

1943  
NEW ZEALAND

# FINANCIAL STATEMENT

(In Committee of Supply, 27th May, 1943)

By the Hon. WALTER NASH, Minister of Finance

MR. CHAIRMAN,—

After an absence from New Zealand of over a year it is again my privilege to present to honourable members the annual Financial Statement. Before doing so, however, I would take the opportunity of mentioning that as New Zealand Minister in Washington I have had exceptional opportunities of comparing and contrasting conditions in New Zealand with those overseas, and as regards our war effort in the services, in our factories, on the land, and in other directions and the strides which have been made in recent years in the material well-being of the people the comparisons are not unfavourable to the Dominion. Much still remains to be done; the war has yet to be won, but I am confident, and I say this with some knowledge of the position, that, although disappointments may be many and hardships not a few, the tide of war has at long last turned in favour of those who are fighting for freedom. We may henceforth look forward to a gathering momentum of men, of supplies, and of equipment such as will tell its own tale on the land, on the seas, and in the air.

Our forces, Maori and pakeha, in the Middle East, in the United Kingdom, and in the Pacific areas have played a magnificent part in the war effort of the United Nations and have brought not only credit and renown to themselves, but honour to their country.

Until victory is achieved and the foundations laid of an enduring peace, when we can once again turn our minds and devote our energies to the development of an economic system based on the creation and utilization of abundance, we must concentrate our energies on the problem of providing the greatest aid to the war effort. New Zealand has already done much. We can confidently say that we are on a total war footing. To-day, as most of us are aware, a very large proportion of the population is serving or has served in the armed forces.

With such a heavy withdrawal of man-power from industry it is inevitable that difficulties are being experienced, although these have been mitigated by the re-employment of married women and retired men. The industrial situation has necessitated adequate measures of man-power control, and these have been applied, firstly, to restrict the outflow of workers from essential works; secondly, to direct workers, including women, into essential work; and, thirdly, to restrict the inflow of workers into non-essential activities. Such has been the success of the Government's efforts in this connection that the factory output in 1941-42 reached the record value of £155,500,000, which is more than 36 per cent. above the value of production in the pre-war years. The increase is principally connected with essential war needs such as engineering, footwear, and woollen goods.

Man-power.

Secondary industries.

**Primary industries.**

In the realm of primary production, too, the results have been most satisfactory. With a slight decline in 1941-42 from the record figures of the previous year, primary production is still exceeding all pre-war records. This achievement is a tribute both to those engaged in the industries concerned and to the Government's methods of assistance and control.

In spite, however, of the success of both our primary and our secondary industries there have been shortages of certain classes of goods, many of which in normal times may be considered necessary, but, in so far as they are not absolutely essential, the demands of the war must take precedence. In so far as locally-produced goods are concerned, a large proportion of these has been diverted to the feeding and provisioning of United States Forces, while, as regards goods from overseas, even if we could get the goods, and in many cases they are unobtainable, to import unnecessarily at the present time is to divert shipping and occupy space urgently needed for war purposes. Having in mind the hardships of the valiant forces overseas, there is no question but that our people will accept ungrudgingly and uncomplainingly the minor stringencies which must inevitably be imposed on the civilian population. Compared with our kith and kin overseas, our deprivations are negligible. The Government have, nevertheless, taken measures to mitigate the position and to prevent inequalities by a comprehensive system of rationing.

**Stabilization.**

To secure maximum advantage and equity to all our people, on 15th December last the Prime Minister announced a stabilization scheme covering wages and essential items in the cost of living, including rents, prices of the principal farm products and main items of farming costs, transport rates, and other costs. This scheme is designed to prevent our economic structure being disrupted with consequent impairment of our war effort through prices, wages, and costs being progressively forced up by the pressure of an expanding purchasing-power on a decreasing volume of consumers' goods. The stabilization scheme will also be of great value in minimizing post-war economic difficulties. For similar reasons practically every country engaged in the war has found it necessary to take some measures to maintain economic equilibrium.

The benefits from stabilization are preventative in character, but are real and far-reaching. The welfare of the whole community is closely bound up with the measure of success achieved by stabilization, and how successful it is depends upon the extent to which it is supported by the public. Soaring prices and wages, with ever-rising costs and inflated land values can bring no real benefit to the people, but only a chaotic state of affairs that would undermine our war effort and later lead inevitably to economic depression with all its attendant turmoil and trouble.

**Banking assets overseas.**

The satisfactory production results to which I have referred, together with the United Kingdom's ability to provide shipping for our exports, resulted in a record banking figure of overseas assets totalling £46,600,000 during the year. This receded somewhat by the end of the financial year due to repayments to the United Kingdom Government of part of our overseas indebtedness arising out of the war—to which I shall refer in greater detail later—but, nevertheless, at the end of March last the Dominion's net overseas funds totalled £37,100,000 as compared with £30,900,000 at the close of the previous year.

**Consolidated Fund, 1942-43.**

The public finances reflect the national activities which have taken place during the past year, both as regards war and the normal civil operations of the State.

In the Consolidated Fund the year's activities resulted in a Budget surplus of £4,200,000. This satisfactory surplus arose from increases in revenues, of which income-tax provided £2,600,000 and interest receipts, mostly from railways, £900,000. Thus, apart from income-tax, which is always a difficult heading to estimate before the receipt of returns from taxpayers, the results for the year adhered very closely to the Budget estimates. This Consolidated Fund surplus will, as on similar occasions previously, be transferred to the War Expenses Account, where it will be applied towards meeting the current year's expenditure, thereby reducing borrowing.

In the Social Security Fund, after transfers from the Consolidated Fund to the extent of £3,800,000, which was £200,000 in excess of the amount appropriated, the revenue was sufficient to meet the expenditure, leaving a like balance at the end of the year to the sum carried into the accounts from the previous year.

**Social Security  
Fund, 1942-43.**

In the War Expenses Account, which is now the principal of the State's financial responsibilities, the results for the year ended 31st March last were as follows:—

**War Expenses  
Account,  
1942-43.**

WAR EXPENSES ACCOUNT, 1942-43

EXPENDITURE					£(m.)	£(m.)
Navy	..	..	..	..	8.5	
Army	..	..	..	..	88.9	
Air	..	..	..	..	24.3	
Civil	..	..	..	..	14.9	
Reciprocal aid : Reverse Lend-Lease	..	..	..	..	7.0	
Miscellaneous	..	..	..	..	0.4	
					—	144.0
RECEIPTS						
War taxation	..	..	..	..	39.6	
Transfers from Consolidated Fund—				£(m.)		
1941-42 surplus	..	..	..	1.7		
1942-43 appropriation	..	..	..	1.5		
					—	3.2
						42.8
Miscellaneous	..	..	..	..	0.4	
Reciprocal aid : Lend-Lease	..	..	..	..	26.8	
Memorandum of Security	..	..	..	15.4		
Loans raised in New Zealand	..	..	..	62.6		
					—	78.0
						148.0

When submitted to this House a year ago, the estimates for the year, amounting to £133,000,000, represented an astounding increase over the previous level of expenditure, but even so it will be observed that actual costs exceeded the estimate by £11,000,000. Costs met directly from New Zealand amounted to £101,800,000, compared to a Budget estimate of £77,000,000, whereas charges financed through our Memorandum of Security Agreement with the United Kingdom Government were £30,600,000 less than was expected.

The Budget estimate was based on provision for meeting accumulated arrears of costs for the equipping and maintenance of our forces in the Middle East which was later found not to be required. During my visit to London last year discussions were held with the United Kingdom Government on the matter of these outstanding items and an agreement was reached providing for a new assessment of the Dominion's liability for capital equipment. In the course of operations in Greece, Crete, and Libya our Division had been forced to abandon a large quantity of vehicles and equipment, and the estimate was compiled on the assumption that claims for successive replacements might come to charge. In the course of the discussions the position was clarified and a settlement arranged on a basis of New Zealand being charged with the full cost of all initial equipment, provision for maintenance being included in an agreed monthly charge. As part of the agreement, costs of maintenance in the field have now been compounded for a monthly payment of £400,000 sterling, a basis that is most satisfactory. Charges under the agreement totalled £15,400,000, and repayments £8,000,000 during the year.

**Memorandum  
of Security  
Agreement.**

Army costs met directly from New Zealand, including the cost of forces in the Pacific Islands, were over £12,000,000 in excess of the estimates, but, as indicated at the time the estimates were submitted, it was most difficult to make any reliable estimate of what would be required to pay for the expansion of the forces then taking place.

The Air Force estimates were exceeded by £5,300,000, due to further expansion of activities since the last Budget was submitted.

**Civil  
expenditure.**

The large expenditure under the heading "Civil" of £14,900,000 effectively emphasizes the obvious fact which is often overlooked that modern war is not exclusively a struggle between masses of armed men. The civilian war effort is second only to the efforts in the field, and the Government must, as no less than their duty, maintain the economic health of the country and direct and assist production both for the armed forces and for the essential needs of the civilian population. So we find for last year, among the larger items of subdivision "Civil," the following—

	£(m.)
Subsidies to primary producers and for stabilization purposes	2·30
Reserve stocks to ensure continuity of production..	.. 0·70
Goods imported by the Ministry of Supply for State Departments and essential commercial activities ..	.. 3·60
Work carried out for the armed Services, &c., the cost of which has not yet been allocated to the Services concerned	1·90
Soldiers' financial assistance .. .. .	.. 0·30
Grant to Canteen Board equivalent to duty on tobacco ..	0·25
War research .. .. .	.. 0·40
Imperial Government food contracts .. .. .	.. 1·10
Emergency Precautions Scheme and Emergency Fire Service	0·40
National Patriotic Fund Board : Prisoner-of-war parcels ..	0·17
Meat-canning: Advances for extension of plants ..	0·17
Air-raid shelters .. .. .	.. 0·60
Munition workers' hostels .. .. .	.. 0·12
Miscellaneous .. .. .	.. 2·89
	<hr style="width: 100%; border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <b>£14·90</b> <hr style="width: 100%; border: none; border-top: 3px double black;"/>

**Reciprocal aid :  
Reverse lend-  
lease.**

A new item which was not anticipated when the last Budget was prepared appears in the accounts for the year—namely, Reciprocal aid: Reverse lend-lease. This is in respect of supplies to the United States Forces, and amounted during the year to a total of £7,000,000.

Reverse lend-lease is the counterpart of the assistance we receive lend-lease from the United States of America. The supplies and services which we provided for the United States forces included capital works such as temporary camps, hospitals, and ships to the value of £3,250,000, food valued at £2,000,000, and transportation, repairs, rentals, and other services to the extent of £1,750,000. These supplies and services for the past year, as already indicated, are shown in the War Expenses Account at £7,000,000, as against corresponding assistance which we received amounting to a total of £26,800,000, comprising motor-vehicles, ammunition, aeroplanes, ordnance stores, oil and petrol, and supplies for other essential purposes. In considering these results, however, account must be taken of the fact that reverse lend-lease was in operation for only part of the financial year, whereas lend-lease, while appearing for the first time in the year's accounts, covered a period of more than a year. Activities under reverse lend-lease are increasing rapidly, and the cost for this year will show a substantial increase.

Although values are quoted in the accounts, I would like to emphasize that lend-lease is granted not in terms of money, but in terms of the quantity of particular kinds of goods required for the war effort. The goods and services provided under reciprocal aid to the United States Forces are paid for by us and are consequently brought into our accounts at the actual cost. Lend-lease, on the other hand, is included in the accounts to complete the picture of our resources for war.

Two public loans bearing interest at  $2\frac{1}{2}$  per cent. and 3 per cent., according to the optional periods offered, were raised during 1942-43, and both loans were oversubscribed to bring in a total of £28,000,000. In addition, a further £4,000,000 was raised in small sums by means of national savings.

While in terms of the relative legislation and for convenience in accounting the activities referred to are shown under the appropriate headings, the accounts all derive their receipts largely from the same sources, and in order that honourable members may appreciate the position in its true perspective I will now bring the totals together to form one picture, after adjusting the duplication arising from transfers from one account to another:—

War Loans,  
1942-43.Taxation  
receipts.

—	Taxation.	Lend-Lease.	Other Receipts.	Loans.	Total Receipts.
	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)
War Expenses Account	41·6	26·8	0·4	78·0	146·8
Consolidated Fund ..	30·9	..	6·2	..	37·1
Social Security ..	16·0	..	..	..	16·0
Total ..	88·5	26·8	6·6	78·0	199·9

Apart from the Consolidated Fund surplus of £1,672,000 for 1941-42, which is included in the War Expenses Account taxation figures which I have quoted, the taxation receipts for 1942-43 totalled £86,800,000. The following summary shows the main headings of such taxation:—

## Direct taxes—

## On income—

	£(m.)	£(m.)	£(m.)
Income-tax .. .. .	25·6		
Social security charge .. .. .	10·4		
National security tax .. .. .	16·8		
	—	52·8	

## Other—

Land-tax .. .. .	1·0		
Estate duty .. .. .	3·5		
Succession duty .. .. .	1·0		
Gift duty .. .. .	0·2		
Social security registration fee .. .. .	0·6		
	—	6·3	
		—	59·1

## Indirect taxes—

Customs duty .. .. .	9·4		
Beer duty .. .. .	2·9		
Sales tax .. .. .	11·0		
Highways revenue .. .. .	1·7		
Stamp duties .. .. .	1·7		
Other .. .. .	1·0		
	—	27·7	

£86·8

Due to general expansion in incomes and to the increase last year in the surtax for war purposes from 15 per cent. to  $33\frac{1}{3}$  per cent., income-tax receipts show an increase of £6,600,000. Largely as a result of raising the rate of national security tax from 1s. to 1s. 6d., the receipts from this tax were greater by £6,300,000. Sales tax produced £3,900,000 more than in the previous year as a result of the increase in the rate on certain classes of items from 10 per cent. to 20 per cent. Other increases were beer duty £1,000,000, estate, succession, and gift duties £900,000, and customs £700,000. These increases were offset by minor reductions totalling £300,000, leaving a net increase of £19,100,000.

It is worthy of emphasis that £59,100,000, or 68 per cent. of the total taxation revenue, was found by way of direct taxes.

Expenditure,  
1942-43.

The total receipts, to which I have already referred, were expended during the year as follows:—

	£(m.)
War .. .. .	142·8
Debt charges .. .. .	12·4
Social services .. .. .	25·6
Civil administration .. .. .	10·9
Increase in cash balances and imprests	8·2
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	£199·9
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Details of these headings, both receipts and expenditure, will, as usual, be found in the tables attached to this Statement. The war expenditure, which includes reciprocal aid to the United States forces, has already been explained, and after eliminating debt charges and social services it will be seen that the balance which constitutes the ordinary maintenance expenditure of the State is reduced to a very reasonable amount.

We have become so accustomed, as a result of the war, to dealing in such huge sums of money—huge compared with pre-war standards and the normal revenues of the Dominion—that we are often inclined to overlook the significance of the position.

Thus to the 31st March last New Zealand had expended on the war a net total of no less than £229,400,000, which is equivalent to over £140 for each man, woman, and child in the Dominion. We are now spending on the war nearly £3,000,000 every week, whereas the total war expenditure arising from the 1914-18 conflict was less than £100,000,000.

Analysis war  
expenditure to  
31st March, 1943.

In order to give some idea of the magnitude of the activities involved and the purposes of the expenditure, the total war expenditure to date of £229,400,000, covering all services, has been analysed under the following headings:—

	£(m.)
Pay and allowances .. .. .	60·6
Stores .. .. .	72·1
Accommodation, victualling, and clothing .. .. .	18·8
Land, buildings, fortifications, aerodromes, and ships .. .. .	21·8
Transport .. .. .	8·4
Repairs, maintenance, and rent .. .. .	3·3
Administration and general expenses .. .. .	16·4
Civil (including reserve stocks, Government and commercial indents) .. .. .	17·4
Reciprocal aid: Reverse Lend-Lease .. .. .	7·0
Miscellaneous .. .. .	3·6
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Total expenditure .. .. .	229·4
Cash and imprests outstanding, 31st March, 1943 .. .. .	9·6
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	£239·0
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This huge outlay of £239,000,000 has been financed as follows:—

	£(m.)
Taxation (including transfers from Consolidated Fund) .. .. .	88·1
Loans in New Zealand and overseas .. .. .	123·5
Reciprocal aid: Lend-Lease .. .. .	26·8
Miscellaneous .. .. .	0·6
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	£239·0
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It will be seen from the foregoing that, of the total war receipts of £239,000,000, £123,500,000 or 52 per cent. of the total has been raised by loans.

This brings me to the position of the war requirements for the current year. It is obviously impossible to estimate the needs of war so far ahead with

any degree of accuracy, but, based on the best evidence available, the financial requirements of the War Expenses Account up to the 31st March next are estimated as follows:—

WAR EXPENSES ACCOUNT				War Expenses Account, 1943-44.
EXPENDITURE				
			£(m.)	£(m.)
Navy .. .. .			10·0	
Army .. .. .			68·0	
Air .. .. .			34·0	
Civil .. .. .			16·0	
Reciprocal aid : Reverse Lend-Lease ..			20·0	
			—	148·0
				148·0
REVENUE				
War taxation (at existing rates) ..			40·0	
Transfer from Consolidated Fund of 1942-43 surplus (£4,200,000) and further £1,500,000 from 1943-44 revenues ..			5·7	
Miscellaneous .. .. .			0·3	
			—	46·0
Amount to be borrowed from the United Kingdom Government under the Memorandum of Security Agreement ..			12·0	
Reciprocal aid : Lend-Lease .. .. .			40·0	
			—	52·0
				98·0
Deficit .. .. .				£50·0

In regard to the Army, the estimated expenditure of £68,000,000 represents a decrease of £20,900,000 compared with last year's expenditure. This is the result, in the main, of the reduced requirements for equipment, vehicles, &c., the tapering-off of capital expenditure in New Zealand in the form of camps, and a reduction in personnel, while a saving will also be effected in our expenditure overseas due to the fact that last year's expenditure included the cost of initial equipment supplied to our forces in the Middle East.

Army  
expenditure.

The Navy estimate represents an increase of £1,500,000 over last year's expenditure. This is due principally to the purchase of additional ancillary vessels and to additional pay and allowances consequent upon increased personnel.

Navy  
expenditure.

For the Air, this year's estimate of £34,000,000 represents an increase of £9,700,000 over last year's expenditure. The substantial development which has taken place in the Air Force is a matter of common knowledge. Not only has there been a large increase in the equipment and personnel, but there has been a corresponding increase in pay and allowances. In fact, speaking generally, there has been an increase in all headings of Air Force expenditure, with the main exception of aerodromes and buildings, as the capital programme in this respect is rapidly approaching completion.

Air Force  
expenditure.

Reciprocal aid to the United States is estimated this year at a total of £20,000,000. The largest item will be foodstuffs, estimated at £9,000,000. In addition, building projects are estimated as follows: Buildings (mainly hospitals) £2,000,000, camps £2,000,000, warehouses £1,500,000, and miscellaneous £1,000,000, together with a shipbuilding programme estimated at £2,000,000 for the South Pacific and South-west Pacific areas. Also an amount of £2,500,000 is estimated to be required to meet payment of rentals, provision of services (including wharf labour), and purchase of miscellaneous goods to meet United States Forces' requirements. The full cost of buildings is met in the first place by the War Expenses Account, but the actual charge against reverse lend-lease depends upon whether such buildings will be of use to New Zealand for post-war purposes. If such a use is anticipated, then only a rental charge is made; but if the buildings will be of no practical use, then the full cost is charged against reverse lend-lease.

Reciprocal aid :  
Reverse  
lend-lease.

Of the foodstuffs to be provided by New Zealand the largest items in pound weight are meat and vegetable ration 4,200,000, potatoes 48,300,000, apples 21,800,000, service biscuits 3,200,000, butter 14,200,000, pork 15,400,000, mutton

14,000,000, ham 7,800,000, beef 46,800,000, bacon 15,400,000, beef (corned) 8,100,000. The value of these items in New Zealand currency is £6,500,000. The additional £2,500,000 comprises such items as cereals, vegetables (fresh and canned), fresh fruit, cheese, jams, sauces, and pickles.

**War Expenses  
revenue.**

The estimated revenue of the War Expenses Account includes taxation at the existing rates amounting to £40,000,000, together with the usual transfer of £1,500,000 from the Consolidated Fund and last year's Budget surplus of £4,200,000.

Transactions under the Memorandum of Security Agreement with the United Kingdom Government are estimated at £12,000,000, compared with last year's gross total of £15,400,000. The reduction is due, as I have already indicated, to the fact that we have now paid for the cost of the initial equipment supplied to our Forces.

The principal item under the lend-lease heading of £40,000,000 is the provision of aeroplanes, while oil fuel, equipment, and supplies for the armed Services and other essential purposes account for the balance.

The war expenses programme for the current year, on the basis of the estimates I have already quoted, shows a deficit in the provision of funds of £50,000,000.

**War loans, 1943.**

It is proposed to finance this deficit to the extent of £10,000,000 from departmental funds estimated to become available for investment, leaving £40,000,000 to be raised by public war loans, including national savings. In view of the necessity to obtain this huge amount to finance our war effort I have to announce that a third liberty loan for an amount of £35,000,000 will be open for subscription as from Tuesday next, 1st June. It is anticipated that the balance of £5,000,000 required can be obtained later in the financial year through over-counter sales of stock or advance subscriptions to the next loan.

This war loan will be on the same basis as its predecessors—namely, interest at 2½ per cent. on the short-dated securities maturing on 15th June, 1947–49, and 3 per cent. for the longer-dated securities maturing on 15th December, 1953–56. The loan will be issued at par and will close on the 10th July, 1943.

To meet the needs of all classes of investors various methods of subscription have been provided. In the first place, payment in full may be made with the application and interest will accrue from that date. A second method is £30 per cent. on application, £30 per cent. on the 25th August, and the balance of £40 per cent. on the 6th October, 1943. The third method, and in this a new feature has been introduced, is for subscribers to pay £30 per cent. on application and £10 per cent. on the 11th August and the 11th of each succeeding month up to and including 11th February, 1944. To enable persons with small means to assist, the National Savings Scheme has been incorporated in the loan programme. Under this scheme anybody may buy £10 and £1 bonds, which will return £11 7s. 6d. and £1 2s. 9d. respectively in five years. Contributions to existing National Savings Accounts or to new accounts opened for the purpose will materially assist the loan, especially if contributions are made weekly or monthly over the next few months according to the means of the contributor. Experience in this and other countries has already demonstrated what huge amounts can be obtained from the aggregation of small regular savings.

**National  
Savings.**

I cannot stress too strongly the necessity for all to contribute to these loans to the fullest extent possible. All will agree that we owe it to our armed forces in the several theatres of war in which they are engaged to see to it that they are supplied with the sinews of war to the limit of our resources. This objective can be achieved only by either taxation or investment in war loans. The war activities themselves have necessarily resulted in additional spending-power in the Dominion and if an attempt were made now to apply such extra spending-power to a declining supply of goods and services available for civilian consumption it is clear that serious economic difficulties would result. To invest in war loans and savings is not only directly assisting in bringing the war to a victorious conclusion, but is providing the investor with funds which will be available to him when the peace is won and adequate supplies of goods and services are again available.

The comparatively small number of investors in past war loans points to the generally accepted idea that such loans are applicable only to the large institutions or to individuals with substantial sums to invest. The demands of war, however, alter these conditions very materially. As the free capital at the outbreak of war



becomes absorbed in war purposes it becomes increasingly necessary for war loans thereafter to be financed from current savings. In other words, support to war loans is essentially part of the people's war effort. A portion of the amount required still comes from the financial institutions in the form of current accumulations of the people's savings in life-insurance premiums, mortgage repayments, &c., but the private individual must carry directly a much greater portion of the responsibility for filling a war loan. And it is not only surplus income that is required, but that each individual will go without those luxuries and things which are not absolutely necessary, and divert the savings so made to the war effort. The range of investments is wide enough to enable every wage-earner to participate—inscribed stock for the larger amounts and National Savings Bonds and Accounts for those who have not the accumulated funds immediately available.

While the war loan will be open only for a limited time, national savings are a continuing method of aiding our war effort, and it is that regular, day-by-day, week-by-week habit of saving we must develop if we are to carry our full share in the great enterprise in which we are engaged.

As I have already indicated, the whole of the State activities are now geared to the prosecution of the war, and borrowings last year were therefore almost entirely for war purposes. A sum of £3,465,000 was raised for national development purposes, mainly for housing and hydro-electric supply, and to cover exchange on remittances to repay portion of the 1939-45 London loan, while the balance of gross borrowings amounting to £80,000,000 were for war purposes.

Public debt operations last year resulted in a gross increase in the debt of £83,465,000, which sum was obtained from the following sources:—

Public loans in New Zealand (including advance subscriptions) .. .. .	£	28,901,000
National savings investments .. .. .		3,972,000
Voluntary interest-free loans .. .. .		31,000
Memorandum of Security Agreement with United Kingdom Government .. .. .		15,437,000
Departmental issues and Reserve Bank .. .. .		35,124,000
		<hr/>
		£83,465,000
		<hr/> <hr/>

Public debt operations, 1942-43.

Against this gross increase must be offset repayments during the year of £5,038,000. The year thus closed with a net increase of £78,427,000, of which £73,908,000 took place in the Dominion and the balance of £4,519,000 in the United Kingdom. Apart from the Memorandum of Security Agreement, debt domiciled in London was reduced by £2,918,000 during the year.

Concerning the Memorandum of Security Agreement the amount of this debt on 31st March, 1942, was £2,818,000, while transactions during 1942-43 were borrowings, £15,437,000; repayments, £8,000,000; leaving the amount outstanding on 31st March last at £10,255,000. The repayment of £8,000,000 in London was financed from borrowing in New Zealand, and thus had the effect of transferring the domicile of the debt to New Zealand. Since the close of the financial year a further sum of £2,255,000 has been repaid, leaving £8,000,000 unpaid for goods supplied under the agreement prior to 31st March last.

The foregoing headings of gross borrowings are largely self-explanatory, with the possible exception of the item "departmental issues and Reserve Bank." Departmental issues cover the surplus funds of the Post Office Savings-bank and other State institutions, and owing to the substantial increase, compared with last year's Budget estimate, of expenditure in New Zealand for both the Army and the Air Force it was necessary to finance the deficit by drawing on the Reserve Bank by means of Treasury bills to the extent of a net amount of £13,960,000.

Since the present Government became responsible for the public finances, apart from war debt, the debt domiciled in London has been reduced by £10,692,000 and Australian debt by £730,000. Even including the war debt the net decrease over the period is £1,167,000.

Coming now to the question of borrowing for the current financial year, for needs other than those of war, the Government, in conformity with their wartime policy will continue to restrict such loans to the absolute minimum. Nevertheless, there

National development programme, 1943-44.

are certain types of national development works which, if the essential needs of the community are to be met, must be continued and even increased within the limit of the men and materials available. There are two main classes of work coming within this category—namely, housing, for which an expenditure programme approaching £4,000,000 is planned for the current year, and the further development of hydro-electricity, for which loan provision slightly in excess of £2,000,000 is being made. Housing and hydro-electric development are complementary and are important not only at present, but in the post-war era. The present shortage of electrical energy is well known, and to meet requirements for the contemplated housing programme and also for the expansion of industries in the post-war period it is essential that the construction of hydro-electric generating-plants should be pushed forward as fast as possible. In regard to housing, the Government are very perturbed about the present serious shortage, especially at Auckland and Wellington, and are anxious to facilitate as large a building programme as the available men and materials will permit. As fast as hospitals and other urgent defence works can be completed available men and material will be diverted to housing construction work. Comprehensive and complete plans are being worked out to meet the further demand of demobilized servicemen for homes, and plans are under way for the speedy construction of houses of a high standard. Details of votes affected appear in the estimates, where it will be seen that, apart from the headings mentioned, the other works votes are about the same as or even lower than last year.

Allowing for funds in hand, it is anticipated that a national development programme of £6,500,000 will require to be authorized for this year. This is £1,500,000 more than last year's authorization for the same purpose. This national development loan programme will be provided from departmental funds.

Details of the Consolidated and Social Security Funds will, as usual, be shown in the published accounts. In brief, however, it is estimated that the Consolidated Fund revenue will be some £800,000 less than that received last year owing principally to a prospective reduction in Customs revenue. While income-tax has been shown at the same total as for last year, it is anticipated that any possible falling off under this heading will be offset by the additional receipts consequent upon a proposed "drive" against defaulting taxpayers.

The following is a summary of the Consolidated Fund estimates:—

Consolidated  
Fund, 1943-44,  
revenue.

		REVENUE		£	£
Taxation—					
Customs	.. ..	..	..	6,600,000	
Beer duty	.. ..	..	..	1,800,000	
Sales tax	.. ..	..	..	3,500,000	
Highways	.. ..	..	..	1,600,000	
Stamp duties	.. ..	..	..	1,700,000	
Land-tax	.. ..	..	..	1,000,000	
Income-tax	.. ..	..	..	19,100,000	
Miscellaneous	.. ..	..	..	200,000	
				<hr/>	35,500,000
Interest recoveries from trading activities, &c.	.. ..	..	..	4,100,000	
Other receipts	.. ..	..	..	2,000,000	
				<hr/>	6,100,000
					<hr/>
					<u>£41,600,000</u>

Consolidated  
Fund, 1943-44,  
expenditure.

		EXPENDITURE		£	£
Permanent appropriations (including transfer of £1,500,000 to War Expenses Account)		.. ..	..	19,666,000	
Annual votes	.. ..	..	..	21,554,000	
				<hr/>	41,220,000
Supplementary estimates and contingencies	.. ..	..	..	..	380,000
					<hr/>
					<u>£41,600,000</u>

The expenditure provided for in the estimates shows a net increase of £3,014,000 as compared with the actual expenditure for last year. Increased debt charges alone account for £2,500,000 of this increase, practically all of which is in respect of war, and which is in fact a war cost which is being met from the ordinary revenues of the State.

Other increases are £113,000 for education, £300,000 in the amount to be transferred to the Social Security Fund, and £1,108,000 for war pensions, these increases being offset to some extent by decreases in other items.

This last-mentioned amount includes £625,000 to cover the cost during the balance of this financial year of an increase in war pensions. It is proposed that the disablement pension will be increased from £2 to £3 per week, while the maximum economic pension will be £1 15s. and the rate for children 10s. 6d. per week as from 1st July next. These proposals will provide for a single disabled serviceman £4 15s. a week, a married man without children £5 15s., with 10s. 6d. added for each dependent child. If there is a wife and two children, there will be an income of £6 16s. per week, tax-free, going into the home. Those who have done the fighting to save our civilization and their dependants should be a first charge on the income of the Dominion and they should be paid at such a rate as will free them from all economic worries.

War pensions  
increases.

The following table sets out the weekly rates which it is proposed to provide:—

—	Maximum Disablement Pension.			Economic Pension (if qualified).			Wife.			Child.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Ex-serviceman .. ..	3	0	0	1	15	0	..	..	..	..	..	..	4	15	0
Ex-serviceman with wife ..	3	0	0	1	15	0	1	0	0	..	..	..	5	15	0
Ex-serviceman with wife and one child	3	0	0	1	15	0	1	0	0	0	10	6	6	5	6
Ex-serviceman with wife and two children	3	0	0	1	15	0	1	0	0	1	1	0	6	16	0

It is also proposed to place the widows of servicemen in as nearly as possible the same position as they were in whilst their husbands were serving, and in order to effect this it is proposed to increase the pensions to war widows without children from £1 10s. weekly to £2 weekly, and those of widows with children from £2 weekly to £2 10s. weekly. Also it is proposed to increase the economic pensions from 17s. 3d. for widows without children to £1 weekly. Widows with children will receive an economic pension at the flat rate of £1 5s. weekly.

Widows' pensions.

In addition to the economic pension the widows with children will receive a payment of 10s. 6d. per week for each child up to the usual qualifying age.

The following table shows the proposed rates for widows of servicemen:—

—	War Pension.			Economic Pension (if qualified).			Child.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Widow (without children) .. ..	2	0	0	1	0	0	..	..	..	3	0	0
Widow with one child .. ..	2	10	0	1	5	0	0	10	6	4	5	6
Widow with two children .. ..	2	10	0	1	5	0	1	1	0	4	16	0

In circumstances where existing commitments render it necessary for further assistance to be granted, the Soldiers' Financial Assistance Board is being authorized to make grants to meet each particular case.

As regards the Social Security Fund, expenditure is estimated at a total of £17,403,080 being £1,453,000 in excess of last year's results.

Social Security  
Fund, 1943-44.

**Family benefits.**

To ease the load of mothers where there are young children, it is proposed to increase the family benefit from the present rate of 6s. to 7s. 6d. per child. The cost for the balance of this financial year is estimated at £170,000.

**Pensioners' benefits.**

It is proposed to increase the present rate of age benefits of £1 10s., plus 1s. 6d. cost-of-living bonus, to a flat rate of £1 12s. 6d. This rate will also apply to invalids, miners, Maori war beneficiaries, and to war veterans. The rate for children will be maintained at 10s. 6d. for each child, and this rate will also apply to the sickness benefit. The cost of these increases for the balance of this financial year is estimated at £235,000.

The urgent question of anomalies as between persons with incomes up to £2 10s. a week for a single person or £4 2s. 6d. per week for a married couple, who otherwise would be qualified for age benefits has been further examined, and under the new proposals any single person whose social security charge and national security tax brings his total income below £130 per annum will, if otherwise qualified, be eligible to receive by way of age benefit such amount of benefit as will bring his net income up to £130. Similarly the combined incomes of a married couple may be brought up to £214 10s. per annum net.

To assist widows whose circumstances preclude them from obtaining adequate regular employment it is proposed to increase the widow's benefit from the present rate of £1 1s. including bonus, to £1 5s. a week where there are no children, and from £1 6s. 3d. to £1 10s. a week where there are dependent children. To the latter, of course, is added an allowance for children at the present rate of 10s. 6d. a week for each child. The cost of this additional benefit is estimated at £86,000 this year.

All these increases will operate as from 1st July next.

The circumstances of deserted wives has been the concern of the Government for some time and inquiries are proceeding with a view to amending the present arrangements, and, if possible, to transfer the responsibility for taking Court proceedings from the wife to the State. Under these circumstances, if the proposals are carried out, the wives and children will qualify for certain benefits from the Social Security Fund whilst steps will be taken to recover from the husband the amounts paid.

It is proposed to amend the provisions of the Social Security Act to exempt from the charge as income legacies of up to £500, and certain other capital payments; also to ensure that no reduction takes place consequent on the transfer to an age benefit of a benefit payable to a blind beneficiary, when such beneficiary reaches the age of sixty years. The cost of these alterations is negligible.

**Hospital benefits.**

Since the present hospital benefit of 6s. a day per occupied bed was granted there has been a substantial increase in the cost of maintenance of patients. After analysing the position and considering various alternative proposals, a decision has been reached to increase the hospital benefit from 6s. to 9s. a day. The cost to the Social Security Fund is estimated at £600,000 for this financial year, but there will automatically be a reduction in hospital subsidies from the Consolidated Fund of half the amount payable to Hospital Boards. This has been adjusted by an increase in the amount transferred from the Consolidated Fund to the Social Security Fund. Portion of the increased payment from the Social Security Fund will go to patients of private hospitals, and the net relief in hospital levies on local bodies will be about £250,000. Levies on local authorities for 1939-40 determined upon by Hospital Boards before the introduction of hospital benefits amounted to £1,094,000. For 1942-43 the amount was £1,318,000, an increase over the period of £224,000. The proposed increase to 9s. a day should thus generally meet the increase since 1939-40.

The contribution to revenue from the Consolidated Fund—namely £4,100,000—represents an increase of £300,000 compared with last year, while the social security charge is estimated to return the same amount as last year; otherwise the increase in expenditure will be met from cash balances in the Fund.

A summary of the Social Security Fund is as follows :—

**Social Security  
Fund, 1943-44,  
expenditure.**

EXPENDITURE		£	£
Monetary benefits—			
Age .. .. .		8,100,000	
Widows .. .. .		965,000	
Orphans .. .. .		22,000	
Family .. .. .		920,000	
Invalids .. .. .		1,030,000	
Miners .. .. .		80,000	
Unemployment .. .. .		60,000	
Sickness .. .. .		420,000	
Universal superannuation .. .. .		820,000	
Emergency .. .. .		130,000	
Maori War .. .. .		80	
		12,547,080	
Hospital, &c., benefits—			
Hospital .. .. .		2,067,000	
Medical .. .. .		1,030,000	
Maternity .. .. .		539,000	
Pharmaceutical .. .. .		536,000	
Supplementary .. .. .		160,000	
		4,332,000	
Administrative expenses .. .. .		524,000	
		£17,403,080	
REVENUE			
Social security charge .. .. .		11,600,000	<b>Revenue.</b>
Registration fee and miscellaneous .. .. .		575,000	
Transfer from Consolidated Fund .. .. .		4,100,000	
		£16,275,000	

Thus it will be seen that the resources of both the Consolidated and the Social Security Funds will be sufficient to meet requirements without increased taxation.

Preliminary inquiries with a view to arriving at a definite and early settlement of the Native claims are in progress. Steps are being taken in an endeavour to reach agreement of a nature that will ensure continuing advantages and benefits to the Maori people in full accord with the merits of their case.

**Native claims.**

As we have been fortunate enough to have had practically no calls upon the War Damage Fund the question has arisen as to whether the time has come to reduce the annual premium of 5s. per £100 of insurable value. On 31st March last there was £2,320,000 in the Fund, but this sum is very small relative to the value of property covered, and it would not go far in meeting the costs of damage should a raid be made on some of the city areas. The Government have, therefore, decided to make no change at present, but to reconsider the matter at the close of this year when, if all goes well, there is every prospect of a reduction being made in the premium rate.

**War Damage  
Fund.**

When the Fund is no longer required as insurance against war damage, it will be very valuable as a reserve for the relief of those who in the future may suffer losses from earthquake or other major disaster.

An integral part of the Government's plans for post-war development is, of course, the rehabilitation of the men and women who are serving their country with the armed forces.

**Rehabilitation.**

In the re-establishment of ex-servicemen and women—those demobilized after service in New Zealand as well as those discharged after service overseas—provision has already been made for almost every important aspect. Men medically unfit for employment are retained on Army, Navy, or Air Force pay for as long as they continue to receive hospital treatment, unless they request their discharge, in which event the continuation of treatment and the payment of any pension due becomes the responsibility of the War Pensions Department.

A special rehabilitation allowance is provided in cases where normal employment is not immediately available.

Totally disabled men unemployable in industry, have been made the special care of the Disabled Servicemen's Civil Re-establishment League, which, with Government assistance, has undertaken their training and employment at standard rates of pay. The opening of special vocational training centres for disabled ex-servicemen under the Disabled Servicemen's Civil Re-establishment League will provide disabled men with training and long-term employment.

Provision has been made for the training of returned servicemen in the building, engineering, and manufacturing industries, and several hundred men have already been so trained and are in skilled employment throughout the Dominion.

Special provisions have been made to enable ex-servicemen and women to resume interrupted studies or to embark on fresh ones. The facilities provided include free places in technical, secondary, and combined schools; free correspondence tuition, University Bursaries with and without living-allowances; and free books, instruments, and materials.

Financial assistance to purchase tools of trade, furniture, dwellings, farms, and businesses has also been given, and plans are in hand for the agricultural training of ex-servicemen and their ultimate settlement on farm properties.

Every measure necessary to ensure the complete rehabilitation of ex-servicemen and women will be fostered and carried out by the Government, the objective being, as far as possible, to place those who have been in the armed forces in at least as good a position as they would have been had they continued in normal employment.

**Reciprocal aid :  
Lend-lease.**

There has been much discussion on the subject of the principles of the Lend-Lease Act of the Congress of the United States. Its origin was in the desire of President Roosevelt, the Government, and people of the United States to give the maximum assistance to the United Kingdom and other United Nations. During the first two years of its operation the goods and services supplied exceeded £3,000,000,000, New Zealand currency. Goods to this value have been supplied to Russia, United Kingdom, China, Australia, New Zealand, Turkey, and other countries.

Although there is provision for unused equipment to be returned, there is no provision in the Act for payment to be made for the goods.

The first purpose of the Act and its amendments is to enable each country to make the maximum use of its resources for the war effort, irrespective of the particular country using the supplies, ammunition, or equipment, or the place in which they are used.

In like manner—and in the same spirit—we in turn are making available to the United States Forces the maximum facilities that we can bring into being from our resources.

It is a great conception and should go a long way to achieve the second objective of the Act—the provision of goods and services for use in the war effort without the cruel shadow of debt which has blighted the trade and relations of the world after wars of past decades.

**War finance.**

The effect of taxation, borrowing, or creation of credit has been fully examined by the Government. It is realized that the war can only be continued by the use of prior or current production and services. These goods and services are required for the prosecution of the war effort, the maintenance of civilians, the conservation of production facilities, and the continuity of civil life when the war is over. Whichever road will most quickly and safely reach these goals should be followed.

An examination of the estimated cost of the war will show the futility of attempting to take the amount required by taxation, but inside the objective (the maximum production of goods and services) taxation should be used to the extent that it will give the best results. The goal set by the Government has been to pay one-half at least of the cost of the war from taxation. Owing to abnormal capital expenditure during the year just past this goal has not been reached, although the proportions would have been closer had all income-taxes been collected.

The short collection has in many cases been due to the large proportion of experienced assessment and inspection officers who have been, and in some cases still are, engaged with the armed Services. An adjustment of staff is being made and it is expected that reasonably large sums will be recovered, but it would ease the work and perhaps save the penalties if all who have doubts as to their liability would examine their incomes to ensure that the full amount of their income has been correctly returned to the Commissioner of Taxes.

Under the circumstances, and as previously stated, the Government have decided not to increase income-tax rates for the current year.

This takes me to another method by which money can be raised—creation of credit. It has been suggested by many good citizens, who have not fully examined the effect of their proposals, that the full cost of the war should be met by the issue of currency from the Reserve Bank. This is such an easy road that if it had good foundations we should follow it, but the facts of life prove that it would lead to chaos and disaster.

The standard of life in a community depends upon the amount and the kind of work done. If the right quantity of the right kind of goods and services is produced and equitably distributed among the people, the standard of life is high, regardless of money.

Conversely if the volume or quality of the goods and services declines or is unfairly distributed, the standard of life falls, regardless of money.

Money is necessary as a medium of exchange, and if there is sufficient money in circulation already, the creation of more would not remedy a decline in production because in such a case the decline would not have been caused by a shortage of money. On the other hand an insufficient money supply may cause production to fall by reducing the effective demand for available goods. In such a case the supply of money could with advantage be increased.

At the present time there is ample money in circulation to enable the people to purchase necessary goods and services as they become available day by day.

Consequently harm and not good would result in the further increase in the supply of money, as would arise from the use of Reserve Bank credit except in extreme emergency—and for which even then the price would have to be paid. In fact what is wanted is the syphoning off of any excess purchasing-power for investment in war loans in order that diversion of productive effort to war may be matched by a similar diversion of purchasing-power. Only by these means can we remove the pressure that threatens to upset our economic stability.

Other governments are now realizing that currency and monetary policy must be under their control as they are in New Zealand—that the power to create credit must be used exclusively for the benefit of the people, and in particular to assist the expansion of production and services to maximum requirements.

Shortage of goods and services in a period when expansion of production is not possible calls for a totally different monetary policy than does a condition when expansion of production is both desirable and possible.

If we are to make our maximum war effort, whilst ensuring good foundations for our post-war policy, it is essential that the currency and monetary system be wisely managed and controlled.

At the present time the wisest course is to rely on subscriptions to the War Loan to meet the sum not provided by taxation at existing rates during the current year.

There is thus an unprecedented opportunity to assist the war effort and place New Zealand in this field also, in the van of the United Nations.

If during the month of June every one determines to place all his or her surplus into the War Loan, the sum required will not only be obtained but further taxation will be unnecessary. The effect of subscription to the loan, if made by all classes and groups of people, will have the same beneficial effect on stabilization as if the same sum were raised by taxation.

Taxation takes from all largely in proportion to their ability to pay the moneys required to carry on the war and national activities. Creation of credit under certain circumstances takes away by unseen methods the value of work done and savings made, and ultimately in the forms of price increases hits those most who have to spend their incomes on necessities of life. Loans borrowed from those who have worked and saved the result of their labour diverts these savings to the war and national efforts and the amounts will be repaid when war needs are satisfied and production is once again based on civilian needs.

It is essential that the value of stabilization should be understood by all our people. **Stabilization.**

To the extent that the sum distributed in wages, salaries, and other income exceeds the total value of goods and services available for civilian consumption as measured in price we run into a dangerous position unless the surplus of income is either taken out of circulation by taxation or is invested by the recipient in war loans or National Savings Bonds or Accounts.

If surplus moneys are invested in war loans the Government is enabled not only to meet all its accounts for war services and equipment, but to hold price levels at points that will be good foundations for the post-war period. The

transfer of productive activities into goods and services for civilian consumption and the use of war savings in the post-war period will stimulate demand, whilst the stabilization procedure will ensure a continuance of even prices. To the extent that we consume less of our own production the more there will be available for those in need in Britain and the other United Nations.

To the extent we save our shillings and pounds we will hold up the demand for imported products and ease the load on shipping and the pressure on production in the United Kingdom, releasing more workers there for a 100-per-cent. war effort.

The need is so great, the advantages so real, that I make no apology for again emphasizing the imperatives of stabilization, and the consequent necessity for all sections of the community to invest to the limit in the war loan and national savings.

The proposals to provide the aged and other beneficiaries with a fixed sum of £1 12s. 6d. per week is to offset some of the costs of commodities that have increased since the outbreak of war.

The alteration in the widows' benefit is for the purpose of meeting some of the extra load that comes to mothers when the breadwinner has passed away.

The extension of the family benefit is to increase the incomes of the homes where the wage, salary, or other income is not sufficient to provide those things which all parents desire to make available to their children. The other minor adjustments in the social security procedure are made to remove anomalies which have been revealed since the passing of the Act.

We must not relax our war effort. Everything that life holds which is good depends on a right conclusion to the present conflict, and such a conclusion is the first essential to all progress, but having provided for those who have been through the ordeal of battle and the dependants of those who gave their all in that ordeal we must not avoid our responsibility to those who laid the foundations of this Dominion and who are now in their declining days, nor the widow and those suffering ills beyond remedy from their own efforts. Our collective responsibility to these people remains. It is because we have accepted that responsibility, and because freedom, security, and good living standards have been so long available in this Dominion, that our boys overseas have done so well. It is due to what they have done overseas and what has been done here that the name of New Zealand shines so brightly to-day in all parts of the British Commonwealth and the other United Nations.

The records of our country and our people give just cause for modest pride—others have done well and some may have done better—but when the full story is told perhaps those who weigh the progress and efforts of the nations will give a place of honour to this little country and its people.

Measured in figures, no less than £230,000,000 has been spent on the war over a period of three and a half years by less than 1½ million people, whilst the fact that the aged, the sick, the widow, and the family have been fully cared for, speaks well for the future. The correct measure of progress is reflected in the quality of our men in the face of the hardships and dangers of the present campaign; in the record volume of goods produced by the men and women in our factories; in the extraordinary work of our primary producers who, in face of unprecedented difficulties, have made a great contribution to the feeding of the people in the United Kingdom during Britain's greatest heroic years; and in the men on the sea who continuously carry and guard the food and other goods that sustain the life of Britain. We must see to it that our plans are well laid to care for our soldiers, sailors, and airmen when they return and at the same time build anew an economic system that will provide reasonable standards for our own people and also make a contribution to the expansion of life in less fortunate areas of the world.

This country is greatly blessed by the fertility of its soils, its climate, and by its beauties, but these blessings bring great responsibilities. We have lived up to and met these responsibilities in the years that have passed. The evidence is that we will accept and live up to like responsibilities in the future.

We have a great opportunity to lay the foundation of a productive and distributive system in which all who serve with hand and brain may so serve without the fear of poverty, unemployment, or the menace of uncared for ill health.

We should remain the country to which all may turn for an example of what can be done, where all are willing to do their share of the work which makes a full life possible.



Table No. 1

REVENUE OF THE CONSOLIDATED FUND, SOCIAL SECURITY FUND, AND WAR EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1943, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1942

	1943.				1942.			
	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.
Taxation—	£	£	£	£	£	£	£	£
Income and excess profits tax	19,146,605	..	6,431,269	25,577,874	16,511,548	..	2,420,304	18,931,852
Land-tax ..	975,825	..	..	975,825	1,009,288	..	..	1,009,288
National security tax	..	..	16,775,521	16,775,521	..	..	10,480,964	10,480,964
Social security charge	..	11,624,046	..	11,624,046	..	10,432,314	..	10,432,314
Registration fees ..	..	540,921	..	540,921	..	605,222	..	605,222
Customs duties ..	7,037,780	..	2,338,986	9,376,766	8,101,989	..	610,202	8,712,191
Beer duty ..	1,793,541	..	1,171,807	2,965,348	1,686,233	..	223,670	1,909,903
Sales tax ..	3,600,828	..	7,354,671	10,955,497	3,546,220	..	3,541,865	7,088,085
Highways tax ..	1,706,304	..	..	1,706,304	2,340,759	..	..	2,340,759
Stamp duties ..	1,708,279	..	4,698,518	6,406,797	1,737,470	..	3,803,772	5,541,242
Postage ..	..	..	600,000	600,000	..	..	700,000	700,000
Other ..	226,705	..	185,564	412,269	228,439	..	156,677	385,116
	36,195,865	12,164,967	39,556,336	87,917,168	35,161,946	11,037,536	21,937,454	68,136,936
Loan-moneys ..	..	..	78,040,506	78,040,506	..	..	31,767,410	31,767,410
Reciprocal aid: Lend-Lease	..	..	26,812,668	26,812,668	..	..	..	..
Interest receipts ..	4,133,277	..	..	4,133,277	3,466,364	..	..	3,466,364
Other receipts ..	2,031,867	48,673	371,130	2,451,670	2,612,649	50,147	3,974,275	6,637,071
	42,361,009	12,213,640	144,780,640	199,355,289	41,240,959	11,087,683	57,679,139	110,007,781
Transfers from Consolidated Fund	-6,972,000*	3,800,000	3,172,000	..	-6,826,000*	3,600,000	3,226,000	..
	35,389,009	16,013,640	147,952,640	199,355,289	34,414,959	14,687,683	60,905,139	110,007,781

\* Includes previous year's surplus.

Table No. 2

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1943, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1942

	Year ended 31st March, 1943.	Year ended 31st March, 1942.	Increase.	Decrease.
	£	£	£	£
Permanent Appropriations :—				
Under special Acts of Legislature—				
Civil List .. .. .	26,104	29,367	..	3,263
Debt Services—				
Interest .. .. .	9,676,998	8,722,808	954,190	..
Sinking fund .. .. .	16,288	5,429	10,859	..
Repayment of Public Debt Act, 1925 .. .. .	2,565,354	2,255,109	310,245	..
Transfers to Loans Redemption Account .. .. .	400	1,758	..	1,358
Payments on guaranteed loans .. .. .	Cr. 353	437	..	790
Administration and management .. .. .	136,879	134,018	2,861	..
Total—Debt Services .. .. .	12,395,566	11,119,559	1,278,155	2,148
Other Services—				
Highways .. .. .	1,717,540	2,351,151	..	633,611
Exchange .. .. .	2,252,919	2,328,551	..	75,632
Other special Acts .. .. .	1,860,149	2,068,143	..	207,994
Total—Other Services .. .. .	5,830,608	6,747,845	..	917,237
Total—Permanent Appropriations .. .. .	18,252,278	17,896,771	1,278,155	922,648
Annual Appropriations :—				
Vote,—				
Legislative .. .. .	102,459	108,513	..	6,054
Prime Minister's Department .. .. .	114,468	23,546	90,922	..
Finance—				
Treasury .. .. .	284,070	63,375	220,695	..
Customs .. .. .	139,157	147,901	..	8,744
Land and Income Tax .. .. .	145,266	184,304	..	39,038
Stamp Duties .. .. .	83,348	92,603	..	9,255
Audit .. .. .	38,307	37,210	1,097	..
Total—Finance .. .. .	690,148	525,393	221,792	57,037
General Administration—				
Public Service Commissioner's Office .. .. .	19,656	17,791	1,865	..
Internal Affairs .. .. .	439,835	482,773	..	42,938
External Affairs .. .. .	147,891	246,443	..	98,552
Printing and Stationery .. .. .	405,140	304,397	100,743	..
Marine .. .. .	143,597	147,574	..	3,977
Labour .. .. .	474,983	1,391,685	..	916,702
Native .. .. .	274,260	407,569	..	133,309
Valuation .. .. .	25,628	31,839	..	6,211
Electoral .. .. .	11,097	56,503	..	45,406
Census and Statistics .. .. .	26,756	29,775	..	3,019
National Service .. .. .	..	107,733	..	107,733
Total—General Administration .. .. .	1,968,843	3,224,082	102,608	1,397,844
Law and Order—				
Justice and Prisons .. .. .	236,502	259,021	..	22,519
Crown Law Office .. .. .	9,042	8,534	508	..
Police .. .. .	716,125	677,353	38,772	..
Total—Law and Order .. .. .	961,669	944,908	39,280	22,519
Maintenance of Public Works and Services .. .. .	178,909	510,461	..	331,552
Development of Primary and Secondary Industries—				
Lands and Survey .. .. .	322,481	361,948	..	39,467
Agriculture .. .. .	896,364	1,880,432	..	984,068
Industries and Commerce, Tourist and Publicity .. .. .	886,232	834,106	52,126	..
Scientific and Industrial Research .. .. .	176,013	162,657	13,356	..
Mines .. .. .	87,981	279,152	..	191,171
Transport .. .. .	76,833	75,895	938	..
Total—Development of Primary and Secondary Industries .. .. .	2,445,904	3,594,190	66,420	1,214,706
Social Services—				
Health .. .. .	1,982,995	1,979,094	3,901	..
Mental Hospitals .. .. .	474,435	440,640	33,795	..
Education .. .. .	4,670,839	4,503,118	167,721	..
Pensions .. .. .	2,382,858	2,093,790	289,068	..
Social Security .. .. .	3,600,000	3,600,000	..	..
National Provident and Friendly Societies .. .. .	103,829	100,845	2,984	..
Total—Social Services .. .. .	13,214,956	12,717,487	497,469	..
Unauthorized Expenditure—				
Services not provided for .. .. .	276,797	23,146	253,651	..
Total—Annual Appropriations .. .. .	19,954,153	21,671,726	1,272,142	2,989,715
			2,550,297	3,912,363
			..	2,550,297
Total Expenditure .. .. .	38,206,431	39,568,497	..	1,362,066

Table No. 3

## SOCIAL SECURITY FUND

STATEMENT SHOWING THE NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1943, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1942

	Year ended 31st March, 1943.	Year ended 31st March, 1942.	Increase.	Decrease.
	£	£	£	£
Administration expenses .. .. .	518,030	391,812	126,218	..
Medical, hospital, &c., benefits—				
Maternity benefits .. .. .	505,219	549,850	..	44,631
Hospital benefits .. .. .	1,539,282	1,372,406	166,876	..
Medical benefits .. .. .	1,016,032	205,672	810,360	..
Pharmaceutical benefits .. .. .	563,247	279,698	283,549	..
Supplementary benefits .. .. .	97,399	27,962	69,437	..
Monetary benefits—				
Age benefit .. .. .	7,783,084	7,190,694	592,390	..
Invalidity benefits .. .. .	1,036,374	1,011,375	24,999	..
Widows' benefits .. .. .	866,597	844,928	21,669	..
Sickness benefits .. .. .	362,088	304,155	57,933	..
Family benefits .. .. .	790,719	539,183	251,536	..
Miners' benefits .. .. .	80,100	83,258	..	3,158
Orphans' benefits .. .. .	20,628	18,275	2,353	..
Maori War benefits .. .. .	189	440	..	251
Unemployment benefits .. .. .	49,639	138,528	..	88,889
Universal superannuation .. .. .	603,124	445,686	157,438	..
Emergency benefit .. .. .	118,923	127,366	..	8,443
			2,564,758	145,372
			145,372	..
Totals .. .. .	15,950,674	13,531,288	2,419,386	..

**Table No. 4**  
**NATIONAL DEVELOPMENT EXPENDITURE, 1942-43**  
**STATEMENT OF SOURCES OF EXPENDITURE**

Vote or Account.	Expenditure from				
	Funds in Hand, 1st April, 1942.	New Loans.	Consolidated Fund.	Other Revenue Receipts.	Total.
Public Works Account--	£	£	£	£	£
Departmental .. .. .	Cr. 100	..	20,000	..	19,900
Railway Construction .. .. .	233,829	..	..	..	233,829
Public Buildings .. .. .	454,232	..	10,000	..	464,232
Education Buildings .. .. .	204,713	..	..	..	204,713
Lighthouses and Harbour Works .. .. .	6,824	..	..	..	6,824
Roads, &c. .. .. .	127,961	..	..	..	127,961
Lands Miscellaneous .. .. .	17,595	..	..	..	17,595
Irrigation, Water-supply, and Drainage .. .. .	81,996	..	..	..	81,996
Linen-flax Development .. .. .	521,569	..	..	..	521,569
	1,648,619	..	30,000	..	1,678,619
Electric Supply Account .. .. .	124,108	1,186,000	..	705,173	2,015,281
Land for Settlements Account .. .. .	211,017	..	193,500	808,090	1,212,607
Main Highways Account .. .. .	95,743	270,000	..	1,571,367	1,937,110
State Coal-mines Account .. .. .	..	225,000	..	..	225,000
State Forests Account .. .. .	59,280	110,000	..	316,380	485,660
Working Railways Account .. .. .	354	..	..	35,960	36,314
	2,139,121	1,791,000	223,500	3,436,970	7,590,591
Housing Account .. .. .	64,217	1,100,000	..	378,732	1,542,949
Iron and Steel Industry Account .. .. .	110	2,000	..	..	2,110
Post Office Account .. .. .	..	132,000	..	..	132,000
Grand Totals .. .. .	2,203,448	3,025,000	223,500	3,815,702	9,267,650

NOTE.—Owing to the overlapping of construction—i.e., development—and maintenance expenditure under headings such as electric supply, land for settlements, and main highways, it is impracticable to make a clear distinction. The development expenditure is approximately indicated, however, by the first two money columns, totalling £5,228,448 for the year.

**Table No. 5**  
**PUBLIC DEBT**  
**MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1943**

Date of Maturity.		Due in				Total Debt (Nominal Amount).
From 1st April,	To 31st March,	London.	Australia.	New Zealand.		
				Public.	Departmental.	
		£	£	£	£	£
Overdue ..	..	..	..	9,075	..	9,075
Treasury bills	..	..	..	38,260,000	17,694,000	55,954,000
Memoranda of Security	..	10,254,670	..	..	..	10,254,670
Advance sub- scriptions	..	..	..	2,345,490	..	2,345,490
1925† ..	1946 ..	2,090,909*	..	..	..	2,090,909
1940 ..	1945 ..	5,926,400	..	..	..	5,926,400
1942‡ ..	1946 ..	..	..	9,207,120	631,960	9,839,080
1942‡ ..	1963 ..	10,505,989	..	378,639	..	10,884,628
1943 ..	1944 ..	7,339,656	..	..	..	7,339,656
1944 ..	1945 ..	7,780,408	..	249,660	12,610	8,042,678
1945 ..	1946 ..	22,543,590	..	2,896,220	..	25,439,810
1946 ..	1947 ..	..	..	3,739,141	1,237,843	4,976,984
1946 ..	1949 ..	..	..	6,768,965	..	6,768,965
1946‡ ..	1950 ..	..	..	8,302,425	660,780	8,963,205
1947 ..	1948 ..	11,341,609	83,300	7,676,740	3,002,070	22,103,719
1947† ..	1958 ..	19,225,465	..	..	..	19,225,465
1948 ..	1949 ..	..	..	14,727,270	44,050	14,771,320
1948† ..	1954 ..	6,206,701	..	..	..	6,206,701
1949 ..	1950 ..	7,500,000	..	312,010	..	7,812,010
1949‡ ..	1953 ..	..	..	12,484,105	..	12,484,105
1950 ..	1951 ..	1,250,000	779,000	250,000	..	2,279,000
1951 ..	1955 ..	..	..	6,567,660	233,330	6,800,990
1952 ..	1956 ..	12,000,000†	..	18,974,735	1,526,190	32,500,925
1952‡ ..	1957 ..	..	..	6,800,225	2,315,765	9,115,990
1953 ..	1954 ..	..	..	9,929,347	440	9,929,787
1953 ..	1957 ..	..	..	8,288,200	500,430	8,788,630
1954 ..	1959 ..	..	..	5,198,960	339,000	5,537,960
1955 ..	1956 ..	..	..	750	461,700	462,450
1955 ..	1959 ..	..	..	5,892,090	383,590	6,275,680
1955† ..	1961 ..	5,195,801	..	..	..	5,195,801
1956 ..	1957 ..	12,900	..	2,710	2,586,530	2,602,140
1956† ..	1972 ..	5,000,000	..	..	..	5,000,000
1957 ..	1958 ..	..	..	2,809,750	37,528,117	40,337,867
1957 ..	1961 ..	..	..	14,303,500	274,430	14,577,930
1958 ..	1959 ..	..	..	4,500	38,043,604	38,048,104
1959 ..	1960 ..	..	..	..	9,309,250	9,309,250
1960 ..	1961 ..	..	..	264,950	..	264,950
Interest-free§	..	..	..	1,258,848	..	1,258,848
	1946 ..	577,446	..	..	..	577,446
	1958 ..	23,522,753	..	..	..	23,522,753
Totals ..	..	158,274,297	862,300	187,903,085	116,785,689	463,825,371

\* Advances by Imperial Government for State Advances purposes. † Government has option to redeem at par on or after the earlier date on giving notice in the *London Gazette*. ‡ Government has option to redeem on or after the earlier date on giving three months' notice in the *New Zealand Gazette*. § Interest-free loans are for various periods, the bulk being for the duration of the war and six months thereafter. || Imperial Government advances funded in terms of section 8, Finance Act, 1922. Payments at present suspended.

*Copy of Prospectus of Liberty Loan*

Dominion of New Zealand  
LIBERTY LOAN (FOR WAR PURPOSES)

*Issue of £15,000,000 in either of the following forms :—*

- 2½ PER CENT. STOCK REPAYABLE 15TH SEPTEMBER, 1947.  
3 PER CENT. STOCK REPAYABLE 15TH SEPTEMBER, 1952/55.

*Price of Issue : £100 per Cent.*

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

- £30 per cent. on application.  
£40 per cent. on the 30th June, 1942.  
£30 per cent. on the 28th July, 1942.

*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.*

Loan opens 4th May, 1942. Closes 2nd June, 1942.

THE Reserve Bank of New Zealand has been authorized by the Minister of Finance to receive applications for £15,000,000 New Zealand Government Stock as above.

1. The proceeds of the issue will be paid to the War Expenses Account established under Part I of the War Expenses Act, 1939.

2. Applications accompanied by a remittance for the full issue price, or the required deposit of £30 per cent. may be lodged at the Reserve Bank of New Zealand, at any branch of any trading bank in New Zealand, at the District Treasury Offices at Auckland, Christchurch, and Dunedin, or at any postal money-order office in New Zealand.

Applications must be for an amount of £10 or multiples thereof.

3. Subscriptions may be paid in full at the time of application or by instalments comprising £30 per cent. on application, £40 per cent. on the 30th June, 1942, and £30 per cent. on the 28th July, 1942.

Cheques in payment of deposits or instalments will be accepted free of inland exchange.

4. Default in payment of any instalment at its proper due date renders any sum previously paid liable to forfeiture and the relative allotment liable to cancellation.

5. New Zealand Government Stock will be issued in any of the following forms as applicants may direct on the form of application :—

- (a) Registered Stock transferable by memorandum of transfer :
- (b) Stock Certificates to bearer with interest coupons annexed :
- (c) Death-duty Stock.

Registered Stock may be converted into Stock Certificates to bearer, and Stock Certificates to bearer may be converted into Registered Stock without payment of any fee.

Death Duty Stock is, in terms of section 40 of the New Zealand Loans Act, 1932, acceptable at par in payment of Death Duties in the estate of a deceased holder.

6. Interest will be paid on the 15th March and 15th September in each year at the rate of 2½ per cent. per annum on the 1947 Stock and at the rate of 3 per cent. per annum on the 1952/55 Stock. The first payment (calculated from the dates the deposits and instalments are received by Banks and Post Offices) will be made on the 15th September, 1942.

7. Interest on Registered Stock, including Death-duty Stock, will be paid by means of interest warrants, which will be transmitted by post at the risk of the stockholder. The Reserve Bank will accept directions from stockholders for payment of interest to any agent in the Dominion. Existing instructions for the payment of interest will apply to Stock of both issues.

8. Interest on Stock Certificates to bearer, excepting the interest due 15th September, 1942, will be paid by means of coupons annexed to the Certificates. The interest due 15th September, 1942, will be paid by means of warrants which will be forwarded by post to the *subscriber*.

9. Stock will be registered in the names of the subscribers and Stock Certificates to bearer will be issued as soon as practicable after payment of the full amount of the subscription has been made.

Stock Certificates to bearer may *not* be issued for amounts of less than £50.

On registration of stock registration certificates will be issued to subscribers unless certificates of title evidencing ownership of the stock are required in which case application for such certificates should be made on the prescribed form.

10. The register of stock will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered without payment of any fee.

11. Transfers of New Zealand Government Stock otherwise than by way of gift are *exempt from stamp duty*.

12. Any minor of the age of *ten years* or upwards may be registered as the holder of stock and may execute transfers thereof.

13. Death-duty Stock is not transferable as such from person to person, but may be exchanged for ordinary stock, which is transferable.

14. Stock Certificates (until the name of some person is inserted therein as the holder) are transferable by delivery.

15. The 2½-per-cent. Stock of this issue will be repaid at par at the Reserve Bank of New Zealand on the 15th September, 1947.

16. The 3-per-cent. Stock of this issue, will be repaid at par at the Reserve Bank of New Zealand on the 15th September, 1955, but the Minister reserves the right to repay at par at any time on or after the 15th September, 1952, on giving not less than three months' notice in the *New Zealand Gazette* of his intention to repay.

17. Commission at the rate of 5s. per £100 of stock issued will be allowed to bankers and registered sharebrokers on applications bearing their stamp.

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

19. The ultimate repayment of the Public Debt of the Dominion is in the main provided for under the Repayment of the Public Debt Act, 1925, in pursuance of which New Zealand's debt-reduction resources shall be applied in the purchase and redemption of New Zealand Government securities at or before maturity.

20. Copies of this prospectus and forms of applications may be obtained from—

- (a) The Reserve Bank of New Zealand, Wellington :
- (b) The District Treasury Offices at Auckland, Christchurch, or Dunedin :
- (c) Any branch of any trading bank in New Zealand :
- (d) Any postal money-order office in New Zealand :
- (e) Members of any Stock Exchange in New Zealand.

21. The Minister of Finance reserves the right to accept applications exceeding in the aggregate £15,000,000.

The lists for the Loan will be open on the 4th May, 1942, and will be closed on the 2nd June, 1942. Reserve Bank of New Zealand, Wellington, 4th May, 1942.

### *Copy of Prospectus of 2nd Liberty Loan*

#### Dominion of New Zealand

#### 2ND LIBERTY LOAN (FOR WAR PURPOSES)

*Issue of £10,000,000 in either of the following forms :—*

- 2½ PER CENT. STOCK REPAYABLE 15TH MAY, 1948.
- 3 PER CENT. STOCK REPAYABLE 15TH MAY, 1953/56.

*Price of Issue : £100 per cent.*

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

- £30 per cent. on application.
- £30 per cent. on the 15th December, 1942.
- £40 per cent. on the 27th January, 1943.

*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.*

Loan opens 12th October, 1942. Closes 14th November, 1942.

Amounts lodged with the Reserve Bank since the 10th August, 1942, by way of Advance Subscriptions to War Purposes Loans will be applied to this issue unless written notice of withdrawal is forwarded to the Reserve Bank on or before the 19th October, 1942.

The acceptance of further amounts by way of Advance Subscriptions is being discontinued as from the date of this Prospectus.

The Reserve Bank of New Zealand has been authorized by the Minister of Finance to receive applications for £10,000,000 New Zealand Government Stock as above.

1. The proceeds of the issue will be paid to the War Expenses Account established under Part I of the War Expenses Act, 1939.

2. Applications accompanied by a remittance for the full issue price, or the required deposit of £30 per cent. may be lodged at the Reserve Bank of New Zealand, at any branch of any bank in New Zealand, including Trustee Savings-banks, at the District Treasury Offices at Auckland, Christchurch, and Dunedin, or at any postal money-order office in New Zealand.

Applications must be for an amount of £10 or multiples thereof.

3. Subscriptions may be paid in full at the time of application or by instalments comprising £30 per cent. on application, £30 per cent. on the 15th December, 1942, and £40 per cent. on the 27th January, 1943.

Cheques in payment of deposits or instalments will be accepted free of inland exchange.

4. Default in payment of any instalment at its proper due date renders any sum previously paid liable to forfeiture and the relative allotment liable to cancellation.

5. New Zealand Government Stock will be issued in any of the following forms as applicants may direct on the form of application :—

- (a) Registered Stock transferable by memorandum of transfer :
- (b) Stock Certificates to bearer with interest coupons annexed :
- (c) Death-duty Stock.

Registered Stock may be converted into Stock Certificates to bearer, and Stock Certificates to bearer may be converted into Registered Stock without payment of any fee.

Death Duty Stock is, in terms of section 40 of the New Zealand Loans Act, 1932, acceptable at par in payment of Death Duties in the estate of a deceased holder.

6. Interest will be paid on the 15th May and 15th November in each year at the rate of 2½ per cent. per annum on the 1948 Stock and at the rate of 3 per cent. per annum on the 1953/56 Stock. The first payment (calculated from the dates the deposits and instalments are received by Banks and Post Offices) will be made on the 15th May, 1943.

7. Interest on Registered Stock, including Death-duty Stock, will be paid by means of interest warrants, which will be transmitted by post at the risk of the stockholder. The Reserve Bank will accept directions from stockholders for payment of interest to any agent in the Dominion. Existing instructions for the payment of interest will apply to Stock of both issues.

8. Interest on Stock Certificates to bearer, excepting the interest due 15th May, 1943, will be paid by means of coupons annexed to the Certificates. The interest due 15th May, 1943, will be paid by means of warrants which will be forwarded by post to the *subscriber*.

9. Stock will be registered in the names of the subscribers and Stock Certificates to bearer will be issued as soon as practicable after payment of the full amount of the subscription has been made. Stock Certificates to bearer may *not* be issued for amounts of less than £50.

On registration of stock registration certificates will be issued to subscribers unless certificates of title evidencing ownership of the stock are required in which case application for such certificates should be made on the prescribed form.

10. The Register of Stock will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered without payment of any fee.

11. Transfers of New Zealand Government Stock otherwise than by way of gift *are exempt from stamp duty*.

12. Any minor of the age of *ten years* or upwards may be registered as the holder of stock and may execute transfers thereof.

13. Death-duty Stock is not transferable as such from person to person but may be exchanged for ordinary stock, which is transferable.

14. Stock Certificates (until the name of some person is inserted therein as the holder) are transferable by delivery.

15. The 2½-per-cent. Stock of this issue will be repaid at par at the Reserve Bank of New Zealand on the 15th May, 1948.

16. The 3-per-cent. Stock of this issue, will be repaid at par at the Reserve Bank of New Zealand on the 15th May, 1956, but the Minister reserves the right to repay at par at any time on or after the 15th May, 1953, on giving not less than three months' notice in the *New Zealand Gazette* of his intention to repay.

17. Commission at the rate of 5s. per £100 of stock issued will be allowed to bankers and registered sharebrokers on applications bearing their stamp.

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

19. The ultimate repayment of the Public Debt of the Dominion is in the main provided for under the Repayment of the Public Debt Act, 1925, in pursuance of which New Zealand's debt-reduction resources shall be applied in the purchase and redemption of New Zealand Government securities at or before maturity.

20. Copies of this prospectus and forms of applications may be obtained from—

- (a) The Reserve Bank of New Zealand, Wellington :
- (b) The District Treasury Offices at Auckland, Christchurch, or Dunedin :
- (c) Any branch of any bank in New Zealand :
- (d) Any postal money-order office in New Zealand :
- (e) Members of any Stock Exchange in New Zealand.

21. The Minister of Finance reserves the right to accept applications exceeding in the aggregate £10,000,000.

The lists for the Loan will be open on the 12th October, 1942, and will be closed on the 14th November, 1942.

Reserve Bank of New Zealand, Wellington, 12th October, 1942.



**Explanatory note on omission of B.-7 and B.-7A (Appropriations chargeable on Consolidated and Public Works Funds and other Accounts).**

THE appropriations chargeable on the Consolidated Fund and on the Public Works Fund and other accounts have prior to the year 1939-40 been published in the Appendices under the description B.-7 and B.-7A respectively. The appropriations are compiled from the estimates of expenditure chargeable on the respective funds or accounts which have been submitted to and passed by the House. The estimates consist of the main estimates and the supplementary estimates. For reasons of economy the appropriations have not been printed separately. If it is desired to ascertain the amount appropriated for any particular item of the estimates, there must be added to the amount shown on the main estimates the amount, if any, for the same item shown on the supplementary estimates. The total amount appropriated for each vote (*e.g.*, Vote "Legislative") is shown in the summary published in the supplementary estimates. For the separate items, however, both main and supplementary estimates must be consulted. Commencing with the financial year 1942-43 a further change was made in the presentation of the estimates of expenditure. The estimates for the Public Works Fund were not submitted separately, but were incorporated in the one estimate of expenditure. The word "Fund" was dropped, and the public-works estimates are under the heading of the Public Works Account. The same relative order is maintained in the supplementary estimates as in the main estimates.

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