

War pensions—Increased provision to be made by legislation for totally or partially incapacitated soldiers as a result of Special Commission's report.

Native-land settlement—Purchase of Te Kuiti Township to be completed.

Additional concessions to Public Trust Office clients.

Western Samoa—

Continued provision for research in tropical diseases and co-operation with London School of Tropical Medicine.

Meteorological services to be extended.

Gradual reduction of free-of-income-tax securities.

Further reduction in London charges for stock management to be sought.

Public debt extinction legislation to be introduced providing for more effective method of reduction.

Estimated reduction in interest and sinking fund charges, £233,782.

Loans falling due (£9,548,865) to be provided for.

Payment of £1,651,930 (interest and principal) to British Government for funded debt.

Relief to be provided for flood sufferers.

Remission of Customs duties—Tea duty to be reduced.

Further reduction in land and income tax; income-tax on land to be remitted.

375,000 Bank of New Zealand £1 shares to be purchased at par.

Return to pre-war rates of taxation.

CONCLUSION.

I have not intended to suggest that the Government is entitled to take all the credit for the present prosperity of the Dominion, but at the same time I am justified in claiming that a great measure of the success achieved is the outcome of sound finance, combined with prudent and careful administration.

In 1918 the Government was faced with grave responsibilities. Expenditure, owing to causes which could not be controlled, was increasing at an alarming rate, and its immediate contraction was impracticable because of rising prices and the increased cost of living. It was indeed an onerous and difficult task to undertake the curtailment of expenditure at a time when the whole world had lost its sense of proportion, and had not recovered from the habits of extravagance which developed during a period of lavish expenditure necessitated by war.

My anticipations regarding possible economies and charges have been fully realized, and I feel confident that the improvement will continue during the present year, provided our finance rests on the solid basis of efficient and economical management.

There are many who, although desirous of economy, press for increased expenditure in certain directions, but I again point out that the rate of expenditure must be governed by the ability to provide the means.

Increased expenditure for social services must be coincident with the growth of the population. Large sums have been found for these purposes during recent years, and the staff of official experts has been increased. Their work is of great value to the State, although in some instances it embraces matters that were formerly individual responsibilities.

I have pride in directing attention to the remarkable progress made during the past ten years, and in the fact that the credit of New Zealand stands so high on the London market where recent loans have been so successfully floated.

The proposals I have outlined, both as regards capital and current expenditure, will, if given effect to, tend to promote the settlement of our fertile lands, stimulate production, and afford encouragement and assistance to an industrious people, while the proposed remission of taxation should afford relief to all classes of the community.

The year just ended was an exceptionally good one for the primary producers, and consequently for the country as a whole. Prices for most of our important products have been satisfactory. Production has been well maintained; the quantity and value of our exports have considerably increased, and the result has been a return to prosperity such as very few people expected for some time to come. Much has been done, but there is still much to do, and many difficulties to be overcome.