948	418,526	434,283	480,570	417,668	458,621
Labour and Employment ..	132,982	222,882	935,873	1,479,145	1,816,629	2,007,574
Maori Affairs	275,345	429,248	463,807	521,219	461,162	750,795
Valuation	75,345	131,976	171,276	220,557	256,375	256,000
Electoral	28,283	158,293	35,257	20,094	290,682	†
Census and Statistics ..	71,233	137,135	75,556	76,729	91,700	148,000
National Service		619				
National Employment Service	182,020	671,018				
Rehabilitation	293,346	398,645	373,330	349,304	342,018	2,318,970
Total—General Adminis- tration	2,705,179	4,619,189	7,060,405	5,986,210	6,883,594	10,964,123

* Now incorporated in vote, "Land and Income Tax" and in vote, "Justice and Prisons."

† Now incorporated in vote, "Justice and Prisons."

Table No. 3—*continued*STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND, ETC.—*ctd.*

	Year Ended 31st March, 1946.	Year Ended 31st March, 1947.	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Year Ended 31st March, 1950.	Estimate for Year Ended 31st March, 1951.
Annual Appropriations— <i>continued</i>	£	£	£	£	£	£
Vote— <i>continued</i>						
Law and Order—						
Justice and Prisons ..	311,186	480,980	554,872	605,949	707,328	895,040
Crown Law Office ..	9,841	12,662	12,971	13,679	16,675	17,865
Police	730,973	1,044,953	968,836	1,073,999	1,206,207	1,221,657
Total—Law and Order ..	1,052,000	1,538,595	1,536,679	1,693,627	1,930,210	2,134,562
Defence—						
Navy .. ..	..	1,309,869	1,736,627	2,300,533	3,138,223	3,113,901
Army .. ..	..	2,840,749	3,470,245	2,229,876	2,609,409	5,992,070
Air .. ..	..	2,955,930	4,175,219	4,456,202	4,074,496	5,255,394
Total—Defence ..	..	7,106,548*	9,382,091	8,986,611	9,822,128	14,361,365
Maintenance—						
Maintenance of Public Works and Services	1,942,344	5,281,124	6,405,234	6,759,475	7,711,790	8,900,000
Highways Maintenance ..	..	..	3,404,081	3,920,772	4,140,012	4,300,000
Total—Maintenance ..	1,942,344	5,281,124	9,809,315	10,680,247	11,851,802	13,200,000
Development of Primary and Secondary Industries—						
Organization for National Development	14,742	..	..	..	..	..
Lands and Survey ..	509,144	726,342	1,184,258	1,238,624	1,030,715	1,676,800
Forest Administration ..	..	..	..	810,659	693,963	997,000
Milk Marketing ..	..	..	..	196,837	308,596	187,355
Agriculture ..	1,067,463	1,450,342	1,609,709	1,647,794	2,161,428	2,352,000
Scientific and Industrial Research	331,275	580,882	745,004	774,433	958,750	952,470
Mines	67,651	118,233	107,166	132,438	142,743	134,190
Transport	114,330	184,455	220,849	317,738	359,996	327,440
Civil Aviation and Meteorolo- gical Services	..	..	..	1,401,730	1,525,146	2,149,000
Industries and Commerce ..	998,539	513,074	1,276,855	520,271	468,446	357,129
Tourist and Health Resorts	258,240	359,767	452,739	596,541	799,476	1,050,738
Total—Development of Primary and Secondary Industries	3,361,384	3,933,095	5,596,580	7,637,065	8,451,259	10,184,113
Social Services—						
Health	2,692,389	3,409,844	4,718,733	8,081,457	8,865,147	9,940,000
Mental Hospitals ..	863,808	1,072,130	1,243,332	..	..	..
Education	6,460,623	7,712,490	8,883,246	9,588,988	11,613,630	12,955,000
War and other pensions ..	4,172,633	4,735,185	4,688,312	4,926,081	5,368,228	5,558,975
Social Security ..	7,000,000	18,000,000	16,000,000	15,000,000	12,000,000	14,000,000
National Provident and Friendly Societies	112,448	117,118	..	..	..	..
Total—Social Services ..	21,301,901	35,046,767	35,533,623	37,596,526	37,847,005	42,453,975
Unauthorized Expenditure— Services not provided for ..	164,694	809,649	68,845	127,801	482,409	..
Total—Annual Approp- riation	31,751,774	74,752,744	86,009,151	87,131,212	95,028,007	104,114,714
Total Expenditure ..	57,251,665	103,682,455	115,330,402	138,893,153	120,688,892	131,177,164

* Previously paid from War Expenses Account.

Table No. 4
SOCIAL SECURITY FUND

RECEIPTS AND EXPENDITURE FOR THE YEARS ENDED 31ST MARCH, 1940, 1948, 1949,
AND 1950, AND ESTIMATED RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED
31ST MARCH, 1951

---	Year Ended 31st March, 1940.	Year Ended 31st March, 1948.	Year Ended 31st March, 1949.	Year Ended 31st March, 1950.	Estimate for Year Ended 31st March, 1951.
<i>Receipts</i>	£	£	£	£	£
Registration fees	635,440				
Social security charge	8,860,920	26,176,635	29,378,385	31,702,570	35,000,000
Miscellaneous receipts and interest	61,390	97,432	58,651	70,603	114,000
Transfer from Consolidated Fund	1,809,367	16,000,000	15,000,000	12,000,000	14,000,000
Total receipts	11,367,117	42,274,067	44,437,036	43,773,173	49,114,000
<i>Expenditure</i>					
Administration expenses	449,274	707,883	729,259	783,822	792,000
Emergency benefits	86,711	227,857	251,409	280,155	325,000
Hospital benefits, &c.—					
Maternity benefits	283,813	800,030	916,120	871,386	850,000
Hospital benefits	772,886	1,949,489	1,997,375	2,011,649	2,020,000
Medical benefits		2,167,826	2,306,881	2,524,290	2,608,000
Pharmaceutical benefits		1,558,350	1,793,159	2,043,843	2,157,000
Supplementary benefits		545,793	861,913	1,009,941	1,050,000
Unauthorized expenditure—					
Services not provided for			95	6,641	
Monetary benefits—					
Age	6,517,899	12,976,286	13,790,971	15,133,751	16,550,000
Invalids	942,196	1,367,300	1,348,616	1,397,713	1,448,000
Widows	785,952	1,709,626	1,847,030	2,094,641	2,247,000
Sickness	208,790	897,093	911,107	1,008,651	1,100,000
Family	252,562	13,798,648	14,242,203	14,850,959	15,245,000
Miners	92,653	110,106	113,659	120,061	126,000
Orphans	14,880	24,187	27,623	31,176	35,000
Maori War	1,103	111	10	2	
Unemployment	434,497	8,357	8,948	10,402	10,000
Universal superannuation		1,593,757	1,850,079	2,179,365	2,495,000
Social Security Amendment Act, 1943, section 13 (8) (c): Main- tenance moneys		427	580	263	
Social Security (Reciprocity with Australia) Act, 1948, section 15 (a): Agency payments				1,715	
Total expenditure	10,843,216	40,443,126	42,997,037	46,360,426	49,068,000
Excess of receipts (+) or expendi- ture (—)	+ 523,901	+ 1,830,941	+ 1,439,999	— 2,587,253	+ 46,000
Balance at the end of year	523,901	7,241,918	8,681,917	6,094,665	
Expenditure per cent. of national income	5.34	9.84	10.26	9.81 ⁽¹⁾	⁽²⁾

(1) Provisional.

(2) Not available.

Table No. 5
WAR EXPENSES ACCOUNT

	Total from 29th September, 1939, to Closing of Account.
<hr/>	
<i>Receipts</i>	
	£
Taxation	225,014,162
Loan-moneys	303,367,188
Reciprocal aid : Lend-lease and Canadian mutual aid	112,383,291
Amount received from United States of America Government for war supplies not eligible for reciprocal aid	3,269,204
Unexpended balance of defence appropriations	2,287,826
Rebate on previous expenditure on Armed Forces foodstuffs	885,344
Reverse lend-lease	725,000
Transfer of profits from Marketing Department	499,340
Transfer from Deposits Account, Marine Insurance (War Risk)	452,431
Transfer of Consolidated Fund surplus	16,194,730
Transfer from Consolidated Fund	21,555,000
Fiji Government contribution	168,750
Disposal of surplus assets	33,750,217
Disposal of assets acquired under German Reparations, World War II	243,245
Navy receipts	1,551,125
Army receipts	9,720,112
Air receipts	2,594,767
Military currency issued to New Zealand troops overseas	2,793,550
Aeroplane Fund	162,579
General	4,960,192
Rehabilitation receipts	6,318,105
Total—Receipts	748,896,158
<hr/>	
<i>Expenditure</i>	
Navy	43,365,758
Army	312,380,424
Air	148,736,581
Ancillary	38,755,603
Rehabilitation	23,351,308
Reciprocal aid : Reverse lend-lease	82,201,518
Gratuities	22,283,659
Gift of food to Britain	1,072,964
Gift to Britain as part of cost of World War II	12,500,000
Allied Military currency repaid to Allied financial agency	151,328
Loss on devaluation occupation currencies	63,359
Aeroplane Fund	162,579
Transfer to Loans Redemption Account	63,871,077
Total—Expenditure	748,896,158

War-debt outstanding as at 31st March, 1950: £201,525,604.

Table No. 6

STATEMENT SHOWING MATURITY DATES AND DOMICILE OF PUBLIC DEBT
OUTSTANDING AS AT 31st MARCH, 1950

Loans Maturing in Financial Year Ending 31st March.*	Due in				Total Debt (Nominal Amount).
	London (in New Zealand Currency).	Australia (in New Zealand Currency).	New Zealand.		
			Public.	Departmental and Other.	
	£	£	£	£	£
Overdue .. .. .	..	..	2,935	..	2,935
Treasury Bills .. .. .	..	..	..	70,000,000	70,000,000
Interest free .. .. .	..	..	1,600	..	1,600
1951	1,250,000	628,226	..	..	1,878,226
1952 .. .. .	..	..	2,591,785	7,457,400	10,049,185
1954 .. .. .	..	..	8,486,070	1,068,925	9,554,995
1955 .. .. .	..	..	6,060,560	362,340	6,422,900
1956	12,000,000	..	18,611,615	7,753,055	38,364,670
1957 .. .. .	..	..	29,767,010	11,393,835	41,160,845
1958 .. .. .	..	..	21,677,405	135,773,160	157,450,565
1959 .. .. .	..	..	9,995,735	68,835,375	78,831,110
1960 .. .. .	..	..	7,022,960	21,371,050	28,394,010
1961	6,311,679	..	18,718,930	2,356,780	27,387,389
1962 .. .. .	..	..	..	23,000,000	23,000,000
1964	7,339,656	..	23,095,790	6,302,290	36,737,736
1965 .. .. .	..	..	17,222,100	10,770,950	27,993,050
1966	17,238,187	..	6,387,065	17,232,795	40,858,047
1967	6,000,000	..	7,108,170	4,684,800	17,792,970
1969	16,000,000	..	..	..	16,000,000
1972	5,000,000	..	..	..	5,000,000
1978	7,000,000	..	..	..	7,000,000
Imperial Government advances on which payments are sus- pended	26,191,108	..	..	..	26,191,108
Totals	104,330,630	628,226	176,749,730	388,362,755	670,071,341

* 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).

SUMMARY OF DEPARTMENTAL AND OTHER INVESTMENTS IN
GOVERNMENT SECURITIES

	£
Investments held by accounts within the Public Account	27,532,995
New Zealand Broadcasting Service	1,500,000
Marketing Department	250,000
Government Life Insurance	7,388,530
Government Superannuation Board	5,611,170
Maori Trustee	894,830
National Provident Fund	620,000
Post Office	136,668,000
Post Office : National Savings	45,650,000
Public Trustee	12,761,785
Reserve Bank	91,045,325
State Advances Corporation	1,002,320
State Fire Insurance Office—	
Accident Branch	1,467,500
Fire Branch	1,298,300
Dairy Industry Account	14,200,000
Meat Industry Account	27,500,000
Wool Disposal Account	12,972,000
	<u>£388,362,755</u>

Table No. 7
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 Compared 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 ..	16,000,000	19,225,465	— 3,225,465 ⁶	79,962,101	3,273,064	— 453,032 ⁵
1950 ..	13,000,000	14,822,579	— 1,822,579 ⁷	78,139,522	2,774,797	— 498,267
Total	82,734,476	139,804,548	— 57,070,072	..	..	— 3,037,530

* Excludes £26,191,108 of debt in respect of which no payments are made.

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 £10,308,800 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. ⁶ Conversion of £19,225,465 4½-per-cent. loan to £16,000,000 3-per-cent. 1/9/68 stock; balance repaid, £3,225,465. ⁷ Conversion of £7,500,000 5-per-cent. loan 15/12/49 to 3½-per-cent. 15/12/63-66 £6,000,000; balance of £1,500,000 repaid. Conversion of £7,322,579 3½-per-cent. loan 1/2/49-54 to 3-per-cent. 1/6/73-77 £7,000,000; balance of £322,579 repaid.

Table No. 8
BURDEN OF PUBLIC DEBT
INTEREST AND ADMINISTRATION CHARGE AS PERCENTAGE OF NATIONAL INCOME
£N.Z.(thousands)

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
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	12,123	17,825	210	18,035	4.4
1949 ..	3,273	39	13,308	16,620	226	16,846	4.0
1950 ..	2,775	35	13,927	16,737	355	17,092	3.6†

* Exchange has been assessed and added to interest charge.

† Provisional.

Table No. 9

ALLOCATION OF THE PUBLIC DEBT AS AT 31ST MARCH, 1950, ACCORDING TO THE
EXPENDITURE APPEARING IN THE DEPARTMENTAL ACCOUNTS

	£
Bank of New Zealand (shares)	7,934,365
British Commonwealth Pacific Airlines, Ltd.	541,935
British Petroleum Co. of New Zealand, Ltd.	1,275,000
Christmas Island phosphates	1,375,000
Dominion Salt, Ltd.	50,000
Education buildings	18,367,775
Forests (State)	8,307,384
Harbours and lighthouses	1,689,810
Housing	57,330,720
Hydro-electric schemes	43,974,085
Land settlement and improvement	28,730,481
Linen Flax Corporation of New Zealand	300,000
Mining	6,136,797
New Zealand National Airways Corporation	1,500,000
New Zealand Woolpack and Textiles, Ltd.	150,000
Post and Telegraph services	21,450,098
Public buildings	13,791,329
Railways	84,705,204
Reserve Bank exchange adjustment	20,000,000
Roads and highways	48,453,719
Soil conservation, irrigation, and drainage	8,101,641
State Advances Corporation	34,001,697
Tasman Empire Airways, Ltd.	375,000
War loans (1914-18)	50,857,417
War expenses (1939-45)	201,525,604
Miscellaneous assets and services	7,847,420
Cash and investments in hand	1,298,860
	<hr/>
	£670,071,341

Table No. 10

ANNUAL SAVING ARISING FROM REDUCTION OR CANCELLATION
OF SUBSIDIES

Reduction—					£	£
Flour and bread	..	..	..	..	1,800,000	
Milk	..	..	..	..	1,100,000	
Abolition, tea	..	..	..	..	1,230,000	
Reduction, butter	..	..	..	..	1,360,000	
Abolition, coal	..	..	..	..	2,250,000	
Reduction, eggs	..	..	..	..	280,000	
						8,020,000
Adjustment, railway freights*	..	..	..	..	2,350,000	
Abolition, wool subsidy next season	..	..	..	..	1,350,000	
						3,700,000
						<u>£11,720,000</u>

ESTIMATED ANNUAL COST OF REMAINING SUBSIDIES

<i>Producers' Subsidies—</i>					£	£
Carriage fertilizer or lime	..	..	..	..	480,000	
Imported fertilizer	..	..	..	..	270,000	
Transport of timber	..	..	..	..	12,500	
Overtime in timber industry	..	..	..	..	200,000	
						962,500
<i>Consumers' Subsidies—</i>						
Butter	..	..	..	..	950,000	
Eggs	..	..	..	..	220,000	
Milk	..	..	..	..	1,300,000	
Wheat and flour	..	..	..	..	2,000,000	
						4,470,000
						<u>£5,432,500</u>

* The expenditure on subsidy for the year ended 31st March, 1950, was £1,055,556. The figure of £2,350,000 shown above is the estimated increase in revenue to be derived from increased charges for fares and freights. This increase is to cover the existing subsidy, increased wage and other costs, and increases in coal prices caused by the removal of subsidy on coal.

Table No. II

GROSS EXPENDITURE ON SOCIAL SERVICES: TEN YEARS TO 1950-51

In £(000)

	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50	Estimated 1950-51
<i>Revenue Expenditure</i>										
Consolidated Fund—										
Health ..	2,113	2,192	2,061	2,446	3,032	3,410	4,719	} 8,081	8,865	9,940
Mental hospitals ..	710	738	767	827	940	1,072	1,243			
Education ..	4,716	4,782	4,958	5,348	6,651	7,712	8,883		11,614	12,955
War and other pensions..	2,108	2,409	3,317	3,907	4,200	4,735	4,688		5,368	5,559
	9,647	10,121	11,103	12,528	14,823	16,929	19,533	22,596	25,847	28,454
Social Security Fund—										
Annual appropriations ..	3,021	4,419	5,431	6,033	6,408	7,050	7,957	8,856	9,532	9,812
Monetary benefits ..	10,633	11,659	12,364	13,524	16,636	29,775	32,486	34,141	36,828	39,256
	13,654	16,078	17,795	19,557	23,064	36,825	40,443	42,997	46,360	49,068
Total—Revenue expenditure ..	23,301	26,199	28,898	32,085	37,887	53,754	59,976	65,593	72,207	77,522
<i>Capital Expenditure</i>										
Public Works Account—										
Health ..	35	35	34	21	25	25	52	47	85	140
Mental hospitals ..	80	16	89	38	209	277	196	189	171	306
Education ..	466	207	236	477	1,188	992	1,066	1,650	2,337	2,750
Total—Capital expenditure ..	581	258	359	536	1,422	1,294	1,314	1,886	2,593	3,196
Total—Gross expenditure ..	23,882	26,457	29,257	32,621	39,309	55,048	61,290	67,479	74,800	80,718
Index number ..	100	111	123	137	165	230	257	283	313	338

SOCIAL SERVICES EXPENDITURE COMPARED WITH NATIONAL INCOME⁽¹⁾

National income £(m)	254.4	293.7	326.9	330.0	350.0	365.3	410.8	418.4	472.7 ⁽²⁾	⁽³⁾
Revenue expenditure, per cent. of national income ..	9.2	8.9	8.8	9.7	10.8	14.7	14.6	15.7	15.3 ⁽²⁾	⁽³⁾
Capital expenditure, per cent. of national income ..	0.2	0.1	1.1	0.2	0.4	0.4	0.4	0.5	0.5 ⁽²⁾	⁽³⁾
Total social services expenditure, per cent. of national income	9.4	9.0	8.9	9.9	11.2	15.1	14.9	16.1	15.8 ⁽²⁾	⁽³⁾

⁽¹⁾ Net National Income at factor cost.⁽²⁾ Provisional.⁽³⁾ Not available.

Table No. 12

SMALL SAVINGS : POST OFFICE SAVINGS-BANK, TRUSTEE SAVINGS BANKS,
NATIONAL SAVINGS ACCOUNTS, AND LIFE INSURANCE PREMIUMS,
1938-39 TO 1949-50

ANNUAL ADDITIONS TO BALANCES
(£ thousands)

—			(a)	(b)	(c)	(d)	Life Insurance Excess of Gross Premiums Over Gross Claims.
			Post Office Savings-bank	Trustee Savings Banks.	National Savings Accounts, and Bonds.	Totals (a) to (c)	
1938-39	..	..	-2,437 ⁽¹⁾	526	..	-1,911 ⁽¹⁾	1,933
1939-40	..	..	-2,708 ⁽¹⁾	42	..	-2,666 ⁽¹⁾	3,212
1940-41	..	..	4,955	851	1,330	7,136	3,237
1941-42	..	..	8,489	1,371	5,263	15,123	2,934
1942-43	..	..	13,025	2,190	3,828	19,043	2,379
1943-44	..	..	14,145	2,594	10,466	27,205	3,002
1944-45	..	..	14,878	1,860	10,056	26,794	3,325
1945-46	..	..	15,022	4,480	7,253	26,755	3,622
1946-47	..	..	12,728	3,286	3,010	19,024	4,584
1947-48	..	..	7,200	1,238	2,067	10,505	5,708
1948-49	..	..	6,407	993	1,392	8,792	6,075
1949-50	..	..	8,478	2,172	3,668	14,318	⁽²⁾

⁽¹⁾ Annual reduction in balances.

⁽²⁾ Not available.

Table No. 13
COMPARISON OF RETAIL PRICES OF BASIC FOODSTUFFS
(In New Zealand currency)

Item.	Unit.	New Zealand (Wellington), June, 1950.	Australia (Sydney), April, 1950.	South Africa (Cape Town), March, 1950.	Great Britain ⁽¹⁾ , 16th May, 1950.	Canada (Dominion Average), January, 1950.	U.S.A. ⁽²⁾ (Average Fifty-six Large Cities), 15th February, 1950.
		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Bread (a) ..	2 lb.	0 7½	0 6¼	0 8	0 5½	1 4¼	2 0
Flour (a) ..	25 lb.	7 7	5 2½	7 9	6 9½	11 10	17 3
Tea (a) ..	lb.	6 0½	2 2½	7 0	3 4 ⁽⁵⁾	6 9¼	(3)
Coffee ..	"	5 8¾	(3)	4 2½	(3)	5 6	5 5½
Sugar ..	"	0 6¾	0 4	0 3¾	0 5	0 8	0 8¼
Milk (fresh) (a) ..	Quart	0 8	0 9¼	0 10	0 10	1 2	1 5½
Butter (a) ..	lb.	2 0	1 8¾	2 6	1 10	4 3	5 2¾
Cheese ..	"	1 6	1 3½	2 0½	1 2	3 11	3 8¾
Bacon ..	"	2 2	2 11½	2 8½	2 0	4 8½	4 2½
Raisins ..	"	1 0½	1 3	1 5¾	(3)	1 3	(3)
Prunes ..	"	1 6¼	(3)	1 8¼	1 0	1 5½	1 8¼
Canned peaches ..	30 oz. tin	2 5¼	1 4½	(3)	(3)	2 8½	1 11½
Beef: Rib roast ..	lb.	0 11¾	0 9¾	0 8	2 2 ⁽⁴⁾	4 2¾	4 10½
Mutton: Leg ..	"	1 3¼	0 9¼	1 5	2 0	(3)	(3)
Pork—Loin ..	"	1 7	2 1¾	(3)	2 0 ⁽⁵⁾	4 0½	(3)
Chops ..	"	1 9¼	2 2¼	1 8	(3)	(3)	4 9

(¹) Maximum prices. (²) Prices exclude sales tax. (³) Not available. (⁴) Wing rib. (⁵) Leg.
(*) Average price, mid-October, 1948. (a) Subsidies on these items were recently reduced or abolished.

SOURCE

Australia—Commonwealth Statistician.
South Africa—Census and Statistics Office.
Great Britain—Ministry of Labour.

Canada—The Labour Gazette.
United States of America—Bureau of Labor
Statistics.

Table No. 14
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
1939	..	..	100	100	100	100	100	100	100
1940	..	..	105	106	104	102	84	96	95
1941	..	..	113	112	113	112	69	95	94
1942	..	..	110	109	110	109	58	89	88
1943	..	..	109	116	105	103	58	85	84
1944	..	..	108	132	91	90	66	81	80
1945	..	..	114	156	84	81	63	76	73
1946	..	..	112	111	113	105	66	94	87
1947	..	..	118	113	121	110	86	106	97
1948	..	..	123	114	129	114	115	123	109
1949*	..	..	129	121	134	116	103	121	105

* Provisional.

Table No. 15
NEW ZEALAND OVERSEAS FINANCIAL TRANSACTIONS—BALANCE OF PAYMENTS FOR THE
CALENDAR YEARS 1948 AND 1949
£(thousands)

—		1948.	1949.	—		1948.	1949.
<i>Receipts</i>				<i>Payments</i>			
<i>Current items—</i>				<i>Current items—</i>			
Exports ..	..	124,563	139,203	Imports ..	..	93,303	109,496
Other trade transactions ..	..	7,125	5,559	Other trade transactions ..	..	6,291	7,229
Commissions, royalties, and insurance ..	..	798	1,024	Donations and allowances ..	..	1,086	1,272
Donations and allowances ..	..	936	1,237	Travellers ..	..	2,076	4,164
Travellers ..	..	694	964	Interest and dividends ..	..	2,725	3,198
Interest and dividends ..	..	977	1,013	Legacies ..	..	1,362	1,523
Legacies ..	..	1,239	1,168	Private debts due ..	..	3,349	1,129
Private debts due ..	..	617	627	Government payments (Including Imports)	..	30,164	26,593
Government receipts ..	..	780	1,078	Film hire and entertainments ..	..	493	688
Total—Current ..	..	137,729	151,873	Total—Current ..	..	140,849	155,292
Capital transfers ..	..	11,966	8,651	<i>Capital items—</i>			
Unidentified ..	..	..	153	Debt Repayment—	..	..	..
Total—Receipts ..	..	149,695	160,677	Government ..	..	3,242	1,832
				Local bodies ..	..	1,223	490
				Other capital payments ..	..	10,641	7,608
				Total—Capital ..	..	15,106	9,930
				Total—Payments ..	..	155,955	165,222

Table No. 16

NEW ZEALAND OVERSEAS FINANCIAL TRANSACTIONS—BALANCE OF
PAYMENTS WITH THE DOLLAR AREA, CALENDAR YEARS 1948 AND 1949
(£ thousands)

	U.S.A.		Canada.		Total.	
	1948.	1949.	1948.	1949.	1948.	1949.
<i>Receipts</i>						
Current items—						
Exports	6,057	6,030	2,648	2,034	8,705	8,064
Other trade transactions	262	248	390	107	652	355
Commissions, royalties, and insurance	43	46	52	30	95	76
Donations and allowances	48	67	12	27	60	94
Travellers	49	55	9	14	58	69
Interest and dividends	17	4	7	6	24	10
Legacies	29	18	9	29	38	47
Private debts due	35	44	10	11	45	55
Government receipts .. .. .	..	16	..	1	..	17
Total—Current	6,540	6,528	3,137	2,259	9,677	8,787
Capital transfers	138	163	65	71	203	174
Unidentified .. .. .	..	5	..	7	..	12
Total—Receipts	6,678	6,636	3,202	2,337	9,880	8,973
<i>Payments</i>						
Current items—						
Imports	11,253	14,050	5,663	4,061	16,916	18,111
Other trade transactions	834	864	28	68	862	932
Donations and allowances	13	16	4	5	17	21
Travellers	149	204	13	21	162	225
Interest and dividends	352	507	98	82	450	589
Legacies	74	63	41	43	115	106
Private debts due	106	60	23	10	129	70
Government payments (including imports)	1,113	1,311	608	289	1,721	1,600
Film hire and entertainments	358	408	..	..	358	408
Total—Current	14,252	17,483	6,478	4,579	20,730	22,062
Capital items : Other capital payments	75	151	66	87	141	238
Total—Payments	14,327	17,634	6,544	4,666	20,871	22,300

Table No. 17

NET OVERSEAS ASSETS*
(£stg. millions)

Year.			Last Balance Day.		Year.			Last Balance Day.	
			June.	December.				June.	December.
1938	..	..	20.9	5.4	1945	..	..	62.1	75.1
1939	..	..	7.3	12.6	1946	..	..	78.1	83.3
1940	..	..	21.9	18.7	1947	..	..	84.1	60.6
1941	..	..	24.9	20.2	1948	..	..	76.5	56.5
1942	..	..	29.8	32.4	1949	..	..	72.5	52.3
1943	..	..	32.1	34.3	1950	..	..	77.2	†
1944	..	..	32.8	42.7					

* Reserve Bank sterling exchange and trading banks' assets overseas in respect of New Zealand business, less overseas liabilities.
† Not available.

Table No. 18

THE NATIONAL INCOME AND EXPENDITURE

A country's national income is everybody's incomes added together. Statistics of its growth provide a good basis for assessing prosperity, comparing taxation, studying inflationary trends, &c. It includes salaries and wages of private persons, and profits of firms, of traders, and of Government business undertakings.

During each year a certain volume of commodities is produced ; it consists not only of articles, such as a cake of soap, but also of services, such as those provided by teachers. It is the selling-price of this flow of goods and services which fixes the value of the national income. This reveals the two-sided nature of the national income—it is firstly the amount of everybody's income, and, secondly, it is the value of the things they produce.

NATIONAL INCOME

All those agents helping to produce the flow are called "factors" of production. Therefore we have the term national income at "factor cost" which, in everyday words, means the total incomes earned by all those people and firms engaged in producing things during the year.

If a firm or a person produces and sells some article then part of the money received from its sale is paid out by the firm or person to its suppliers or employees, and part retained as profit. These wages, profits, &c., are then the "factor cost" of that article, being the incomes "generated" during its production.

Now, if sales tax is levied on the article, its selling-price is increased over and above its factor cost. That is why indirect taxes are added to bring the national income up to market price. Subsidies on the other hand reduce the price of the subsidized commodities ; therefore they are deducted from the factor cost to show the market value.

Finally, business firms and traders charge in the prices of their commodities sufficient to recoup depreciation of their assets. This is because part of their assets are used up in the process of helping to produce the year's output. But depreciation does not appear directly as any one's income and therefore is excluded from the "factor cost" of the commodity. So to find the real market or selling price, we must add back depreciation allowances. We then have the *total* value of all goods and services produced and sold within the year, which is the amount of gross national income, or as it is also called "gross national product."

NATIONAL EXPENDITURE

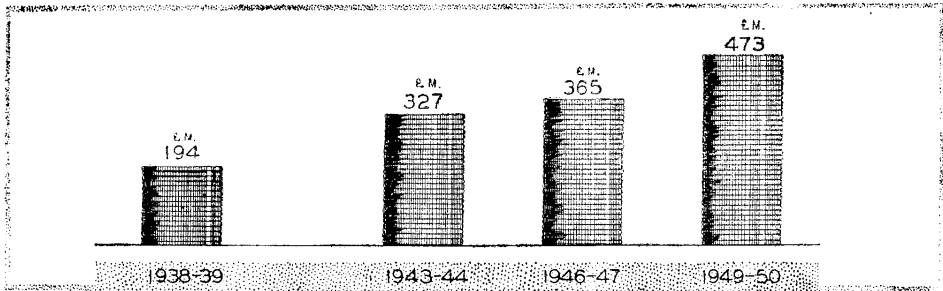
Another side of this method of book-keeping for the nation shows how the national income has been spent. National expenditure falls into three categories. The first is the production of goods from which may be drawn a future supply of commodities. These we term "investment" or "capital formation," and they include construction of houses and roads, importation of machines, &c. Secondly, the income may be spent in purchasing "consumers' goods," such as bread, house-room, or motor-cars. The third avenue of expenditure is called "net investment overseas," which (if positive) means that we have received more from the sale of our exports than we have paid for imports, freights, insurances, and other items entering into international trade. When these three items are added together they are called "gross national expenditure" and equal gross national income.

Table No. 19
NATIONAL INCOME AND EXPENDITURE
(£ million)*

—	1938-39.	1943-44.	1946-47.	1947-48.	1948-49.	1949-50 (Pro- visional).
<i>Income</i>						
Salary and wage payments	111	140	186	210	227	253
Pay and allowances of Armed Forces	1	58	8	6	4	5
Social security benefits and pensions	8	16	35	38	39	43
Rental value, owner-occupied houses	6	8	9	10	11	11
Other personal income	54	74	109	129	132	154
Company income	20	37	48	53	48	53
<i>Private Income</i>	200	333	395	446	461	518
<i>Plus—</i>						
Government and local authority trading income	9	18	15	13	12	13
Lump-sum payments from United Kingdom Government .. ..	..	3	5	5	..	..
<i>Less transfer incomes—</i>						
Social security benefits and pensions	— 8	— 16	— 35	— 38	— 39	— 43
Interest on public debt paid in New Zealand	— 7	— 11	— 15	— 15	— 16	— 16
<i>Net National Income at Factor Cost</i>	194	327	365	411	418	473
<i>Plus</i> indirect taxation	21	32	43	53	46	50
<i>Less</i> subsidies	— 1	— 3	— 12	— 14	— 12	— 15
<i>Net National Income at Market Prices</i>	214	355	397	450	453	508
<i>Plus</i> depreciation allowances	15	17	22	25	27	29
<i>Gross National Product</i>	229	372	419	475	480	537
<i>Expenditure</i>						
Personal consumption	160	175	250	285	340	345
Current Government expenditure on goods and services	32	161	55	63	65	71
Gross capital formation in New Zealand	43	40	85	133	70	116
Net overseas investment	— 6	— 4	29	— 6	5	4
<i>Gross National Expenditure</i>	229	372	419	475	480	537

* Items and totals rounded to the nearest million in Tables 19 and 20.

Table No. 20
NET NATIONAL INCOME
(AT FACTOR COST)



GROSS NATIONAL INCOME AND EXPENDITURE
1949-50

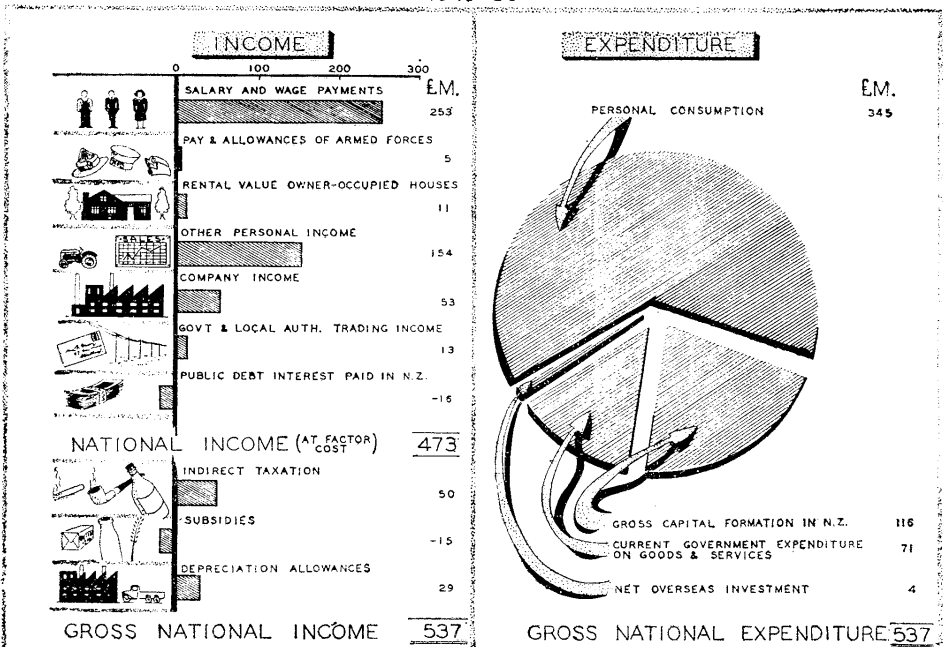


Table No. 21

INDICATORS OF NEW ZEALAND ECONOMIC CONDITIONS

MOST RECENT INFORMATION COMPARED WITH 1938-39.

	Unit.	1938-39.			Recent Figures.			
		Year Ended 31st. March,	Amount.	Year Ended 31st. March,	Amount.	Year Ended 31st. March,	Amount.	Year Ended 31st. March,
<i>Production—</i>								
Value of total production	£(m.) ..	1939 ¹	136.1	1947 ¹	230.2	1948 ¹	266.3	1949 ¹
Volume of total production (1938-39 = 100)	Index No.	1939 ¹	100	1947 ¹	118	1948 ¹	123	1949 ¹
Value of farm production	£(m.) ..	1939 ¹	81.9	1947 ¹	131.4	1948 ¹	155.0	1949 ¹
Volume of farm production (1938-39 = 100)	Index No.	1939 ¹	100	1947 ¹	110	1948 ¹	113	1949 ¹
Value of gross farming income	£(m.) ..	1939 ¹	68.9	1947 ¹	113.4	1948 ¹	135.5	1949 ¹
Wool production (lb.—greasy basis)	Million ..	1939 ¹	327.7	1948 ¹	362.0	1949 ¹	367.0	1950 ¹
Butter production (tons)	(000) ..	1939 ¹	148	1948 ¹	152	1949 ¹	166	1950 ¹
Cheese production (tons)	(000) ..	1939 ¹	85	1948 ¹	86	1949 ¹	99	1950 ¹
Total butterfat production (lbs.)	Million ..	1939 ¹	400	1948 ¹	418	1949 ¹	458	1950 ¹
Meat production (tons)	(000) ..	1939 ²	470	1947 ¹	560.0	1948 ¹	549.1	1949 ¹
Value of factory production ²	£(m.) ..	1939 ¹	30.5	1947 ¹	61.7	1948 ¹	70.8	1949 ¹
Volume of factory production ² (1938-39 = 100)	Index No.	1939 ¹	100	1947 ¹	146	1948 ¹	159	1949 ¹
Total factory employees	(000) ..	1939 ³	123.7	1948 ³	162.8	1949 ³	164.7	1950 ³
Electric-power production (units)	Million ..	1939	1,413.5	1948	2,589.6	1949	2,834.2	1950
Gas production (coal-gas sold) (cubic feet)	Million ..	1939	3,591.4	1947	4,637.4	1948	4,768.9	1949
Coal production (tons)	(000) ..	1938 ⁴	2,222	1947 ⁴	2,752	1948 ⁴	2,776	1949 ⁴
Timber production (superficial feet)	Million ..	1939	316.7	1948	430.6	1949	470.3	1950

Table No. 21—continued
INDICATORS OF NEW ZEALAND ECONOMIC CONDITIONS—continued
MOST RECENT INFORMATION COMPARED WITH 1938-39—continued

	Unit.	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—continued—</i>									
Building permits issued in urban districts—									
Total value all buildings	£(m.) ..	1939	12.1	1948	21.4	1949	26.4	1950	30.4 ⁵
Private dwellings	Number	1939	8,093	1948	9,854	1949	11,102	1950	11,530 ⁵
Government housing construction : Dwellings commenced (included above)	Number	1939	3,432	1948	2,651	1949	3,627	1950	4,064 ⁵
Value of goods available for consumption	£(m.) ..	1939 ¹	134.6	1947 ¹	217.6	1948 ¹	289.9	1949 ¹	281.3 ⁵
Volume of goods available for consumption (1938-39 = 100) ..	Index No.	1939 ¹	100	1947 ¹	106	1948 ¹	123	1949 ¹	121 ⁵
Membership of workers' unions	(000) ..	1938 ⁴	249.2	1947 ⁴	260.4	1948 ⁴	271.1	1949 ⁴	275.8
<i>Trade—</i>									
Value of exports, N.Z. produce (excluding specie)	£(m.) ..	1939 ¹	57.4	1947 ¹	120.7	1948 ¹	145.0	1949 ¹	147.9
Volume of exports, N.Z. produce (excluding specie), (1938-39 = 100)	Index No.	1939 ¹	100	1947 ¹	118	1948 ¹	122	1949 ¹	131
Value of imports (excluding specie)	£(m.) ..	1939 ¹	56.5	1947 ¹	91.0	1948 ¹	146.9	1949 ¹	110.2
Volume of total imports (excluding specie), (1938-39 = 100) ..	Index No.	1939 ¹	100	1947 ¹	83	1948 ¹	114	1949 ¹	102
<i>Transport and Communications—</i>									
Radio-receiving licences	(000) ..	1939 ³	317.5	1948 ³	421.0	1949 ³	432.1	1950 ³	449.3
<i>Railways—</i>									
Passenger journeys	Million..	1939	23.3	1948	25.9	1949	26.2	1950	25.9
Net ton-miles run	Million..	1939	574.5	1948	937.4	1949	970.8	1950	1,021.1
Motor-vehicles licensed	(000) ..	1939 ³	307.9	1948 ³	360.9	1949 ³	387.0	1950 ³	413.4
<i>Finance—</i>									
Net national income at factor cost	£(m.) ..	1939	194.1	1948	410.8	1949	418.4	1950	472.7 ⁵
Salary and wage payments (included above)	£(m.) ..	1939	111.1	1948	210.1	1949	226.7	1950	252.6 ⁵

Finance—continued—

Trading bank deposits (excluding Government)	..	..	£(m.) ..	1939	64.1	1948	165.7	1949	175.7	1950	188.1
Weekly bank debits (excluding Government)	..	..	£(m.) ..	1939	18.0	1948	42.3	1949	43.7	1950	47.3
Net bank-note circulation	..	..	£(m.) ..	1939	10.4	1948	40.4	1949	40.8	1950	43.4
Net overseas funds of banks (New Zealand business only and in New Zealand currency)	..	..	£(m.) ..	1939 ⁷	9.3	1948 ⁷	84.9	1949 ⁷	67.4	1950 ⁷	67.4
Post Office Savings-bank—											
New deposits	..	..	£(m.) ..	1939	30.4	1948	72.6	1949	70.7	1950	78.0
Amount to credit of depositors	..	..	£(m.) ..	1939 ³	60.7	1948 ³	160.9 ¹⁰	1949 ³	166.3 ¹⁰	1950 ³	171.0 ¹¹
Trustee Savings-banks—											
New deposits	..	..	£(m.) ..	1939	8.6	1948	16.1	1949	16.0	1950	17.6
Amount to credit of depositors	..	..	£(m.) ..	1939 ³	13.9	1948 ³	31.8	1949 ³	32.8	1950 ³	34.9
National Savings Accounts : Amount to credit	..	..	£(m.) ..	..	..	1948 ³	36.1	1949 ³	40.2	1950 ³	47.7
Mortgages registered	..	..	£(m.) ..	1939	20.0	1948	32.0	1949	35.3	1950	36.0
Mortgages discharged	..	..	£(m.) ..	1939	16.6	1948	25.4	1949	23.4	1950	23.1
Land transfer transactions	..	..	£(m.) ..	1939	23.7	1948	40.5	1949	38.4	1950	40.7
Sales-tax receipts (total revenue)	..	..	£(m.) ..	1939	3.6	1948	15.9	1949	14.1	1950	14.8
<i>Miscellaneous—</i>											
Totalizator investments	..	..	£(m.) ..	1939	7.8	1948	24.2	1949	21.1	1950	24.5
Marriages (rate per 1,000 of mean population)	..	..	..	1938 ⁴	10.09	1947 ⁴	10.92	1948 ⁴	9.93	1949 ⁴	9.50
Births (rate per 1,000 of mean population)	..	..	..	1938 ⁴	17.93	1947 ⁴	26.42	1948 ⁴	25.52	1949 ⁴	24.89
<i>Prices Index Numbers—</i>											
Exports (1909-13 = 1000)	..	..	Index No.	1938 ⁴	1367	1947 ⁴	2555	1948 ⁴	2825	1949 ⁴	2765
Wholesale (1926-30 = 1000)	..	..	Index No.	1938 ⁴	1036	1947 ⁴	1649	1948 ⁴	1837	1949 ⁴	1825
Consumers' price-index—											
Food groups (first quarter, 1949 = 1000)	..	..	Index No.	..	6	1948	6	1949 ⁸	1007	1950 ⁸	1097
All groups (first quarter, 1949 = 1000)	..	..	Index No.	..	6	1948	6	1949 ⁸	1002	1950 ⁸	1052
Retail (converted to 1926-30 base)—											
Food groups (1926-30 = 1000)	..	..	Index No.	1938 ⁴	991	1947 ⁴	1224	1948 ⁴	1382	1949 ⁴	1421
All groups (1926-30 = 1000)	..	..	Index No.	1938 ⁴	951	1947 ⁴	1217	1948 ⁴	1314	1949 ⁴	1336

Table No. 21—*continued*
INDICATORS OF NEW ZEALAND ECONOMIC CONDITIONS—*continued*
MOST RECENT INFORMATION COMPARED WITH 1938-39—*continued*

	Unit.	1938-39.		Recent Figures.						
		Year Ended 31st March.	Amount.	Year Ended 31st March.	Amount.	Year Ended 31st March.	Amount.			
<i>Prices Index Numbers—continued</i>										
<i>Wage-rates—</i>										
Nominal: Adult males (1926-30 = 1000)	..	Index No.	1938 ¹	1081	1947 ⁴	1489	1948 ⁴	1588	1949 ⁴	1678
Effective: Adult males (1926-30 = 1000)	..	Index No.	1938 ⁴	1137	1947 ⁴	1224	1948 ⁴	1209	1949 ⁴	1256
<i>Share prices—</i>										
Industrial (1938 = 1000)	..	Index No.	1938 ⁴	1000	1947 ⁴	1444	1948 ⁴	1430	1949 ⁴	1368
Finance, &c. (1938 = 1000)	..	Index No.	1938 ⁴	1000	1947 ⁴	1697	1948 ⁴	1609	1949 ⁴	1566
All groups (1938 = 1000)	..	Index No.	1938 ⁴	1000	1947 ⁴	1570	1948 ⁴	1520	1949 ⁴	1467

¹ Production year—approximately twelve months ended June.

² Calendar year.

³ Based on advance estimates and subject to alteration.

⁴ Average of the production years, 1936-37, 1937-38, 1938-39.

⁵ Does not include factory processing of primary products.

⁶ Not available.

⁷ Last week in March.

⁸ Quarter ended June 30th.

⁹ On the 1st April, 1949, amounts to credit of War Gratuity Savings-bank Accounts, totalling £11,448,000 were transferred to ordinary Post Office Savings-bank Accounts. During April and May, 1949, £1,950,000 of this amount was withdrawn in cash and £1,843,000 transferred to National Savings Accounts. These transactions are excluded from normal savings-bank figures.

Table No. 22

*Copy of Prospectus of Internal Loan*DOMINION OF NEW ZEALAND
1950 NATIONAL DEVELOPMENT LOAN

ISSUE OF £20,000,000

£3-PER-CENT. STOCK. REPAYABLE 15TH AUGUST, 1959/61

Price of Issue : £99/10/- per cent.

Payable in full at time of application, or by instalments of :—

£10 per cent. on application.

£40 per cent. on Tuesday, the 15th August, 1950.

£49/10/- per cent. on Friday, the 1st December, 1950.

Interest Payable 15th February and 15th August

First interest payment on fully-paid applications 15th August, 1950, and on instalment applications 15th February, 1951

Or£2 $\frac{1}{2}$ -PER-CENT. STOCK. REPAYABLE 15TH AUGUST, 1954

Price of issue : £100 per cent.

Payable in full at time of application, or by instalments of :—

£10 per cent. on application.

£40 per cent. on Tuesday, the 15th August, 1950.

£50 per cent. on Friday, the 1st December, 1950.

Interest Payable 15th February and 15th August

First interest payment on fully-paid applications 15th August, 1950, and on instalment applications 15th February, 1951

Loan Opens 29th May, 1950. Closes 23rd June, 1950

*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 Trustees Act, 1908, unless expressly forbidden by the instrument (if any) creating the trust.*

The proceeds of this Loan will be used for :—

National Development works, including Hydro-electric, Housing, Public Buildings, Roads and Railways, Irrigation and Soil Conservation, Lighthouses and Harbours, Forestry, Land Settlement and Development, and Telegraph extensions, including telephones. A part of the proceeds may be used for repaying existing loans.

The acceptance of amounts by way of Advance Subscriptions is discontinued as from the date of this Prospectus. Persons who have made Advance Subscriptions and who elect to take up 3-per-cent. Stock repayable 15th August, 1959/61, will receive a refund of 10s. per cent. of the amount subscribed.

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.

Table No. 22—continued

Copy of Prospectus of Internal Loan—continued

1. *Applications.*—Applications may be paid in full at time of application or by instalments as specified in this Prospectus. Any instalment due may be paid in advance of the due date, and interest at the rate stipulated will be allowed from the actual date of payment.

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

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 New Zealand 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 of fully-paid allotments 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 February and 15th August.

The first payment on fully-paid applications will be made on the 15th August, 1950, and will represent interest from the date of lodgment of the application money up to that date.

The first payment on instalment applications will be made on the 15th February, 1951, and will represent interest from the dates of the deposits up to 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 person who is the registered holder of the Stock 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. 1959/61 Stock at par at any time during the period 15th August, 1959, to the 15th August, 1961, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

The 2½-per-cent. 1954 Stock will be repaid at par at the Reserve Bank of New Zealand on the 15th August, 1954, and the 3-per-cent. 1959/61 Stock, if not previously redeemed, on the 15th August, 1961.

6. *Remittances.*—Cheques in payment of amounts subscribed to this Loan should be drawn in favour of the Reserve Bank of New Zealand, Wellington, and will be accepted free of inland exchange.

Table No. 22—continued

Copy of Prospectus of Internal Loan—continued

7. *Commission.*—Commission at the rate of 5s. per £100 of Stock issued will be paid on applications received through Bankers and registered Sharebrokers in New Zealand.

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 Minister of Finance reserves the right to accept applications exceeding in the aggregate £20,000,000.

The lists for this Loan will be opened on Monday, the 29th May, 1950, and will be closed on or before Friday, the 23rd June, 1950.

Reserve Bank of New Zealand,
Wellington, 29th May, 1950.

Table No. 23

Copy of Prospectus of London Loan, 15th December, 1949

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 3½-PER-CENT. STOCK, 1963-66

Interest Will be Payable Half-yearly on the 15th June and the 15th December

The first payment, at the rate of 3s. 6d. per £100 Stock, will be made on the 15th December, 1949, in respect of Stock issued for cash

ISSUE OF £6,000,000 STOCK

Under the New Zealand Loans Act, 1932

Price of Issue: £98 10s. per cent.

Payable as follows:—					Per Cent.	
					£	s. d.
On application	..	..	..	..	10	0 0
On Friday, the 28th October, 1949	..	..	..	..	15	0 0
On Thursday, the 8th December, 1949	..	..	..	..	73	10 0
					<hr/>	
					£98	10 0
					<hr/>	

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.

Table No. 23—*continued**Copy of Prospectus of London Loan—continued*

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 5-per-cent. Inscribed Stock, 1949, 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 $\frac{1}{2}$ 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 4 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 £105,800,000. During the corresponding period the value of New Zealand's exports has risen from £46,500,000 per annum to over £139,000,000 per annum.

The proceeds of the Stock issued for cash will be applied towards the redemption on the 15th December, 1949, of New Zealand Government 5-per-cent. Inscribed Stock, 1949, 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 15th December, 1966, 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 15th December, 1963, 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.

Table No. 23—continued

Copy of Prospectus of London Loan—continued

Interest will be payable half-yearly on the 15th June and the 15th December; the first payment, at the rate of 3s. 6d. per £100 Stock, will be made on the 15th December, 1949, in respect of Stock issued for cash. The interest due on the 15th December, 1949, will be paid (less income-tax) by coupon if the relative Scrip Certificate to Bearer has not been registered on or before the 15th November, 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 5-per-cent. Inscribed Stock, 1949, do not reach the total of £6,000,000 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 Monday, the 17th October, 1949.

Scrip Certificates to Bearer, in denominations of £100, £500, £1,000, and £5,000, with coupons attached for the interest due on the 15th December, 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 15th November, 1949, the coupon for the interest due on the 15th December, 1949, must also be surrendered.

The first interest payment in respect of Stock issued for cash will be at the rate of 3s. 6d. per £100 Stock and will be made on the 15th December, 1949.

The list of cash applications will be opened and closed on Friday, the 7th October, 1949.

ISSUE OF STOCK IN EXCHANGE FOR NEW ZEALAND GOVERNMENT 5-PER-CENT. INSCRIBED STOCK, 1949

Holders of the above Stock, which will be redeemed at par on the 15th December, 1949, are invited to apply to exchange their holdings, in whole or in part, for New Zealand Government $3\frac{1}{4}$ -per-cent. Stock, 1963–66, on the terms set forth in this prospectus.

Holdings of New Zealand Government 5-per-cent. Inscribed Stock, 1949, in respect of which applications are accepted will be exchanged, as on the 15th December, 1949, into New Zealand Government $3\frac{1}{4}$ -per-cent. Stock, 1963–66, at the rate of £100 of such Stock for each £100 Stock surrendered; a cash payment at the rate of £1 10s. for each £100 Stock surrendered, representing the difference between £100, the redemption value of New Zealand Government 5-per-cent. Inscribed Stock, 1949, and £98 10s., the issue price of New Zealand Government $3\frac{1}{4}$ -per-cent. Stock, 1963–66, will be made on the 15th December, 1949, to holders of New Zealand Government 5-per-cent. Inscribed Stock, 1949, whose applications are accepted, and not to subsequent holders.

Table No. 23 —continued

Copy of Prospectus of London Loan—continued

Holdings of New Zealand Government 5-per-cent. Inscribed Stock, 1949, in respect of which applications are accepted will be known until the close of business on the 14th December, 1949, as New Zealand Government 5-per-cent. Inscribed Stock, 1949, "Assented." The half-year's interest due on the 15th December, 1949, on "Assented" Stock will be paid on that date to the persons who are registered as holders of "Assented" Stock at the close of business on the 15th November, 1949.

The first interest payment in respect of Stock issued in exchange for New Zealand Government 5-per-cent. Inscribed Stock, 1949, will be a full six months' interest and will be made on the 15th June, 1950.

The total of New Zealand Government 5-per-cent. Inscribed Stock, 1949, outstanding is £7,500,000. *This offer of exchange is limited to a total amount of £6,000,000 5-per-cent. Stock and the list will remain open until applications in respect of this amount of Stock has been accepted, provided however that applications will not be received after Monday, the 17th October, 1949.*

Applications for exchange must be made on the special printed forms which have been sent by post to all registered holders of 5-per-cent. Inscribed Stock, 1949 (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 15th December, 1949; the interest due on that date 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 3½-per-cent. Stock, 1963–66, allotted.
On applications for exchange	5s. per £100 nominal of New Zealand Government 5-per-cent. Inscribed Stock, 1949, 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 and Co., 13 George Street, London E.C. 4; from Messrs. J. and 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 21st October, 1949.

Bank of England,
4th October, 1949.

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