

INDEX

	PAGE
Air Force expenditure	3
Army expenditure	3
Budget surplus, 1943-44	2
Conferences	15
Consolidated Fund	2, 8
Earthquake insurance	13
Expenditure	
Air Force	3
Army	3
Consolidated Fund	2, 8
Navy	3
Social Security Fund	2
Family Benefits	19
War Expenses Account	3
Total	8
Hot Springs Conference	15
Housing	15
Industries, primary	14
Interest adjustment	9
International Labour Conference	17
International Monetary Conference	18
Loan programme	6, 11, 12
Long-term contracts	14
Man-power	13
Memorandum of Security Agreement	5, 12
National development programme	11
Navy expenditure	3
Primary industries	14
Prospectus of 3rd Liberty Loan	v
Prospectus of London Conversion Loan	vi
Prospectus of New Zealand Conversion Loan	vii
Public debt	6
Reciprocal aid	5, 12
Rehabilitation	4, 20
Revenue: Estimate, 1944-45	8
Social Security Fund	2, 10
Stabilization	19
Surplus, 1943-44 (Consolidated Fund)	2
Tables	i-iv
Taxation receipts	8
UNRRA	16
Victory Loan	12
War costs, overseas, financed by United Kingdom	5, 12
War damage insurance	13
War Expenses Account	3, 6, 11
War finance	11
War loan	4, 12

1944
NEW ZEALAND

FINANCIAL STATEMENT

(In Committee of Supply, 3rd August, 1944)

By the Hon. WALTER NASH, Minister of Finance

MR. CHAIRMAN,—

On 3rd June, 1943, it was my privilege to present to this House the financial statements and accounts for the period ended on the last day of March in that year, together with the financial proposals for the year then opening. At that time I pointed out the position of the world war, the contribution of our Forces, and the steps the Government felt were required if we were to go forward. On that day last year the German drive against Russia was in course of preparation, and, being launched on 5th July, was repelled by the Russians, who commenced their own offensive from Leningrad to Stalingrad and have not yet been stopped for any lengthy period. The United States and the Allied Forces were commencing their forward movements in the Pacific. New Guinea was still largely occupied by the enemy. India was menaced through Burma. North Africa had just been freed. The submarine menace had not yet been fully met. China was, and is still, menaced, but her Army continues to fight. The arrogance of the enemy remains, but his power has been challenged and is fading. To-day, whilst there is still much to do, conditions are different. General Eisenhower and General Montgomery have organized successful landings in Normandy, and each day brings news of the liberation of further areas of France. The Russian Army has won amazing successes, and may shortly be on the German shores of the Baltic sea. The men of the Russian Army have shown unprecedented valour, courage, and fighting capacity. Their Generals have out-thought and out-fought the Armies of the Axis; and the United States Navy, Marine, Army and Air Forces have, in a manner unparalleled, gradually occupied strategic forward areas which have changed within a few months the whole position in the Pacific. Britain, having saved the world in September, 1940, to April, 1941, still stands a monument to a great people with a great leader. Canada, Australia, South Africa, India, and the colonies, with our own Forces, have made, and are making, a great contribution to the work which makes a new world possible. Last, but not least, the signs of dissension are apparent in both Germany and Japan, and those with vision look forward to the end of hostilities; and afterwards to the difficult tasks of reconstruction and development which are so necessary if we are to avoid like conditions arising again.

Every day of the past fourteen months men and women have lost their lives --and limbs. Some have had their bodies torn and will suffer pain for the remainder of their stay in this sphere. Our duty to those who have served and our task ahead is so to organize the economy of our country and to order our own lives in a way that will reduce to a minimum the possibility of war in the future.

We must see that our contribution to the post-war world is equal to the contribution made during the past five years by our fighting men, farmers, women, and other workers—a contribution which has been quoted as an example to the whole world.

We must, however, keep our accounts, and that is why to-night I present you with the record of the year that is past and the estimates for the one to end on 31st March next. The accounts for the past financial year show a surplus in the Consolidated Fund of £2,232,580.

To complete the picture of the financial position of the country the Consolidated Fund surplus should be examined with the War Expenses Account and the Social Security Fund. Both these last-mentioned accounts are financed by taxation direct and by transfers from the Consolidated Fund. It is difficult in the case of the War Expenses Account, which is financed partly from loans and partly from revenue, to assess what the exact surplus is for the year, as the term is usually applied to a revenue surplus, but, based on the difference between the opening and closing balances, it may be said that the account showed a deficit of £621,097. Similarly, the deficit in the Social Security Fund amounted to £141,662, so that, taking the results in the three accounts together, we arrive at a net surplus for last financial year of £1,469,821.

The principle of pooling of the revenue resources, to which I have just referred, applies equally to capital resources. Thus since 1941 the only public loans which have been raised have been for war purposes, and the Government have been able to finance the whole of the capital required for national-development purposes from departmental funds. Moreover, surplus departmental funds have been applied towards fulfilling war-loan requirements. Thus the State has marshalled the whole of its financial resources primarily for assisting in the war effort.

The surplus in the Consolidated Fund is due both to revenue having been received in excess of the estimates and also reduction in expenditure. On the revenue side receipts from taxation under practically every heading were up compared with both the previous year and the Budget estimate. Income-tax and Customs duties were responsible for the major part of the increase. The total taxation receipts into the Consolidated Fund were £42,000,000, an increase of £6,500,000 over the Budget estimate, and it was this factor, as I shall explain later, that enabled an additional transfer of £6,000,000 to be made to War Expenses Account. The other receipts into the Consolidated Fund, including interest on capital liability of trading undertakings, were all very close to the estimates and do not call for any special mention.

The position regarding expenditure is very satisfactory in that although the estimates were exceeded in certain cases this was more than offset by savings in other respects, so that on balance the total expenditure is well within the amount appropriated by Parliament. Social services chargeable against the Consolidated Fund accounted for £14,600,000 as compared with the amount authorized—£14,800,000—both of which figures include the amount of £4,100,000 transferred to the Social Security Fund as set out in the Estimates. Other votes show an expenditure of £6,800,000 as compared with the £6,900,000 appropriated. Expenditure under the permanent appropriations—that is, under special Acts of the Legislature—was also, in the main, lower than anticipated, the only exception of any importance being the transfer which I have already mentioned to War Expenses Account of an additional £6,000,000.

The total amount provided out of the current year's revenue in aid of the War Expenses Account was thus £7,500,000, against the £1,500,000 provided for in last year's Budget. In addition, the previous year's surplus of £4,200,000 was also transferred to War Expenses Account during the year just closed, making a grand total of £11,700,000, transferred under the statutory authority contained in section 2 of the War Expenses Act, 1939.

Following the precedent of the past five years, it is proposed to transfer the 1943-44 surplus in the Consolidated Fund to the War Expenses Account.

The actual expenditure from the Social Security Fund for the year was £17,600,000, as against a Budget estimate of £17,500,000. Revenue in the Fund from the social security charge, registration fees, and miscellaneous was up by approximately £1,200,000, the total being £13,400,000. This, together with the £4,100,000 from Consolidated Fund as originally provided for, enabled the whole expenditure to be met with only a small reduction in the cash balance of the Fund.

Consolidated
Fund, 1943-44

Social Security
Fund, 1943-44

From the 1st July, 1943, basic rates of benefits were increased. All classes of beneficiaries received an adjustment in the award previously payable.

The Government also arranged for a comprehensive review of the war-pensions legislation, and substantial increases in the rates of pension were authorized. These increases had the effect of bringing the war pensions available to totally disabled servicemen and to the widows of deceased servicemen to a rate comparable with changed economic circumstances.

Under the heading of national development the Government's programme was necessarily on a very small scale and was in keeping with wartime policy of restricting such development to bare essentials. Most of the expenditure incurred was for housing and hydro-electric works. Allowing for approximately £2,000,000 available at the beginning of the year, it was anticipated that £6,500,000 would have to be raised to carry out the restricted programme, but, due partly to the diversion of men and material to urgent war work, it was found that £4,000,000 covered requirements. As already indicated, loan-moneys for works other than war purposes have been provided from departmental sources, thus leaving the public market entirely free to meet war-loan requirements.

I have dealt very briefly with the three accounts—Consolidated Fund, Social Security, and National Development—full particulars of all these are available in the published accounts. In normal times these three accounts would be dealt with exhaustively in any financial review, but, important though they are, they are overshadowed by the magnitude of our war expenses budget, and I propose now to deal more fully with that account for the past year.

As the offensive against our enemies developed, so war-costs increased. In last year's Budget no lessening of war-costs was envisaged, and the net final figures for the year, after allowing for the sum of £10,216,000 used for debt repayment, show that the immense sum of £152,900,000—immense for a country of our population—was expended in financing the struggle.

National
Development
Loans, 1943-44

War Expenses
Account,
1943-44

The full results for last year in the War Expenses Account were as follows:—

WAR EXPENSES ACCOUNT, 1943-44

EXPENDITURE					£(m.)	£(m.)
Navy	..	..	..	..	8.2	
Army	..	..	..	..	78.1	
Air	..	..	..	..	33.8	
Civil	..	..	..	..	7.8	
Rehabilitation	..	..	..	..	0.5	
Reciprocal Aid : Reverse Lend-Lease	..	..	..	..	24.5	
						152.9
RECEIPTS						
War taxation	..	..	..	..	45.4	
Transfers from Consolidated Fund	..	..	..	..	11.7	
						57.1
Miscellaneous	..	..	..	..	0.2	
Reciprocal aid : Lend-Lease	..	..	..	..	32.5	
Memorandum of Security Agreement with United Kingdom Government	..	..	..	£(m.) 11.7		
Less repayments	..	..	..	5.0		
						6.7
Loans raised in New Zealand	..	..	..	61.0		
Less repayments	..	..	..	5.2		
						55.8
						152.3
Balance met from cash balance at beginning of year	..	..	..	..		0.6

As was stated when presenting last year's Budget, the vicissitudes and exigencies of war make estimating for war purposes anything but an exact science, and while the final expenditure, after adjustment for loan repayments, is only £4,900,000 in excess of the Budget estimate of £148,000,000, there were several variations from the Estimates.

In the Navy expenditure, there was a saving of £1,800,000, made up of reductions in docking charges, stores, and the curtailment of building.

Army expenditure was £10,100,000 above the estimate. The maintaining of the strength of our forces in the Pacific and the payment for war stores supplied early in the war, the accounts for which have lately been received, increased expenditure by £14,000,000, while savings in other items, such as buildings and accommodation, were a set-off against this.

The Air expenditure closely approximated the estimate.

**Civil
expenditure**

The item for "Civil," under which are charged war-costs not directly applicable to or which cannot immediately be allocated to one of the Service Departments, was under the estimate by £8,200,000. This reduction occurred mainly through the quicker recovery of amounts due by Service Departments.

Rehabilitation

This brings us to the heading "Rehabilitation," which will assume greater prominence as the day of victory approaches, and will ultimately become the main item in the War Expenses Account.

Of the amount last year of £544,000 under this heading, £158,000 has been invested in respect of business loans, purchases of stock and tools of trade, and in making up the difference between normal lending rates and the special interest-rates for soldiers for homes and farms, and, where loans were made through the State Advances Corporation, the meeting of the Reserve Fund contributions. The balance, £386,000, was expended on grants to servicemen to provide between the date of discharge from the Forces and their absorption in civilian life, on educational courses, and occupational training. These figures cover only the expenditure incurred direct from War Expenses Account and contain only a small portion of the State's rehabilitation activities. The State Advances Corporation, the Lands Department, and the Native Department are all actively engaged in rehabilitation work, and financial assistance through these agencies during the past year amounted to over £1,000,000.

**War
borrowings
1943-44**

The amount of £10,216,000, representing repayments of loans, should be deducted from the year's borrowing, the gross figure for which was £72,755,000. This leaves a net figure of £62,539,000 as cash received during the year, made up as follows:—

3rd Liberty Loan—		£	£
Stock issued .. ..	.. ..	30,231,000	
National savings .. ..	.. ..	10,811,000	
		<hr/>	41,042,000
Over-the-counter sales .. ..	.. ..	..	5,129,000
Departmental Funds .. ..	.. ..	..	10,600,000
Advance Subscriptions, 1943-44 .. ..	.. ..	..	1,555,000
Memorandum of Security .. ..	.. ..	..	6,732,000
Miscellaneous .. ..	.. ..	..	42,000
			<hr/>
Less—			65,100,000
Advance Subscriptions paid in .. ..	.. ..	£
1942-43 .. ..	.. ..	2,345,000	
Miscellaneous repayments .. ..	.. ..	216,000	
		<hr/>	2,561,000
			<hr/>
		Net borrowing for war purposes	
	1943-44 .. ..	.. ..	<u>£62,539,000</u>

**3rd Liberty
Loan**

The 3rd Liberty Loan made history not only in amount, but also in the numbers of subscribers; also for the enthusiasm with which it was supported, and the oversubscription, which exceeded £6,000,000.

This satisfactory position was assisted very materially by national savings. The total contribution to war finance from this source during the past year of £10,811,000 is a tribute to the effort of the small savers to play their part in assisting the country's war finance, while at the same time building up for themselves a reserve for use in times of peace.

Receipts from taxation payable direct into the War Expenses Account were £5,400,000 above the estimate.

Under the Memorandum of Security Agreement the United Kingdom Government provides the necessary funds, by way of loan, for equipping and maintaining our Forces in the Middle East and other war charges. Interest is payable on the balance outstanding at the average rate at which similar loans have been raised in the United Kingdom—to date, 3 per cent. The repayment date has been fixed as the 15th August, 1965, but it has been agreed that we will make repayments as and when our sterling funds permit.

The transactions to date under the Memorandum of Security Agreement can be summarized as follows (in New Zealand currency):—

Amounts borrowed—	£
Empire Air Training Scheme to 31st March, 1943	9,959,000
2nd N.Z.E.F., Middle East, to 31st March, 1943 (including pay and allowances, maintenance, transport, and initial equipment) ..	27,125,000
2nd N.Z.E.F., Middle East, from 1st April, 1943, to 31st March, 1944	11,732,000
	<hr/>
	48,816,000
Less repayments	32,084,000
	<hr/>
Balance owing 31st March, 1944 ..	<u>£16,732,000</u>

The two remaining items in War Expenses Account are "Lend-Lease" and "Reciprocal Aid." Under the heading "Lend-Lease" we received last year goods and services valued for accounting purposes at £32,500,000. These were received on account of the Navy, £1,700,000; the Army, £7,500,000; the Air Force, £12,800,000; and for civilian purposes directly related to the war, £10,500,000. During the same period we gave in return goods and services costing us £24,500,000.

In connection with reciprocal aid, I would like to stress again that the first purpose is to enable each country to make the maximum use of its resources to prosecute the war. We gladly accepted help on these reciprocal terms—help which was particularly valuable when the threat to our own shores was so real, and for our part we undertook, and have faithfully honoured the undertaking, to provide goods and services to the maximum of our resources. This we are determined to continue, notwithstanding that our own internal need, particularly for weapons of war, has diminished. It is essential to approach the position on the first principle of lend-lease, which is to avoid the debt which brought such evil consequences after the last war. Lend-lease and reciprocal aid cannot in the final analysis be measured in terms of money. Other war services must be taken into account. New Zealand has contributed to the war effort to the maximum, and, while the value of the aid we have received from and given to other countries is necessarily stated in our accounts in terms of money, allowance must be made not only for differences in the relative price-levels but also the services of our forces which can only be measured in the heroic performance of duty and in hardships nobly borne, as well as the extent to which our man-power was mobilized for direct service in the field of battle.

The scope of reciprocal aid, lend-lease, has recently been extended by an agreement under which the Government of Canada will provide New Zealand with such war supplies as may be authorized from time to time. For its part New Zealand has agreed to provide Canada with such articles, services, facilities or information as it may be in a position to supply from time to time to be determined by common agreement in the light of the development of the war.

Our sister Dominion desires that full use shall be made of her productive capacity for war purposes and does not want the flow of supplies impeded through the inability of other countries to obtain sufficient Canadian dollars to pay for their requirements.

Memorandum
of Security

Reciprocal aid.

Canadian
Mutual Aid

During the war period Canadian production has been enlarged amazingly and her exports have exceeded imports to such an extent that Canada has built up balances abroad and changed over from a debtor to a creditor nation. So far as New Zealand is concerned we will benefit from the agreement principally through being relieved in future of the necessity of buying Canadian dollars to pay our share of the cost of the Air Training Scheme or for aeroplanes or other war supplies obtained from Canada. Certain freight charges on Canadian railways and Canadian ships, and also the supply of a selected range of other commodities indirectly required for war purposes may also be eligible for supply under Mutual Aid. The agreement generally should be of considerable assistance to our war effort.

The total war expenditure to the 31st March, 1944, on all phases charged through War Expenses Account amounted to £383,200,000. We must not overlook the fact, also, that administrative and other charges indirectly connected with the war are being borne by the Consolidated Fund.

Receipts to date are as follows:—

Taxation, including transfers from the Consolidated Fund	£
.. .. .	145,200,000
Loans in New Zealand and overseas	182,300,000
Reciprocal Aid: Lend-Lease	59,300,000
Miscellaneous receipts	5,300,000
Total	392,100,000
Less the closing balances of cash, imprests, and investments	8,900,000
	£383,200,000
	£383,200,000

As regards the public debt a London loan of £7,340,000 sterling, bearing interest at 4½ per cent., was due for repayment on the 1st March, 1944. As the liquidation of this sum would have seriously reduced our sterling funds, negotiations were undertaken with a view to converting the amount. Very satisfactory arrangements were made, and the necessary authority was given for the New Zealand Government to go on the London market with an offer of conversion to the present holders. The conversion offer was made on the basis of 3½ per cent. securities maturing on the 1st March, 1964, but with an option to the New Zealand Government to repay at any time within four years of the new maturity date, the conversion offer being made at par. As a result of this conversion offer £6,017,000 was taken up by the existing holders in the new issue, and the balance, £1,323,000, was taken up by the Reserve Bank of New Zealand. The net result is that the whole loan has been converted into new stock, a portion of which is held by the Reserve Bank. As the conversion was effected at 3½ per cent. and the old loan carried interest at 4½ per cent., there has been a net saving in interest to New Zealand of 1 per cent. on the total loan, involving £73,400 per annum. Further substantial loans are maturing in London at an early date.

Two further instalments of the balance of the £16,000,000 London loan, maturing on the 1st January, 1945, have been dealt with, leaving only £2,800,000 sterling for attention during the present year. The past year's transactions in connection with this loan have resulted in a reduction of our overseas debt of £2,284,700.

On 1st July last one-half of the £2,800,000 outstanding in connection with the 1939-45 London loan was disposed of by the repayment of approximately £560,000 and the conversion of approximately £860,000. The terms of the conversion were the best yet obtained, £99 of new stock at 3½ per cent. being offered for each £100 of maturing stock.

A conversion offer was also made in New Zealand to holders of a loan totalling £9,839,000 maturing on the 15th February, 1946, but in respect of which the Government had the option to repay on or after the 15th February, 1943. This loan carried interest at 4 per cent., and the conversion offer was for 3 per cent. stock maturing 1960-63 with a premium of 3 per cent., or for 2½ per cent. stock maturing 1949-51 with a premium of £1 per cent. The offer closed on the 11th March, but the conversion did not take effect until the 15th May, so that the result does not affect the accounts for the past financial year. Approximately £8,000,000 was converted, and about £1,500,000 paid off, with a few hundred thousand pounds still outstanding.

Aggregate war expenditure

War Expenses Receipts.

Public Debt Operations, 1943-44

Public debt transactions

Additional borrowing during the year increased the total debt outstanding by £4,000,000 for national development and £72,755,000 for war. On the other hand, redemptions from War Expenses Account totalled £10,216,000 and £3,439,000 from Public Debt Repayment Account, and miscellaneous amounts through Loans Redemption Account and other sources. The debt operations for the year, therefore, resulted in a net increase of £63,100,000. The debt outstanding as at the 31st March, 1943, was £463,825,000, and, in view of the decision to show the whole of our accounts in New Zealand currency, an amount of exchange on the London debt totalling £39,569,000 has been added to the outstanding debt as at that date. This does not represent any increased liability, but is simply the effect of showing the debt in New Zealand currency. Ever since the exchange-rate was raised to its present level, New Zealand has in fact been required to provide in New Zealand currency each year in respect of the overseas debt, interest at the rate stipulated in the securities plus exchange on that interest. Whenever any repayments are arranged a similar position arises and it is clearer to show in the accounts the total liability including exchange.

Exchange

This also avoids the anomalous position that previously existed when, in quoting the total debt, the figure used was the sum total of two entirely different things—New Zealand pounds and pounds sterling. Under that system the liability from exchange was ignored, whereas by showing the whole debt in New Zealand currency the full liability is clearly stated. The total liability, including exchange, at the beginning of the past financial year was therefore £503,394,000, and that is the starting-point for the transactions which have taken place during the year under review. Full particulars of the debt are set out in the published accounts. The only increase in overseas debt has been in respect of the Memorandum of Security, the gross amount borrowed being £11,732,000, while repayments of London debt were £5,000,000 in respect of the Memorandum of Security and £2,314,000 in reduction of public loans. In addition, debt totalling £3,376,000 has been repatriated to New Zealand by change of domicile. The result of these transactions, including the amount borrowed from the United Kingdom Government under Memorandum of Security, is a net increase during the year of just over £1,000,000 in our overseas debt. The total debt outstanding at 31st March, 1944, was thus £566,494,000. The substantial increase which has already taken place in the public debt for war purposes is having a material bearing on our budgetary position through the increasing burden for interest and repayment charges, and I will refer to this again at a later stage, when dealing with the position for the present year.

It is interesting to note that while our expenditure, by far the largest portion of which has been for war purposes, has been on a scale hitherto undreamt of, it has been possible to meet the whole amount by taxation or loans from existing resources, and it has not been necessary to resort to credit expansion. It is gratifying to the Government that it has been possible to follow this policy throughout the whole year, with beneficial results.

Before closing this review of the Public Accounts it is helpful to summarize the receipts of the four main accounts. As already mentioned, it is necessary for accounting purposes and to comply with the various legislative provisions to show the amounts under the respective accounting headings, but to give a clearer picture, especially of the taxation aspect, it is necessary to bring these figures together in the one table:—

Summary,
1943-44

—	Taxation.	Lend-Lease.	Loans.	Other Receipts.	Total Receipts.
	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)
War Expenses ..	57·1	32·5	72·7	0·2	162·5
Consolidated Fund ..	30·4	..	..	6·8	37·2
Social Security ..	17·5	..	..	..	17·5
National Development Loans ..	..	..	4·0	..	4·0
Totals ..	105·0	32·5	76·7	7·0	221·2

The figures in the taxation column are reconciled with the respective public accounts by the transfers of £7,500,000 from the Consolidated Fund figures to War Expenses Account and £4,100,000 to the Social Security Fund. In addition, there was transferred to War Expenses Account the Consolidated Fund surplus from the previous year of £4,200,000.

Deducting the last-mentioned sum the analysis of the taxation receipts for 1943-44 was as follows:—

<i>Direct Taxes—</i>			
On income—		£	£
Income-tax .. ..	..	31·3	
Social security charge ..	..	12·8	
National security tax ..	..	19·2	
		—	63·3
Other—			
Land-tax .. ..	..	1·0	
Estate, succession, and gift duty ..	..	4·5	
Social security registration fee ..	..	0·6	
		—	6·1
			—
			69·4
<i>Indirect Taxes—</i>			
Customs duty .. ..	..		10·4
Beer .. ..	..		3·5
Sales tax .. ..	..		12·8
Highways revenue .. ..	..		1·7
Stamp duties .. ..	..		2·1
Others .. ..	..		0·9
			—
			31·4
			—
			£100·8
			=====
			=====
Total taxation .. ..	..	..	£100·8

ESTIMATES FOR 1944-45

It is anticipated that Consolidated Fund taxation revenue will be approximately the same as it was last year, the following being the detailed estimates:—

REVENUE			
		£	£
Taxation—			
Customs .. ..	..	7,600,000	
Beer duty .. ..	..	2,000,000	
Sales tax .. ..	..	3,900,000	
Film hire .. ..	..	130,000	
Highways .. ..	..	1,671,000	
Stamp duty .. ..	..	1,750,000	
Land-tax .. ..	..	988,000	
Income-tax .. ..	..	24,000,000	
Miscellaneous .. ..	..	95,000	
		—	42,134,000
Interest recoveries from trading activities, &c. .. ..	..	5,766,000	
Other receipts .. ..	..	3,600,000	
		—	9,366,000
			—
			51,500,000
			=====
			=====
EXPENDITURE			
		£	£
Permanent appropriations—			
Debt services .. ..	..	21,413,000	
Other special Acts, including transfer of £4,000,000 to War Expenses Account .. ..	..	6,120,000	
		—	27,533,000
Annual appropriations—			
Social services .. ..	..	15,815,000	
Other votes .. ..	..	7,849,000	
		—	23,664,000
			—
			51,197,000
Supplementary estimates and contingencies ..			303,000
			—
			£51,500,000
			=====
			=====

A slight change has been made in the method of presenting the annual accounts for debt services and interest payments and recoveries. In the past, interest on the capital liability of the Railways and the Post and Telegraph Department has been shown as revenue, while interest received from other trading undertakings, such as electric supply, State coal, housing, and State Advances Corporation has been treated as a reduction of the amount payable for interest on the public debt. This is somewhat confusing, and it is proposed in future to show the full amount of interest payable, on the expenditure side, and the full amount of the interest received from various sources, on the receipts side, of the accounts. This amendment in accounting procedure has the apparent effect of inflating both revenue and expenditure, but it is in fact simply showing the accounts more clearly. The net figure for debt services last year, including interest and repayment, was £15,720,000, but the gross figure was £18,974,000, and this gross figure is comparable with the amount being provided this year, £21,413,000. The net increase in debt services is therefore £2,439,000, made up principally of the increased interest payable on the larger debt, now increased by £63,000,000 as compared with last year, and the consequent increase in the contribution for repayment through the Public Debt Repayment Account. The actual increase in interest is £1,940,000, and in the repayment provision £464,000.

Interest
adjustments.

The following table shows how the net increase in interest is computed and the effect of the alteration in accounting procedure:—

	Interest paid.	Interest received from certain trading undertakings.	Net.
	£	£	£
1943-44	15,613,270	3,250,678	12,362,592
1944-45, with accounts on same basis as last year	17,552,149	2,690,614	14,861,535
	Increase £1,938,879	Decrease £560,064	Increase £2,498,943
1944-45, with interest receivable shown as revenue	17,552,149	Nil	17,552,149

The difference between the net interest shown in last year's accounts and the estimate for interest this year is £5,189,557, and is made up as follows:—

	£
Increase due to increased debt	1,938,879
Interest receivable now shown as revenue	2,690,614
Decrease in amount of interest receivable	560,064
	£5,189,557

Provision has been made for a substantially lower amount as interest receivable on Railway capital as, due to the restricted services, the revenue has been materially affected. Whereas last year £2,691,000 was received from this source, the estimate for the current financial year is shown as £1,500,000.

On the expenditure side, provision was made last year under the permanent appropriations for a transfer of £1,500,000 to War Expenses Account, although, as I have already mentioned, the amount actually transferred was £7,500,000. For the present year this amount is shown at £4,000,000.

It will thus be seen that in respect of the permanent appropriations of £27,533,000 the sum of £21,413,000 is in respect of debt services, and £4,000,000 is in respect of the transfer to War Expenses Account, leaving £2,120,000 under other special Acts. Of this last-mentioned figure, £1,671,000 is the transfer of main highways revenue to the Main Highways Account, and the balance, £449,000, represents various small items as set out in the estimates.

As regards expenditure under votes, totalling £23,664,000, there is an estimated increase of £2,232,000, made up of "Social services, £1,222,000" and other votes, £1,010,000. Under "Social services" the principal increases are as follows:—

	£
Vote, "Health"	193,000
Vote, "Education"	162,000
Vote, "War and other Pensions"	461,000
Transfer to Social Security Fund	400,000
	<hr/>
	£1,216,000
	<hr/> <hr/>

In connection with other votes where the increase totals £1,010,000, this is spread fairly evenly over the majority of the votes, but the following items are mentioned, representing the larger items:—

	£	£
Vote, "Internal Affairs"—		
Cost-of-living bonuses to superannuitants ..	80,000	
Payment to War Expenses Account of part value of Emergency Fire Service equipment ..	32,000	
	<hr/>	112,000
Vote, "Island Territories": Airport at Raratonga ..		81,350
Vote, "Native": Transfer to Land for Settlements Account (largely for rehabilitation of returned Maori -exservicemen) ..		85,000
Vote, "Rehabilitation": New vote		129,805
Vote, "Maintenance of Public Works and Services": Chiefly for purchase of plant and materials		236,000

Summarizing the position, receipts into Consolidated Fund are anticipated to produce £51,500,000 and expenditure to amount to £51,197,000, leaving £303,000 available for supplementary estimates and contingencies.

**Social Security
Fund, 1944-45**

Expenditure out of the Social Security Fund for the current year is estimated at £18,857,000, as compared with £17,634,000 for last year, while revenue into the Fund is expected to amount to £17,875,000. This means that the expenditure is anticipated to exceed the receipts by approximately £1,000,000, but this amount will be met from the cash balance available in the Fund at the beginning of this year. Transfer from the Consolidated Fund is being increased this year from £4,100,000 to £4,500,000. The following summary shows how these figures are made up:—

EXPENDITURE				£
Monetary benefits				13,337,000
Hospital, &c., benefits				4,853,000
			£	
Administration expenses			543,000	
Emergency benefits			124,000	
			<hr/>	667,000
				<hr/>
				£18,857,000
				<hr/> <hr/>
REVENUE				£
Social security charge				12,800,000
Registration fee and miscellaneous				575,000
Transfer from Consolidated Fund				4,500,000
				<hr/>
				£17,875,000
				<hr/> <hr/>

The Government propose to introduce an amendment to the Social Security Act to ensure that New-Zealanders who served in the South African War in units other than with a New Zealand Contingent will be able to obtain the special concession payable to age-beneficiaries in terms of the present legislation.

The programme for national development shows a substantial increase as compared with last year, but is still restricted to bare essentials.

Last year £6,000,000 was expended on capital works apart from direct war needs, while for the current year a total of £10,500,000 is required, the principal increases being in respect of housing and hydro-electric development. The former is being increased from £2,092,000 last year to £3,500,000, and the latter from £1,600,000 to £3,200,000.

The whole amount required for this programme will be raised by loan, but, as has been the case during the past few years, will be financed entirely from departmental sources.

Having in mind the very important problems which will arise when hostilities cease the Government recently set up an Organization for National Development, which is charged with the general responsibility of planning for post-war reconstruction, and already steps have been taken to survey our production potentialities for the future.

After a close review of all factors and allowing for developments during the year as accurately as it is possible to forecast them, the position of the War Expenses Account up to the 31st March next is estimated to be as follows:—

**National
Development
Programme,
1944-45**

**War Expenses
Account,
1944-45**

EXPENDITURE					£(m.)	£(m.)
Navy	..	..	..	..	7·5	
Army	..	..	..	..	57·0	
Air	..	..	..	..	35·5	
Civil	..	..	..	..	7·0	
Rehabilitation	..	..	..	..	2·0	
Reciprocal aid : Reverse Lend-Lease	..	..	..	..	24·0	
					—	133·0

RECEIPTS					£(m.)	
War taxation—					£(m.)	
Income-tax	..	..	..	..	8·0	
Stamp duty (estate, succession, and gift)					4·3	
Customs duties	..	..	..	..	2·7	
Beer duty	..	..	..	..	1·4	
Sales tax	..	..	..	..	9·2	
Postage	..	..	..	..	0·6	
National security tax	..	..	..	..	19·2	
Miscellaneous	..	..	..	..	0·1	
					—	45·5
Transfers from Consolidated Fund of 1943-44 surplus and a further £4,000,000 in respect of 1944-45					6·2	
Amount to be borrowed from the United Kingdom Government under the Memorandum of Security Agreement	..	..	..	..	9·3	
Reciprocal aid : Lend-Lease	..	..	..	..	25·0	
					—	86·0
Deficit	..	..	..	..		£47·0

The Navy shows a decrease in expenditure of some £700,000, mainly under the headings of war stores and the purchase of ancillary ships.

The Army estimate shows a decrease of £21,000,000 compared with last year's expenditure. This arises, in the main, from a reduction in personnel and a contraction in the supplies of war and other stores, the orders for which have recently been closely reviewed and revised.

The Air estimate, on the other hand, has increased by £1,700,000 compared with last year's expenditure. Practically the whole of the increase relates to aircraft, aircraft spares, and general war stores, the bulk of which are required in actual battle zones.

An increase of £1,500,000 has been allowed under "Rehabilitation" to meet the needs of men who are being rehabilitated into normal occupations on their release from the Armed Forces.

Rehabilitation

position permits the United Kingdom Government will give New Zealand so far as practicable equal and coincident opportunities with other countries for resuming shipments of chilled beef. Certain details are still under discussion and I am unable at the present juncture to add anything further.

A problem of increasing magnitude in New Zealand is that of housing. **Housing** Shortly after coming into office the Government undertook to spare no effort in remedying the unsatisfactory state of affairs which then existed. The lending arrangements of the State Advances Corporation were made more generous for those who wished to build their own homes, while at the same time the Government undertook a comprehensive scheme of State housing. The outbreak of war necessarily seriously interfered with this programme; in fact, the withdrawal of men and material for war purposes, including the erection of camps, aerodromes, and defence works generally, resulted in the practical cessation of housing for a period. The position has been aggravated by the direction of man-power to the cities for war-production work and, more recently, by the repatriation of members of the Armed Forces from overseas. Every step is being and will be taken to provide homes for the men who have fought for our preservation and safety.

The Government appreciate that, in view of the magnitude which the problem of housing has now attained, the ordinary methods of building are too slow, added to which is the fact that timber-supplies are limited. Consequently, quicker alternative methods of building have been investigated, and these have taken the lines generally of (a) prefabricated wooden units, (b) prefabricated concrete units, and (c) concrete on site and block units. In considering prefabrication, the Government are keeping in mind the aesthetic aspect and are ensuring that homes and flats are not only well-appointed inside, but are well built and attractive from a community point of view.

In order that the housing programme can be rapidly accelerated as soon as the war situation permits, an active policy of purchasing suitable land has been followed, with the result that last year no less than 4,300 building sites were purchased, bringing the purchases to date to over 40,000 sections.

The total expenditure to the 31st March last on State rental houses exceeded £23,900,000, while provision is being made in the current year's Estimates for a further expenditure of £3,500,000.

Since the last Financial Statement was presented to the House four international Conferences have been held, and the reports have been prepared and examined by the Government. These Conferences are the foundation conferences to determine the relations of the United Nations in the post-war period. The first of the Conferences was held in June, 1943, at Hot Springs, in the United States. The Conference covered the subject of food and agriculture. Its main purposes are set out in the report of the Conference. These purposes are:— **International Conferences (Four)**
Food and Agriculture

- (1) The first task is to complete the winning of the war and to deliver millions of people from tyranny and from hunger. During the period of critical shortage in the aftermath of war, freedom from hunger can be achieved only by urgent and concerted efforts to economize consumption, to increase supplies, and distribute them to the best advantage.
- (2) Thereafter we must equally concert our efforts to win and maintain freedom from fear and freedom from want. The one cannot be achieved without the other.
- (3) There has never been enough food for the health of all people. This is justified neither by ignorance nor by the harshness of Nature. Production of food must be greatly expanded: we now have knowledge of the means by which this can be done. It requires imagination and firm will on the part of each Government and people to make use of that knowledge.
- (4) The first cause of hunger and malnutrition is poverty. It is useless to produce more food unless men and nations provide the markets to absorb it. There must be an expansion of the whole world economy to provide the purchasing-power sufficient to maintain an adequate diet for all. With full employment in all countries, enlarged industrial production, the absence of exploitation, an increasing flow of trade within and between countries, an orderly management of domestic and international

investment and currencies, and sustained internal and international economic equilibrium, the food which is produced can be made available to all people.

- (5) The primary responsibility lies with each nation for seeing that its own people have the food needed for life and health; steps to this end are for national determination. But each nation can fully achieve its goal only if all work together.
- (6) The first steps toward freedom from want of food must not await the final solution of all other problems. Each advance made in one field will strengthen and quicken advance in all others. Work already begun must be continued. Once the war has been won decisive steps can be taken. We must make ready now.

One of the most astonishing truths that came out of the Conference is the fact that one-half of the people of the world have never had enough to eat. Some of the delegates brought evidence that the portion who were not provided with sufficient nutrition totalled two-thirds of the people of the world. These figures, which were given by various delegates at the Conference, do not apply to the war period. They cover the period prior to the war. It is quite possible that there are less people suffering from lack of nutrition during the war period than in the pre-war period. At the same Conference evidence was submitted that the food-production potential was sufficient to meet the demands of full nutrition for every person in the world. There is quite a long way to go before the full effects of the Conference proceedings can be seen. It is obvious that a country such as New Zealand, with such great food-production and much greater potential, can look upon the future of the world—if wise, careful, and well-thought-out trading plans are prepared and carried out—without the fears that previously came to the mind of every producer of agricultural commodities in pre-war periods, when slumps so adversely affected the food-producing section of the community.

One outcome of the Conference was the setting up of what is known as an Interim Commission, which has devoted its attention principally to the drafting of a constitution for a permanent Food and Agricultural Organization. It is expected that the final draft will be considered by the Governments of the United Nations in the near future. The Government have taken part in all the work of the Interim Commission and has also made some contribution to the small initial costs of the organization.

UNRRA The second Conference dealt with relief and rehabilitation. This Conference was held in Atlantic City, U.S.A., towards the end of 1943. The primary purpose of the United Nations Relief and Rehabilitation Administration (UNRRA), which was established at Atlantic City, is to ensure that immediately upon the liberation of any area by the Armed Forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing, and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services.

It is proposed that the operations of UNRRA should be financed by a contribution of 1 per cent. of its national income from each member country, excluding those whose territory has been occupied by the enemy. On this basis the largest contribution, that of the United States, is estimated to amount to \$1,350,000,000. Congress has agreed that this sum should be provided and has already voted \$800,000,000 towards it, \$450,000,000 by a new appropriation and the balance of \$350,000,000 by a transfer from Lend-Lease Appropriations.

The United Kingdom have authorized their full contribution, amounting to £80,000,000 and the other Dominions are taking steps to meet their assessments. The Commonwealth of Australia has introduced a Bill to its Parliament providing for a contribution of £12,000,000.

New Zealand's contribution on a similar basis would amount, on the latest figures available, to the sum of £2,600,000, and it is proposed to subscribe this sum. In connection with the contribution there is a provision that a minimum of 10 per cent. should be in overseas currency, the balance being made available in the contributing country in the form of credits for the purchase of its own products. This, in effect, would mean for New Zealand that only £260,000 would be actually required in overseas funds, leaving a balance of £2,340,000 to be expended in New Zealand on commodities produced from her own soil.

The primary purpose of the UNRRA organization is relief: to provide food, clothing, and other primary essentials, to instal health services, to bring back again to the devastated countries water-supplies, sanitation, &c. Its aim, in short, is to tide the liberated peoples over the difficult period immediately following the release of their country from enemy occupation and thus to help them to help themselves. Assistance in the long term work of reconstruction will be the function of other organizations which I shall mention shortly.

The third Conference was the International Labour Conference held in Philadelphia in April and May of the present year. The employees, employers, and the Government of New Zealand, and some thirty-five other countries, were represented at the Conference. Its purpose was to find out how the International Labour Organization could use the facilities that it had available and the experience of its past operations to assist in the reorganization of industry and production in the various countries of the world at the close of the war. The main purpose of the International Labour Organization is to improve labour conditions and labour standards, but its tripartite type of structure with employee, employer, and Government represented gives it an importance that could not be given to organizations otherwise constituted. At the Conference a declaration was adopted on the steps that the delegates felt should be taken to assist the peoples of the occupied countries, but the main feature of the Conference is what is known as the "Declaration of Philadelphia." The text of the declaration is as follows:—

I

The Conference reaffirms the fundamental principles on which the Organization is based and, in particular, that—

- (a) Labour is not a commodity:
- (b) Freedom of expression and of association are essential to sustained progress:
- (c) Poverty anywhere constitutes a danger to prosperity everywhere:
- (d) The war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of Governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.

II

Believing that experience has fully demonstrated the truth of the statement in the Constitution of the International Labour Organization that lasting peace can be established only if it is based on social justice, the Conference affirms that—

- (a) All human beings, irrespective of race, creed, or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security, and equal opportunity:
- (b) The attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy:
- (c) All national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective:
- (d) It is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective:
- (e) In discharging the tasks entrusted to it the International Labour Organization, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate.

III

The Conference recognizes the solemn obligation of the International Labour Organization to further among the nations of the world programmes which will achieve—

- (a) Full employment and the raising of standards of living:
- (b) The employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being:
- (c) The provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement:
- (d) Policies in regard to wages and earnings, hours, and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection:
- (e) The effective recognition of the right of collective bargaining, the co-operation of management and labour in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the preparation and application of social and economic measures:

- (f) The extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care:
- (g) Adequate protection for the life and health of workers in all occupations:
- (h) Provision for child welfare and maternity protection:
- (i) The provision of adequate nutrition, housing, and facilities for recreation and culture:
- (j) The assurance of equality of educational and vocational opportunity.

IV

Confident that the fuller and broader utilization of the world's productive resources necessary for the achievement of the objectives set forth in this Declaration can be secured by effective international and national action, including measures to expand production and consumption, to avoid severe economic fluctuations, to promote the economic and social advancement of the less-developed regions of the world, to assure greater stability in world prices of primary products, and to promote a high and steady volume of international trade, the Conference pledges the full co-operation of the International Labour Organization with such international bodies as may be entrusted with a share of the responsibility for this great task and for the promotion of the health, education, and well-being of all peoples.

V

The Conference affirms that the principles set forth in this Declaration are fully applicable to all peoples everywhere and that, while the manner of their application must be determined with due regard to the stage of social and economic development reached by each people, their progressive application to peoples who are still dependent, as well as to those who have already achieved self-government, is a matter of concern to the whole civilized world.

I question whether a more pregnant saying has ever been made than the one often used at the Conference that "poverty anywhere endangers prosperity everywhere." If this statement is accepted, and I contend it must be, then in their own wisdom, and for their own benefit, those countries with high living standards must do all in their power to lift the living standards of the countries where poverty reigns, the poverty that is the menace to prosperity everywhere.

The fourth Conference is the one that I left only a few days ago. At this Conference New Zealand was represented by the Secretary to the Treasury, Mr. B. C. Ashwin; the Deputy-Governor of the Reserve Bank, Mr. E. C. Russell; and Dr. Allan G. B. Fisher, Economist, late of Otago University; assisted by Mr. Bruce Turner, of the Legation Staff at Washington. I was privileged to act as Chairman of the delegation. This Conference, called to deal with monetary matters, devoted its time to working on two organizations—an International Monetary Fund, and a Bank for Reconstruction and Development. The purposes of the International Monetary Fund are set out in the final act as adopted by the delegates as a correct record of the proceedings of the Conference for presentation to the various Governments, and reads as follows:—

- (i) To promote international monetary co-operation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems:
- (ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy:
- (iii) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity:
- (iv) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation:
- (v) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade:
- (vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

And the Fund must be guided in all its decisions by the purposes set forth above.

The Bank has purposes similar to those of the Fund except that its provisions are so arranged as to enable the funds that are necessary for reconstruction and development to be made available to the countries where the need is greatest at the lowest possible cost, while ensuring that investors in international projects will have the maximum security for the repayment of the funds that they are investing. It is not my purpose at this time to give any further details of the provisions of the International Monetary Fund or the Bank for Reconstruction and Development. The Government propose to examine the reports submitted from the Conference and to provide for a full discussion in Parliament on the subjects mentioned before any decision is made. It is of importance to note that forty-four countries were represented, including the United States, the United Kingdom, China, India, France, and the Soviet Union. There were twenty-one days of debate, and the resulting proposals that will be considered later probably are more important from the point of view of the trade and production of the post-war period than any other single Conference held inside history.

Currency and banking problems will undoubtedly take a prominent place in post-war international collaboration, and it is in our interests that we in New Zealand ensure that our currency and overseas exchange position is maintained in a healthy condition. To this end the Government's stabilization plan has already been most effective and compares more than favourably with that of others of the United Nations, as is evidenced by the very moderate increases in our wartime prices index since the outbreak of war. **Stabilization**

The policy of economic stabilization, announced by the Prime Minister on 15th December, 1942, has been maintained. That policy has achieved significant success in holding in check the inflationary tendencies resulting from the pressure of growing spending-power on the diminishing volume of available consumer goods.

The prices of goods essential to a reasonable wartime standard of living have remained under firm control, as is shown by the very slight movement recorded by the wartime prices index, to which I have referred.

While holding the cost of living to the moderate increases over pre-war levels which had occurred prior to the introduction of the stabilization regulations, the plan has proved sufficiently flexible to permit adjustment of anomalies. Such adjustments have included steps taken to meet the problems of farmers, and also the provision of means to give relief to lower-paid workers.

Stabilization has protected the people of New Zealand, and its continued success will place this Dominion in a favourable position to meet the problems of post-war readjustment. Yet there is no cause for complacency, or for any section of the community to believe that inflation is no longer a danger. The conditions fostering inflation exist as actively as ever, and their pressure, rather than diminishing, is increasing. Hand in hand with stabilization in the battle against inflation must be the expansion to maximum capacity of all forms of production in New Zealand.

Stabilization and production are our joint weapons against inflation. The continued effectiveness of this policy depends on the active and unselfish support of all the people.

The Government recognize the difficulties which are now being experienced by the people in connection with supplies, particularly of clothing and footwear—a condition exclusively due to the demands of the war. Attention has been given to this problem and measures have been decided upon which should result in an early and substantial improvement.

The future of New Zealand as the future of other countries is dependent upon the maintenance of family life and an assurance of the maximum safeguards for the home and the family. This has always been a foundation principle of the present Government, and in accord with this principle and the policy submitted to the electors last year the Government are working out detailed proposals for the amendment and improvement of social security with a view to providing a guaranteed minimum family income. The necessary legislation will be introduced during the next session of Parliament. **Family benefits**

In the meantime it is proposed to increase the allowable income in relation to family benefits up to £5 10s. from the present ruling rate of £5 5s., and at the same time to increase the benefit to 10s. per week for each child in lieu of the

present 7s. 6d. In considering family benefits it should be noted that the receipt of an income in excess of £5 10s. per week will not be a barrier to the receipt of a family benefit. Every mother is qualified to receive the benefit so long as the total income does not exceed £5 10s. plus 10s. for each child under the age of sixteen years.

The new rates will become operative as from 1st October next.

The position of those on the lower levels of wages and salaries has recently been further considered and steps have been taken by the Government to meet the position where considered justifiable.

Rehabilitation

Rehabilitation has already been mentioned, and the policy of the Government in relation to fighting Services is well known. The debt due to the members of the Forces who have risked their lives to save our country cannot ever be fully repaid. The Government, however, desire to emphasize their policy that every member of the Services will be given an opportunity to fit into our economic life with as good a position as he or she would have had if the call of war had not rendered their services necessary in the military field.

The building of the foundation for a new and better world will cause all countries, and not the least our own, many difficulties before the fighting is over—and when peace comes—but no system can be permanent which leaves a person willing and anxious to work to the will of some other person to give or not to give him a job. The men who have fought will demand when this conflict is over the right to work and to a real income in accord with the productivity of our country. The duty to meet the right to work is a collective duty and is accepted by the Government. This does not lessen the responsibility of private companies or individuals—but by the nature of things inside the present economic order they are limited to action in accord with the profit or loss factor of their own activities. The Government will assist them to the fullest extent possible to meet their responsibility, but that in no way reduces the pledge of the Government that inside the production of the country work and opportunities will be available for all—and the resultant product will be fairly shared by all who work or serve, and also those in need who are unable to work.

Without interference with any productive and progressive activity through present channels, the Government accepts the responsibility of ensuring that to the extent that normal activity does not provide employment and real income, it will do so itself.

Our first responsibility is to maintain and expand the living standards of our own people, but our responsibility as a nation does not end there. We are a nation inside a world to which we have a responsibility. We are trustees of the land, sea, and air over which we exercise sovereignty. The Government accepts the responsibility of that trust to utilize the resources of New Zealand to bring into being desirable commodities, and, after conserving what is necessary for the health and prosperity of our own people, it is our duty to exchange the surplus resources with other countries—so that they in turn may improve their living standards.

Poverty and war

Whilst poverty may not have been in the past the cause of war, the research of the past generation has clearly revealed the grave menace to the world from the people of low living standards, and, with the other United Nations, we must do our part in removing this menace or leave our children and their children to face the continued possibility of war.

Given goodwill, understanding, and tolerance between race and race, nation and nation, person and person, we have the greatest opportunity of recorded history during the next decade of laying foundations that may bring permanent peace. New Zealand on its record will make its contribution to that foundation.

Victory

Commencing this Statement on the war situation, I finish with the same subject. Victory is certain—it may not come to-morrow, but each day brings it nearer—it will come soon if we put all our energy, physical, mental, and spiritual, into a concentrated effort, until the peace bells ring.

To do less than our limit would betray and sacrifice more of our young lives, which are so much needed in the world of the future. Given this concentrated supreme effort, I believe the day is not far distant when all will again be able to order their lives according to the simple philosophy of that great Englishman poet, artist, and craftsman, William Morris, who desired a world in which every man and woman would be able to “Work with hope,” and all would be able to “Sleep without fear.”

Table No. 1

REVENUE OF THE CONSOLIDATED FUND, SOCIAL SECURITY FUND, AND WAR EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1944, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1943

	1944.				1943.			
	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.
	£	£	£	£	£	£	£	£
Taxation—								
Income-tax ..	23,498,851	..	7,832,950	31,331,801	19,146,605	..	6,431,269	25,577,874
Land-tax ..	987,707	..	..	987,707	975,825	..	..	975,825
National security tax ..	..	..	19,184,056	19,184,056	..	..	16,775,521	16,775,521
Social security charge ..	..	12,796,108	..	12,796,108	..	11,624,046	..	11,624,046
Registration fees ..	..	551,064	..	551,064	..	540,921	..	540,921
Customs duties ..	7,672,083	..	2,710,359	10,382,442	7,037,780	..	2,338,986	9,376,766
Beer duty ..	2,041,760	..	1,498,373	3,540,133	1,793,541	..	1,171,807	2,965,348
Sales tax ..	3,762,406	..	8,980,941	12,743,347	3,600,826	..	7,354,671	10,955,497
Highways tax ..	1,692,325	..	..	1,692,325	1,706,304	..	..	1,706,304
Stamp duties ..	2,118,444	..	4,508,792	6,627,236	1,708,279	..	4,698,518	6,406,797
Postage ..	..	..	600,000	600,000	..	..	600,000	600,000
Other ..	244,043	..	128,621	372,664	226,705	..	185,564	412,269
	42,017,619	13,347,172	45,444,092	100,808,883	36,195,865	12,164,967	39,556,336	87,917,168
Loan-moneys ..	..	..	72,754,812	72,754,812	..	..	78,040,506	78,040,506
Reciprocal aid: Lend-lease ..	..	..	32,478,235	32,478,235	..	..	26,812,668	26,812,668
Interest receipts ..	4,281,922	..	..	4,281,922	4,133,277	..	..	4,133,277
Other receipts ..	2,528,733	37,612	163,315	2,729,660	2,031,867	48,673	371,130	2,451,670
	48,828,274	13,384,784	150,840,454	213,053,512	42,361,009	12,213,640	144,780,640	199,355,289
Transfers from Consolidated Fund	-11,600,000	4,100,000	11,700,000*	4,200,000	-5,300,000	3,800,000	3,172,000*	1,672,000
	37,228,274	17,484,784	162,540,454	217,253,512	37,061,009	16,013,640	147,952,640	201,027,289

* 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, 1944, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1943

	Year ended 31st March, 1944.	Year ended 31st March, 1943.	Increase.	Decrease.
Permanent Appropriations :—	£	£	£	£
Under special Acts of Legislature—				
Civil List	31,127	26,104	5,023	..
Debt Services—				
Interest	12,362,592	9,676,998	2,685,594	..
Sinking Fund	10,859	16,288	..	5,429
Repayment of Public Debt Act, 1925	3,053,514	2,565,354	488,160	..
Transfers to Loan Redemption Account	159,640	400	158,640	..
Payments on guaranteed loans	<i>Cr.</i> 2,353	<i>Cr.</i> 353	..	2,000
Administration and management	136,785	136,879	..	94
Total—Debt Services	15,720,437	12,395,566	3,322,394	7,523
Other Services—				
Highways	1,685,434	1,717,540	..	32,106
Exchange .. .. .	..	2,252,919	..	2,252,919
Other special Acts	7,727,077	1,860,149	5,866,928	..
Total—Other Services	9,412,511	5,830,608	5,866,928	2,285,025
Total—Permanent Appropriations	25,164,075	18,252,278	9,204,345	2,292,548
Annual Appropriations :—				
Vote,—				
Legislative	109,802	102,459	7,343	..
Prime Minister's Department	15,865	114,468	..	98,603
External Affairs	123,683	..	123,683	..
Finance—				
Treasury	81,757	284,070	..	202,313
Customs	149,555	139,157	10,398	..
Land and Income Tax	174,649	145,266	29,383	..
Stamp Duties	98,215	83,348	14,867	..
Audit	41,465	38,307	3,158	..
Total—Finance	545,641	690,148	57,806	202,313
General Administration—				
Public Service Commissioner's Office	18,050	19,656	..	1,606
Internal Affairs	464,164	439,835	24,329	..
Island Territories	217,299	147,891	69,408	..
Printing and Stationery	434,865	405,140	29,725	..
Marine	189,268	143,597	45,671	..
Labour	261,446	474,983	..	213,537
Native	272,679	274,260	..	1,581
Valuation	26,860	25,628	1,232	..
Electoral	110,826	11,097	99,729	..
Census and Statistics	27,322	26,756	566	..
Total—General Administration	2,022,779	1,968,843	270,660	216,724
Law and Order—				
Justice and Prisons	249,554	236,502	13,052	..
Crown Law Office	8,565	9,042	..	477
Police	777,372	716,125	61,247	..
Total—Law and Order	1,035,491	961,669	74,299	477
Maintenance of Public Works and Services	424,695	178,909	245,786	..
Development of Primary and Secondary Industries—				
Lands and Survey	341,405	322,481	18,924	..
Agriculture	1,017,400	896,364	121,036	..
Industries and Commerce, Tourist and Publicity	792,171	886,232	..	94,061
Scientific and Industrial Research	198,997	176,013	22,894	..
Mines	74,443	87,981	..	13,538
Transport	92,704	76,833	15,871	..
Total—Development of Primary and Secondary Industries	2,517,030	2,445,904	178,725	107,599
Social Services—				
Health	1,812,289	1,982,995	..	170,706
Mental Hospitals	503,916	474,435	29,481	..
Education	4,805,441	4,670,839	134,602	..
Pensions	3,264,851	2,382,858	881,993	..
Social Security	4,100,000	3,800,000	300,000	..
National Provident and Friendly Societies	105,857	103,829	2,028	..
Total—Social Services	14,592,354	13,414,956	1,348,104	170,706
Unauthorized Expenditure—				
Services not provided for	44,279	76,797	..	32,518
Total—Annual Appropriations	21,431,619	19,954,153	2,306,406	828,940
Total Expenditure	46,595,694	38,206,431	8,389,263	..
			11,510,754	3,121,488
			3,121,488	

Table No. 3

SOCIAL SECURITY FUND

STATEMENT SHOWING THE NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1944, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1943

	Year ended 31st March, 1944.	Year ended 31st March, 1943.	Increase.	Decrease.
	£	£	£	£
Administration expenses	507,662	518,030	..	10,368
Medical, hospital, &c., benefits—				
Maternity benefits	513,939	505,219	8,720	..
Hospital benefits	2,133,389	1,539,282	594,107	..
Medical benefits	1,179,331	1,016,032	163,299	..
Pharmaceutical benefits	762,198	563,247	198,951	..
Supplementary benefits	137,823	97,399	40,424	..
Monetary benefits—				
Age-benefit	8,101,669	7,783,084	318,585	..
Invalidity benefits	1,067,409	1,036,374	31,035	..
Widows' benefits	949,099	866,597	82,502	..
Sickness benefits	376,878	362,088	14,790	..
Family benefits	876,858	790,719	86,139	..
Miners' benefits	76,653	80,100	..	3,447
Orphans' benefits	22,442	20,628	1,814	..
Maori War benefits	118	189	..	71
Unemployment benefits	32,316	49,639	..	17,323
Universal superannuation	778,758	603,124	175,634	..
Emergency benefit	117,205	118,923	..	1,718
			1,716,000	32,927
			32,927	..
Totals	17,633,747	15,950,674	1,683,073	32,927

Table No. 4
PUBLIC DEBT
MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1944

Loans maturing in Financial Year ending 31st March*.	Due in				Total Debt (Nominal Amount).
	London in New Zealand Currency.	Australia.	New Zealand.		
			Public.	Departmental.	
	£	£	£	£	£
Overdue .. ..	..	..	3,375	..	3,375
Treasury bills .. ..	..	..	43,105,000	12,510,000	55,615,000
Memorandum of Security	16,732,500	..	..	..	16,732,500
Funded debt†	30,125,249	..	..	..	30,125,249
Advance subscriptions .. ..	..	..	1,554,660	..	1,554,660
Interest-free‡ .. ..	..	..	1,263,001	..	1,263,001
1945	13,225,885	..	253,720	8,550	13,488,155
1946	30,792,874	..	11,611,335	1,549,870	43,954,079
1947 .. ..	..	..	4,170,674	1,290,712	5,461,386
1948	14,177,011	83,300	6,662,660	4,009,070	24,932,041
1949 .. ..	..	..	21,316,320	213,085	21,529,405
1950	9,375,000	..	20,335,159	5,169,435	34,879,594
1951	1,562,500	779,000	250,000	..	2,591,500
1953 .. ..	..	..	6,403,970	6,080,135	12,484,105
1954	8,284,251	..	9,640,512	223,405	18,148,168
1955 .. ..	..	..	6,257,550	503,630	6,761,180
1956	15,000,000	..	17,798,165	3,079,765	35,877,930
1957 .. ..	..	..	30,589,099	9,302,230	39,891,329
1958	24,031,831	..	3,618,585	64,317,077	91,967,493
1959 .. ..	..	..	7,299,445	41,867,710	49,167,155
1960 .. ..	..	..	..	9,309,250	9,309,250
1961	7,020,626	..	12,682,135	2,119,005	21,821,766
1963	13,132,487	..	378,639	..	13,511,126
1964	9,174,570	..	..	..	9,174,570
1972	6,250,000	..	..	..	6,250,000
Totals	198,884,784	862,300	205,194,004	161,552,929	566,494,017

* In respect of many of the loans the Government has the option to redeem the securities at an earlier date. For particulars, see B.-I [Pt. III]. † Imperial Government advances funded in terms of section 8, Finance Act, 1922. Payments at present suspended. ‡ Interest-free loans are for various periods, the bulk being for the duration of the war and six months thereafter.

SUMMARY OF DEPARTMENTAL INVESTMENTS

	£
Investments held by Accounts within the Public Account	17,069,645
Commercial Broadcasting Service	20,000
National Broadcasting Service	1,400,000
Marketing Department: Export Division	1,000,000
Government Life Insurance	3,381,415
Native Trustee	126,830
Post Office	114,432,265
Public Trustee	16,742,489
Rural Intermediate Credit Board	25,000
State Advances Corporation	5,900,000
State Fire Insurance Office—	
Accident Branch	893,605
Fire Branch	561,680
	£161,552,929

Copy of Prospectus of 3rd Liberty Loan

Dominion of New Zealand
3RD LIBERTY LOAN OF £35,000,000

This loan includes—

- (a) New Zealand Government Stock the issue of which is authorized in accordance with the New Zealand Loans Act, 1932 :
- (b) Investments in National (War) Savings Bonds and National (War) Savings Accounts authorized in accordance with the National Savings Act, 1940.

Loan opens 1st June, 1943. Closes 10th July, 1943

The acceptance of amounts by way of Advance Subscriptions to War-purposes Loans is discontinued as from the date of this Prospectus.

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

Issue of Stock

The Reserve Bank of New Zealand has been authorized by the Minister of Finance to receive applications for the issue of New Zealand Government Stock as under:—

2½ PER CENT STOCK REPAYABLE 15TH JUNE, 1947/49.

3 PER CENT. STOCK REPAYABLE 15TH DECEMBER, 1953/56.

Price of Issue: £100 per Cent.

1. *Applications.*—Applications may be paid on the following terms:—

- (a) In full at time of application.
- (b) £30 per cent. on application.
£30 per cent. on the 25th August, 1943.
£40 per cent. on the 6th October, 1943.
- (c) £30 per cent. on application.
£10 per cent. on the 11th day of August, 1943.
£10 per cent. on the 11th day of each succeeding month up to and including the 11th February, 1944.

Any instalment due in terms of this Prospectus may be paid in advance of the due date and interest at the rate stipulated will be allowed from the actual date of payment.

2. *Securities.*—New Zealand Government Stock will be issued in any of the following forms as may be directed by the applicant in the form of application:—

- (a) *Ordinary Stock*—transferable by Memorandum of Transfer without payment of any fee and free of Stamp Duty unless the transfer is by way of gift. Ordinary Stock may be exchanged for Stock Certificates to Bearer free of charge.
- (b) *Death Duty Stock*—not transferable. Death Duty Stock may be exchanged for Ordinary Stock. The executor or administrator of a deceased stockholder may in terms of section 40 of the New Zealand Loans Act, 1932, surrender Death Duty Stock at par in payment of Death Duties in the estate of the deceased stockholder.
- (c) *Stock Certificates*—for any amount of not less than £50 with interest coupons annexed. When issued Stock Certificates will be payable to bearer and will be transferable by delivery. The first or any subsequent holder may insert the name of a nominee after which the Stock Certificate will not be transferable. Stock Certificates payable to bearer or to a person named in the Certificate may at any interest date be converted into Ordinary Stock without the payment of any fee.

Stock Certificates will be issued to applicants as soon as practicable after payment of the full amount applied for has been made.

3. *Registration.*—The Register of Stock will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered free of charge. Any minor of the age of ten years or upwards is entitled to be registered as the holder of Stock and to execute transfers thereof. Ordinary Stock and Death Duty Stock will be registered in the names of the applicant, and Registration Certificates will be issued as soon as possible after payment of the full amount applied for has been made. If a Certificate of Title is required application should be made on the prescribed form.

4. *Interest.*—Interest will be paid on the 15th June and 15th December in each year at the rate of 2½ per cent. per annum on the 1947/49 Stock and at the rate of 3 per cent. per annum on the 1953/56 Stock.

The first payment will be made on the 15th December, 1943, on all applications which have been fully paid on or before the 11th November, 1943, and will be calculated from the dates the deposits and instalments are received by banks and post-offices. The first payment of interest on applications which are fully paid *after* the 11th November, 1943, will be calculated from the dates of the deposits and instalments up to the 15th June, 1944, and the sum thus arrived at will be paid in two separate

amounts as shown hereunder—the first as soon as practicable after the final instalment has been received by the Reserve Bank of New Zealand, and the second payment (covering a full half-year's interest) on the 15th, June, 1944.

Example :—

Application £300 of 3 per cent. Stock—Deposit £90 paid 20th June, 1943—£30 paid on the 11th day of August and a further £30 on the 11th day of each succeeding month up to and including 11th February, 1944.
First interest payment made (say) 20th February, 1944.

		£ s. d.
Interest on £90 at 3 per cent. per annum from 20/6/1943 to 15/6/1944	.. =	2 13 4
Interest on £30 at 3 per cent. per annum from 11/8/1943 to 15/6/1944	.. =	0 15 3
Interest on £30 at 3 per cent. per annum from 11/9/1943 to 15/6/1944	.. =	0 13 8
Interest on £30 at 3 per cent. per annum from 11/10/1943 to 15/6/1944	.. =	0 12 2
Interest on £30 at 3 per cent. per annum from 11/11/1943 to 15/6/1944	.. =	0 10 8
Interest on £30 at 3 per cent. per annum from 11/12/1943 to 15/6/1944	.. =	0 9 2
Interest on £30 at 3 per cent. per annum from 11/1/1944 to 15/6/1944	.. =	0 7 8
Interest on £30 at 3 per cent. per annum from 11/2/1944 to 15/6/1944	.. =	0 6 2
		£6 8 1
Amount payable on (say) 20th February, 1944	.. .. .	1 18 1
Amount payable on 15th June, 1944—being a full half-year's interest	.. .. .	4 10 0
		£6 8 1

The first interest payment will in every case be made to the subscriber and will be paid by means of warrants forwarded by post from the Reserve Bank of New Zealand.

Subsequent payments on Ordinary Stock and Death Duty Stock will be made by means of interest warrants forwarded to the stockholder as at the due date of payment. The Reserve Bank of New Zealand, however, will accept directions from stockholders for payment of interest to any agent in the Dominion, and existing instructions for the payment of interest will apply to all Stock issued in terms of this Prospectus.

Interest on Stock Certificates other than the first payment, which will be paid in accordance with the provisions outlined in the preceding part of this paragraph, will be paid by means of coupons annexed to the Certificates.

5. *Repayment.*—If not previously redeemed Stock of the 2½-per-cent. Loan 1947/49, will be repaid at par at the Reserve Bank of New Zealand on the 15th June, 1949, and Stock of the 3-per-cent. Loan 1953/56 will be repaid at par at the Reserve Bank of New Zealand on the 15th December, 1956, but the Minister of Finance reserves the right to repay at par the 2½-per-cent. Loan at any time on or after the 15th June, 1947, and the 3-per-cent. Loan at any time on or after the 15th December, 1953, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

6. *Trustee Investment.*—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.

7. *Receiving Offices.*—Applications, which must be for an amount of £10 or multiples thereof, and which must be 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, Wellington, at any branch of any bank in New Zealand, including Trustee savings-banks, at the District Treasury Offices at Auckland, Christchurch, or Dunedin, or at any postal money-order office in New Zealand. Copies of this Prospectus and forms of application may be obtained from any of the above offices, and, in addition, may also be obtained from members of any Stock Exchange in the Dominion.

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

The Minister of Finance reserves the right to accept applications exceeding in the aggregate £35,000,000.

The lists for the Loan will be open on the 1st June, 1943, and will be closed on the 10th July, 1943.

Reserve Bank of New Zealand, Wellington, 1st June, 1943.

Copy of Prospectus of London Conversion Loan

Notice to Holders of New Zealand Government 4½% Inscribed Stock, 1944

Consent of the Treasury has been obtained to this issue under Regulation 6 of the Defence (Finance) Regulations, 1939

ISSUE OF £7,339,656 NEW ZEALAND GOVERNMENT 3½% STOCK, 1960-1964, AT PAR

Interest payable half-yearly on the 1st March and 1st September

The Government of New Zealand have observed the conditions prescribed under the Colonial Stock Act, 1900, as notified in *The London Gazette* of the 14th December, 1900, and Trustees may invest in this Stock under the powers of the Trustee Act, 1925, and the Trusts (Scotland) Act, 1921, unless expressly forbidden in the instrument creating the Trust.

Offer of Exchange to Holders of £7,339,656 New Zealand Government 4½% Inscribed Stock, 1944, which is to be paid off on the 1st March, 1944.

The Governor & Company of the Bank of England give notice that, on behalf of the Agents appointed for raising and managing Loans under the New Zealand Loans Act, 1932, they are authorized to receive from holders of New Zealand Government 4½% Inscribed Stock, 1944, applications for the exchange of their holdings, in whole or in part, into New Zealand Government 3½% Stock, 1960-1964, on the terms set forth in this Notice.

Holdings of New Zealand Government $4\frac{1}{2}\%$ Inscribed Stock, 1944, surrendered in acceptance of this offer will be exchanged as on the 1st March, 1944, into New Zealand Government $3\frac{1}{2}\%$ Stock, 1960-1964, at the rate of £100 of such Stock for each £100 $4\frac{1}{2}\%$ Inscribed Stock surrendered. Any $4\frac{1}{2}\%$ Inscribed Stock not exchanged will be paid off at par on the 1st March, 1944.

Acceptance must be notified on the printed form sent herewith (in the case of a joint account the form is sent to the first-named holder).

NEW ZEALAND GOVERNMENT $3\frac{1}{2}\%$ STOCK, 1960-1964

Authorized to be raised under the New Zealand Loans Act, 1932

The Stock will be paid off at par at the Bank of England on the 1st March, 1964, but the New Zealand Government reserve to themselves the right to redeem at par on the 1st March, 1960, or on any date thereafter, all or any part (to be selected by drawings or otherwise) of the Stock then outstanding on giving at least three calendar months' notice by public advertisement in *The Times*.

Under the provisions of the New Zealand Loans Act, 1932, the principal of and interest on the Stock of this Issue are charged upon the Public Revenues of New Zealand.

Under the provisions of the New Zealand Land and Income Tax Act, 1923 (No. 21), income derived by a person not resident in New Zealand from New Zealand Government Stock the interest on which is payable in London is not liable to taxation in the Dominion.

By Act 40 and 41 Vict. Ch. 59, the revenues of the Dominion of New Zealand alone are liable in respect of the Stock and the interest thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are neither directly nor indirectly liable or responsible for the payment of the Stock or of the interest thereon, or for any matter relating thereto.

The Repayment of the Public Debt Act passed by the New Zealand Parliament in 1925 instituted a method whereby the Dominion's Debt reduction resources are made available to purchase New Zealand Government securities on the open market for cancellation or to pay them off at maturity, thereby ensuring an actual reduction in the Public Debt annually. For this purpose, there is issued annually out of the Consolidated Fund of the Dominion a sum equal to $\frac{1}{2}$ per cent. of the Debt affected, and to this is added a sum equal to interest at $3\frac{1}{2}$ per cent. per annum on the Debt paid off under this scheme. By this means a portion of the savings in interest on the Debt paid off is applied to further repayments of Debt, so that the Debt reduction resources are increasing year by year.

Since the beginning of the present war the Dominion has repaid under the Repayment of the Public Debt Act, 1925, and from other sources, over £10,000,000 of New Zealand Government Stock domiciled in London.

The Stock will be transferable by deed in any usual or common form, in multiples of one penny, free of charge and stamp duty.

The Register of the Stock will be kept at the Bank of England.

Interest will be payable half-yearly on the 1st March and 1st September. The first payment, being a full six months' interest (less income-tax), will be made on the 1st September, 1944. Interest warrants will be transmitted by post.

Any $3\frac{1}{2}\%$ Stock which is not issued in exchange for holdings of $4\frac{1}{2}\%$ Inscribed Stock will be taken up for cash by the Reserve Bank of New Zealand at par, free of commission. Stock issued in exchange and Stock issued for cash will rank *pari passu* in all respects.

The Register of the $4\frac{1}{2}\%$ Inscribed Stock will be finally closed for transfers on the 11th February, 1944; holdings which have been exchanged will be transferable after the 1st February, 1944, as New Zealand Government $3\frac{1}{2}\%$ Stock, 1960-1964.

A commission of 5s. per £100 Stock will be paid to bankers or stockbrokers in respect of acceptances which bear their stamp.

Copies of this Notice may be obtained at the Bank of England, London E.C. 2, or at any of the Branches of the Bank of England; of Messrs. Mullens & Co., 13 George Street, London E.C. 4; at the Bank of New Zealand (the Bankers to the Government of New Zealand in London), 1 Queen Victoria Street, London E.C. 4; of Messrs. J. & A. Scrimgeour, 3 Lothbury, London E.C. 2; or at the Office of the High Commissioner for New Zealand, 415 Strand, London W.C. 2.

The offer will be closed on the 26th February, 1944.

Bank of England, London, 1st February, 1944.

Copy of Prospectus of Conversion Loans

Dominion of New Zealand

NEW ZEALAND GOVERNMENT CONVERSION LOANS

Issue of—

3-per-cent stock, maturing 15th April, 1960-63, with a premium of £3 per cent.; and 2½-per-cent. stock, maturing 15th April, 1949-51, with a premium of £1 per cent. in exchange for 4-per-cent. stock and debentures maturing 15th February, 1943-46.

Public notice has been given in the *New Zealand Gazette* of intention to repay on the 15th May, 1944, stock and debentures of the 4-per-cent. loan maturing 15th February, 1943-46.

The Minister of Finance having declared the securities mentioned in the preceding paragraph to be convertible in terms of section 15 of the New Zealand Loans Act, 1932, the Reserve Bank gives notice that on behalf of the Minister it is authorized to receive applications for the conversion of such securities.

Conversion Offer.—In accordance with the terms of this Prospectus holders of convertible securities are offered conversion as from the 15th May, 1944, into either—

- (a) 3-per-cent. stock maturing 15th April, 1960-63; or
- (b) 2½-per-cent. stock maturing 15th April, 1949-51.

Interest on Convertible Securities.—Interest accruing subsequent to the 15th February, 1944, on convertible securities will be calculated up to and paid on the 15th May, 1944, after which date interest will cease. Interest payable for any period being less than a full half-year will be calculated on a daily basis and will be paid by means of interest warrants transmitted by post.

Premium on Conversion.—Holders who tender their convertible securities for conversion in terms of this Prospectus will receive new securities of the same nominal value plus a premium of—

- (1) £3 per centum on the nominal value of the securities tendered for conversion into the 3-per-cent. loan maturing 15th April, 1960-63;
- (2) £1 per centum on the nominal value of the securities tendered for conversion into the 2½-per-cent. loan maturing 15th April, 1949-51.

All premiums due on conversion will be met by the issue of securities in the new loans for amounts of £5 or multiples thereof. Fractional amounts of £5 will be paid in cash on the conversion date.

Applications.—Holders accepting the offer of conversion must indicate on the form of application whether they desire new securities in the 3-per-cent. loan maturing 1960-63 or in the 2½-per-cent. loan maturing 1949-51, and must transmit their applications on the prescribed form to the Reserve Bank of New Zealand, Wellington, or lodge them with the District Treasury Officer at Auckland, Christchurch, or Dunedin, or with any branch of any trading bank, postal money-order office, or trustee savings-bank in the Dominion for transmission to the Reserve Bank.

Applications for conversion may be for the whole or a part of any holding to which the offer applies, but must be for a multiple of £5 and must be accompanied by any relative documents of title such as debentures (with interest coupons intact in respect of the period subsequent to the 15th February, 1944) or certificates of title to stock in cases where such certificates have been issued.

Assented Stock.—From the date of the closing of the lists for conversion applications until the 15th May, 1944, holdings in respect of which conversion applications have been received will be regarded as "Assented" stock or debentures.

Closing of Registers.—The register relating to the 4-per-cent. 1943-46 stock will be closed for transfers on the 10th April, 1944. Repayment of principal and the final payment of interest will be made to the registered holders of the stock as at that date, and conversion will be effected only in the names of the registered holders of the stock on that date.

Securities not converted.—Convertible securities subject to this offer and not converted will be repaid at par on the 15th May, 1944, on presentation to the Reserve Bank of New Zealand of a request for redemption on the prescribed form, accompanied by the relative documents of title such as debentures (with interest coupons intact in respect of the period subsequent to the 15th February, 1944) or certificates of title to stock where such titles are on issue.

Redemption requests with documents of title, such as debentures, may be lodged at the District Treasury Offices at Auckland, Christchurch, or Dunedin, or at any branch of any trading bank or trustee savings-bank in New Zealand, or at any postal money-order office in the Dominion, for transmission to the Reserve Bank.

New Securities.—Ordinary registered stock tendered for conversion will be replaced by ordinary registered stock in either of the new issues in accordance with the application submitted.

Death-duty stock will be replaced by stock having the same condition of availability for the payment of death duty attaching thereto.

Debentures tendered will be replaced by ordinary registered stock.

Holders of stock in either of the new issues may, by making application on the prescribed form, exchange such stock for Bearer Stock Certificates with interest coupons annexed.

Interest on New Securities.—Interest on new securities issued in conversion will be paid on the 15th April and the 15th October in each year. The first payment, being interest from the 15th May, 1944, to the 15th October, 1944, will be calculated on a daily basis and will be made on the last-mentioned date.

Interest on stock will be paid free of inland exchange by means of interest warrants which will be transmitted by post. Existing instructions for the payment of interest in the Dominion will apply in respect of stock in the new issues.

Interest on stock certificates to bearer is paid free of inland exchange by means of coupons annexed to the certificates. Interest coupons may be presented at the Reserve Bank of New Zealand, Wellington, at any branch of the Bank of New Zealand, or at any postal money-order office in New Zealand.

Transfers.—The Register of stock for both the new issues will be kept at the Reserve Bank of New Zealand, Wellington, where transfers will be registered without payment of any fee.

Stock certificates to bearer (until the name of some person is inserted therein as the holder) are transferable by delivery.

Certificates of Title.—Certificates of title surrendered with applications for conversion will be cancelled. Any holder requiring a certificate of title for stock of either of the new issues must make separate application on the prescribed form. No fee is payable for the issue of a certificate of title.

Repayment.—If not previously redeemed, stock of the 3-per-cent. loan maturing 1960-63 will be repaid at par at the Reserve Bank of New Zealand on the 15th April, 1963, and stock of the 2½-per-cent. loan maturing 1949-51 will be repaid at par at the Reserve Bank of New Zealand on the 15th April, 1951, but the Minister of Finance reserves the right to repay at par the 3-per-cent. loan at any time during the period 15th April, 1960, to the 15th April, 1963, and the 2½-per-cent. loan at any time during the period 15th April, 1949, to the 15th April, 1951, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

Commission.—Commission at the rate of 5s. per £100 nominal value of convertible securities will be allowed to bankers and registered sharebrokers on conversion acceptances bearing their stamp.

Copies of this Prospectus and forms of application may be obtained from—

- (1) The Reserve Bank of New Zealand, Wellington :
- (2) The District Treasury Offices at Auckland, Christchurch, or Dunedin :
- (3) Any branch of any trading bank or trustee savings-bank in New Zealand :
- (4) Any postal money-order office in New Zealand :
- (5) Members of the New Zealand Stock Exchanges.

The lists for the loans will be opened forthwith and will be closed on the evening of the 11th March, 1944. The Reserve Bank, however, is authorized to accept applications after the closing-date specified in any case where in the opinion of the Bank application prior to such date was impracticable.

Reserve Bank of New Zealand, Wellington, 11th February, 1944.

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.
