

It cannot be said that the foregoing figures in themselves indicate an entirely satisfactory position; and, while the transmission of capital into New Zealand must obscure the real position, our exports must, apart from capital considerations, show a sufficient surplus over imports to pay our interest bill overseas. This interest bill in respect of the foreign indebtedness of the General Government and of local bodies amounts to over £5,000,000 per annum, and to this must be added our payments abroad for the use of other foreign capital invested in New Zealand.

During recent months trading with Great Britain and Australia has been disturbed by the extreme movements of the exchanges, which have gone strongly against us so far as remittances to Australia are concerned, and which have been distinctly favourable in respect of remittances to London. This is having the effect of encouraging imports for which payment can be made in London, while the reverse applies to importations from Australia. The "premium" on imports from Great Britain is reported in some instances to have been a factor in diverting business from local to overseas manufacturers, and consequently the position of the exchanges has, to some little extent, reduced the protection of New Zealand industries afforded by the tariff and by sea freight and other charges. Exporters to Great Britain, too, complain strongly of the loss sustained in securing the transfer to the Dominion of funds at credit in London.

So far as the exchanges with London are concerned, it would appear that the present difficulty is largely due to trade and not to direct financial factors.

For the five months, January to May, 1924, exports have reached the high figure of £30,810,347. The similar figure for 1923 was £26,026,278. This heavy increase in our exports during the main exporting season has apparently proved to be more than could be handled at normal exchange rates, and, although imports have been fairly heavy at a total of £18,761,427, the seasonal excess of exports has been greatly accentuated in 1924. The position of the exchanges between New Zealand and Australia is doubtless controlled by our relationship with London; and as Australia is, at the present time, faced with a difficulty in the London exchanges similar to our own, traders are experiencing some trouble in making payments to Australia even at the high exchange rates demanded.

It is generally expected that the exchange position will become much easier now that the main exporting season has ended; but, as the difficulty is likely to recur in greater or lesser degree in succeeding export seasons, consideration should and doubtless will be given to the several remedies which have been proposed.

It is by no means easy to secure comprehensive and conclusive statistical information as to the condition of the internal trade of the Dominion. It is evident, however, that the general state of internal trade and industry during the year has been reasonably satisfactory, and, although the country is now well through the winter season, there appears to have been little of the unemployment which was noticeable during the previous two winters. This is all the more noteworthy since the Dominion has absorbed into its population a considerable number of people from the Homeland.

One or two industries, notably the boot and shoe industry, are still depressed as the result of heavy importations, but there is a fortunate absence of that general depression of trade and industry which is the result of unsatisfactory financial conditions.

The banking figures for the quarter ended 30th June, 1924, show an improvement on the figures for the previous quarter, the excess of deposits over advances amounting to £3,743,724, as against £2,629,769 at the 31st March last. The banking figures in general disclose what might be called a solid and steady improvement from the depressed conditions ruling in 1921 and 1922, when, on one occasion, the advances exceeded deposits by as much as £8,874,390.

MANUFACTURING INDUSTRIES.

The Department has kept in close touch with the manufacturing industries of the Dominion during the year, and has assisted manufacturers in many ways to overcome difficulties with which they were faced.

To counteract the prevailing ignorance as to the wide variety of goods made in the Dominion, and to remove the prejudice against such goods, the Department has co-operated with the various manufacturers' associations in propaganda work. Several Exhibitions have been held in various parts of the Dominion, and these have been invariably successful in educating the public to the continued steady progress made by the secondary industries, and in advertising in a striking manner the quality of the goods produced. Particulars as to each of the Exhibitions held have been dealt with in a separate portion of this report. It is sufficient to say here that these Exhibitions have demonstrated beyond question that Dominion manufacturers can supply most of the necessities of life, and produce goods which bear the hall-mark of quality and craftsmanship.

By comparison with the previous year the result of operations for twelve months, to the 31st March, 1923, indicate, in the aggregate for all industries, a decided improvement, which is shown in the following figures:—

	1922.	1923.	Increase.
Total number of establishments	4,180	4,335	155
Total number of employees	70,497	73,662	3,165
Total wages and salaries paid	£13,670,542	£13,764,884	£94,342
Total motive power employed (horse-power) ..	219,700	227,101	7,401
Total cost of materials used	£40,044,325	£45,095,687	£5,051,362
Total value of goods manufactured	£67,146,269	£73,853,423	£6,707,154
Total value of land, buildings, machinery, and plant	£41,357,563	£44,219,125	£2,861,562