

The unemployment tax on salaries and wages was reduced from 1s. to 10d. **Unemployment.** in the pound as from 1st October, 1934. Had this reduction not taken place the yield from the tax would have shown an increase of approximately £190,000, or 6·6 per cent. Another pleasing feature is that the number of unemployed at present a charge on the Unemployment Fund is 4,880 less than it was a year ago.

The progressive improvement taking place is also reflected in the banking **Banking.** figures. While the total deposits of the trading banks (apart from Government deposits) for the June quarter of this year were approximately £2,460,000 less than for the same period of last year, free deposits used for current business increased by £1,557,000, or 6·8 per cent.

The general welfare of the people shows more directly in the savings-bank figures. During the three financial years ended 31st March, 1933, withdrawals from savings-banks exceeded deposits by no less than £12,226,000. In the two years and a quarter to 30th June last deposits exceeded withdrawals by £5,698,000, a significant indication that conditions are on the mend.

The substantial progress made towards recovery since the lowest point in the **Indices of recovery.** depression is strikingly illustrated by the statistics to be found in Table No. 21 appended to this Statement.

It is sometimes argued that the increase in exchange has been offset by an **Exchange and prices.** increase in prices in New Zealand. The following statistics comparing prices in New Zealand in 1932 with the latest figures available show that prices in New Zealand have not risen to the same extent as the improvement in export prices due to the rise in exchange.

Wholesale—	1932.	1935.	Per Cent. of Change.
Export prices	892	(June) 1038	(+16)
Locally produced items	1298	„ 1427	(+10)
Imported items	1296	„ 1331	(+ 3)
All groups	1297	„ 1383	(+ 7)
Retail prices	838	(May) 833	(— 1)
Nominal wages	1418	(June) 1408	(— 1)
Effective wages	1063	(June 1062* quarter)	..

* Provisional.

It may be added that the increases shown for “locally produced items” and “all groups” are due mainly to a rise in the prices of export items.

There are two important problems affecting the welfare of the people to **Housing proposals.** which the Government has given special consideration. The first is in respect of housing, which is a vital factor in the health and happiness of the community. In last year's Budget I indicated that the Government was willing to co-operate as far as possible with local bodies in any projects designed to improve housing conditions in what are usually termed slum areas, although I am thankful to say we have nothing in New Zealand to compare with what is understood by that term in Europe. During my absence I have had a departmental committee at work on the matter, and our recent visit to England has enabled the Prime Minister and myself to gain an insight into the manner in which a similar problem, but of much greater magnitude, has been tackled in London and other great cities. Experience there has shown that the only satisfactory way of destroying slums is to demolish the dwellings that fall below a given standard and concurrently build other places sufficient to accommodate the people displaced. An important factor is that the weekly cost of the new places must be in keeping with the income of the lowest-paid class of the community. In England the work of demolition and construction is arranged by the local authorities, with financial and technical assistance from the State, and it is considered that the problem should be tackled along similar lines here. The first essential is to lay down a standard of fitness and have a detailed survey made in order to ascertain exactly what is required in each city or borough. Accordingly Parliament will be asked to pass legislation this session requiring local bodies to make such a survey and report to the Government. Next session a complete Housing Bill will be submitted designed to solve the slum problem by eliminating overcrowding and unhealthy dwellings, while making better provision to enable other classes of the community to obtain healthy homes for themselves on terms within their means. From the point of view of cost and as a means of extending useful employment the time is opportune for embarking on housing schemes.