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1948
NEW ZEALAND

FINANCIAL STATEMENT

(In Committee of Supply, 19th August, 1948)

By the Right Hon. Walter Nash, Minister of Finance

MR. CHAIRMAN,—

I think that most, if not all, of us had hoped that by this time, some three years after the cessation of hostilities in the Second World War, the shadows and many of the economic effects of war, would have largely passed by.

Unfortunately, that is not so.

At a time when many millions of men are reported to be still under arms in various countries of the world, when the United States Congress has voted greatly increased funds for air armaments, and when international relations are so unsatisfactory as they have been and are in Berlin, we can hardly claim to have passed from beneath the shadow of war. The financial aspect of our own relatively minor precautions is brought home to us when we compare this year's estimated provision of £11,666,000 for the Army, Navy, and Air Force votes (apart from £1,700,000 set down for the cost of J Force) with the total of £2,000,000 provided in the estimates of ten years ago.

Nor do the shortages of materials and labour, the difficulties and inflated prices of imports, and the insistent and continued demand for our exports permit us to forget that the effects of war do not end with the formal cessation of hostilities. If any further financial reminder is required it is only necessary to consider the growing bill for pensions and the large part, some £211,000,000, of our public debt which was raised to meet portion of the cost of the 1939-45 war.

The outstanding characteristics of our present economic situation are therefore still largely due to war, and may be summarized as follows:—

Ample markets for our produce.

Full employment.

National income greater than the available supplies of goods and services.

Excessive pressure on prices.

These are very important economic phenomena, and for that reason I propose to take up later some part of the time of the House in examining their effect on the national welfare and in considering and explaining what are the best financial decisions that can be taken in the interests of New Zealand to provide not only for maintenance, but also for improvement of our standard of living.

We have had in the past many anxieties as to markets and fluctuations of prices, but the long-term meat and dairy-produce agreements which have just been concluded with the Government of the United Kingdom will help to provide, in respect of those commodities at least, for stable conditions during the next seven years.

It is a pleasure to express appreciation of the work of the representatives of the Dairy Products Marketing Commission and of the Meat Producers' Board with Mr. B. C. Ashwin, Secretary to the Treasury, in the result of the negotiations recently completed in London. Whilst the agreement will make a major contribution to the economy and welfare of the United Kingdom it also provides security of markets for our butter, cheese, and meat, which will be very helpful in the difficult years ahead.

New Zealand has, despite a war effort that ranks proportionately with that of the best, fared comparatively well during the past ten years and can be included among the more fortunate nations of the world. A large part of her national income arises, however, from sales to overseas countries, and a similarly large part of her national expenditure is devoted to imports and to settlement of overseas obligations. For these reasons New Zealand must inevitably be affected directly and strongly by international trends in regard to demand, supply, and prices and cannot afford to ignore proposals for international collaboration and agreement in matters pertaining to trade and employment.

Geneva Trade Agreement and the Havana Charter

An outstanding feature in international economic affairs in the past year is the completion of the text of the Havana Charter for an International Trade Organization and the provisional application by a large number of important trading nations of the General Agreement on Tariffs and Trade made at Geneva. The House has already approved the Geneva Agreement, which embodies the principal

provisions of the Havana Charter. The Geneva Agreement and the subsequent text authenticated at Havana have their origin in the Atlantic Charter of 1941, which stressed the desirability of international co-operation for economic advancement, this objective being again expressed in greater detail in the Lend-Lease Agreement of February, 1942. In furtherance of this ideal the United States Government issued in December, 1945, its "Proposals for an International Trade Organization," which were then considered at a series of three conferences attended by seventeen countries held in London, New York, and Geneva between October, 1946, and August, 1947. At Geneva negotiations for tariff reductions by all countries represented there were completed and embodied in the General Agreement on Tariffs and Trade. The Havana Conference, at which fifty-eight countries were represented, met for four months from November, 1947, to March, 1948. An enormous amount of effort, much of it expended by very able statesmen, administrators, and economists, is represented in these agreements. No one, and least of all any delegate at the Havana Conference, would claim that the world has in these documents provided the cure for all its present economic ills, which will require other more dynamic means to ensure speedy recovery. Nevertheless, the operation of the provisions of the Havana Charter and a faithful observance of its principles will be an important step towards future avoidance of those severe depressions and economic hardships largely brought about and always increased by unilateral restrictive measures, which so often occurred in the past and especially in the period between the two world wars.

The major value of the Havana Charter will develop only over a period of years. The true significance of Havana, as I see it, lies in the fact that it concluded a series of conferences which have produced the broadest international economic agreement of all time, combining satisfactorily all shades of national economic outlook and a recognition of the needs of countries in all stages of economic development.

International Situation

The pattern of international trade since the war has brought clearly into view the extent of the grave economic dislocation arising from the severe physical destruction and social distress of six years of world-wide conflict. Not all countries suffered in the same way or to the same extent. Balances of trade with individual countries which had previously been favourable became unfavourable, pre-war markets disappeared with lowered standards of living, and pre-war sources of supply were disrupted. This grave diversion of trade from the pre-war pattern within Europe and the resulting uncertainty as to the future has accentuated balance-of-payments problems.

Balances arising from trade are normally cleared through the international exchanges, but at the present time many countries have an unfavourable over-all balance of payments on current account and, by reason of war, small reserves on which to draw. The majority of European countries are short of dollars and each country is pressing other countries of whose currencies it may have a surplus to convert that surplus into dollars. The fear of being called upon to convert currency arising from an adverse balance of trade has resulted in further limitations being placed on the demand for goods from other countries. This limitation of demand seriously affects production. Exchange difficulties of the type I have mentioned are not by any means limited to Europe, but are merely more marked there because of the already serious economic situation on which they are superimposed.

The exchange problem reached a most serious stage when the United Kingdom was forced in August, 1947, to suspend convertibility of sterling into dollars. Up to that time other countries' holdings of convertible sterling had been kept at the lowest possible level by mutual agreements and by exercising governmental influence on the flow of trade. Despite these arrangements the ability to convert into dollars or other currencies any net sterling earned in the course of trade led to such an alarming drain on Britain's own reserves of dollars that, failing the suspension of convertibility, the reserves would have been exhausted in about six months.

Since the suspension of sterling convertibility, the system of bilateral exchange and trade agreements which was already fairly well developed between European countries has been greatly extended. The object of these bilateral exchange agreements is generally to provide that both parties will agree to hold the currency of the other up to certain limits without requiring conversion. Until the favourable balance of one party to the transaction reaches the stipulated figure trade can proceed freely between the contracting countries, and in this way a reasonable freeing of channels of trade has been achieved, to the advantage of all countries. This system of bilateral agreements is regarded as a stage in progress towards multilateral world trade.

European Recovery Programme

The next stage—a stage of regional multilateralism—is just commencing. The sixteen nations of Western Europe who are to benefit under the European Recovery Programme, popularly known as E.R.P. or Marshall Aid, are taking active steps to ensure the removal of barriers to trade between them and achieve orderly economic development. Recognizing the urgent need of these countries for outside assistance, the United States is to finance under the programme the supply of commodities essential to their economic recovery.

The European Recovery Programme in its final form leaves considerable discretion to the Administrator, Mr. Paul Hoffman, in its operation. Details are at present being worked out, but it appears that the bulk of the assistance will take the form of United States exports. "Off-shore" purchases (that is, purchases made in other countries) may be paid for with dollars provided by the United States, subject to the consent of the Administrator. The assistance is being given as grants or loans, the proportions of each being left to the decision of the Administrator and his Advisory Council. Participation is conditional on the country concerned entering into an agreement with the United States as a basis for economic co-operation.

This great and generous Programme, which is equalled in its conception and vision only by the mutual aid provided under the Lend-Lease Act of 1941, demonstrates the liberal economic policy of the United States and augurs well for the future of international economic co-operation.

Sterling Area

The sterling area provides an outstanding example of an efficient trade and payments system. New Zealand is fortunate in being a member of the sterling area, and therefore able to trade over a large part of the globe, without being limited in her purchases from any other sterling country by ability to export to that country. The centre and strength of the sterling area is the United Kingdom, in whose well-being we have a vital economic interest.

United Kingdom Position

In acting as banker for the sterling area, and in financing, through convertibility of sterling into dollars, a substantial proportion of the dollar deficit of the rest of the world, the United Kingdom has since the war faced international financial problems of unprecedented magnitude. In circumstances of extreme difficulty the United Kingdom accepted, in December, 1945, a loan from the United States of 3,750,000,000 dollars and a loan of 1,250,000,000 dollars from Canada. By her own efforts, supplemented by these borrowed moneys and by drawings on the International Monetary Fund, the United Kingdom has financed a net drain on the total reserves of the sterling area of £(stg.)226,000,000 in 1946 and £(stg.)1,023,000,000 in 1947. Last year Britain's deficit on overseas trade and earnings was £(stg.)675,000,000. Members of the British Commonwealth, other than the United Kingdom and the colonies, are not eligible for Marshall Aid, and it is recognized that non-European countries within the sterling area have some responsibility to assist the recovery programme. It would handicap rather than help recovery if they should endeavour to overcome their own dollar deficits by the diversion of goods to dollar countries. Therefore the dollar requirements

of the sterling area for essential commodities are an important element in the whole problem, and ways and means of dealing with it are under consideration. It is clear that the only real and permanent solution is a development of world trade on a multilateral basis as envisaged in the Havana Charter.

Aid to Britain

In order to render the maximum assistance possible to the United Kingdom, the Government, in August and September of last year, invited some three hundred persons, representative of all sections of the community, to assemble in Wellington and discuss ways and means to conserve dollars, to avoid waste, to facilitate the despatch of produce to the United Kingdom, and to increase production, particularly in the primary industries.

At the same time the United Kingdom requested New Zealand to endeavour to limit payments for imports and other overseas transactions to our current receipts of foreign exchange from exports and other sources. This request was designed to free the United Kingdom from being called upon to export to us goods which did not earn current imports for herself so that she might employ the productive effort thus released in the production of goods for export to other countries, particularly in hard-currency areas. This objective has been an over-riding factor in determining our external trade policy this year, and it seems that, apart from debt-repayment transactions, the objective will be substantially achieved. At the same time we have adopted the utmost economy in the expenditure of dollar funds.

I would like at this stage to emphasize that the need for Aid to Britain is just as important to-day as it was a year ago, and will continue to be of vital importance to New Zealand until Britain is over her present difficulties, which may require a longer period than most people realize.

The successful rehabilitation of the British economy depends in large measure on the success of the European Recovery Programme. There is no need for me to reiterate how much New Zealand's economy is dependent on prosperity in Great Britain, but I feel that the point cannot be emphasized too often. Therefore, New Zealand must, in turn, be prepared to support the European Recovery Programme because its success is vital not only to the economic recovery of the world in general, but also to the prosperity of our principal customer and the major supplier of our imports. We may be called upon to assist the plan generally by foregoing in some part certain commodities which will have to be diverted to European countries to assist their reconstruction. We can assist Britain actively, and through her the other countries of Europe, by increasing our exports of primary produce.

Only when the European Recovery Programme has done its work may we look forward to a stage when the nations of the world, co-operating within the framework of the International Trade Organization, can achieve a full measure of productivity and international exchange of commodities which is essential to a general improvement in standards of living and the attainment of lasting peace.

Long-term Contracts

The Dairy Products Marketing Commission, continuing the war-time policy of the Government, has recently entered into a new contract, covering seven years' dairy exports, with the United Kingdom Ministry of Food, and a contract for the same period has been arranged between the two Governments with respect to meat. The price fixed for the first year for butter is 235s. sterling per hundred-weight and the price for cheese is 133s. sterling per hundredweight, representing in both cases an increase of approximately 15 per cent. over the previous season's prices. The meat prices for 1948-49 have been advanced by 18 per cent. over the prices in the 1947-48 season.

The contracts provide for the sale to the United Kingdom of our export surplus subject to availability of quantities which may be required to maintain New Zealand's connections with other markets.

The prices to be paid under both dairy and meat contracts are subject to annual negotiation, but a limit of 7½ per cent. is set on the price movement up or down in any one year.

I have already stressed the vital interest New Zealand has in assisting in every possible way the economic recovery of the United Kingdom. The long-term contracts recently concluded will make a substantial contribution to this end, for they guarantee to the United Kingdom the supply of a substantial proportion of her requirements of imported foodstuffs. Furthermore, the long-term market and stability of price which the new contracts provide are specifically designed to give confidence to our farmers in taking steps to expand production. An undertaking to the United Kingdom Government has been given to endeavour to increase production and in particular, in the case of meat, to aim at a target of 50,000 tons additional production by 1955. Such expanded exports will not only aid Britain by adding to the food-supply of her people, but also will increase New Zealand's export receipts (and thus our ability to import) and afford obvious benefits to individual farmers and to the community generally. At the same time the United Kingdom Government has indicated its intention of doing everything possible to supply New Zealand with adequate quantities of commodities essential to our economy, and particularly to facilitate measures to ensure availability of tractors, fencing-wire, and other equipment to our farming industry.

New Zealand Balance of Payments

A stable long-term market for our exports does not solve all our external problems. Because of our high *per capita* level of overseas trade, the economy of New Zealand, and thus the standard of living of our people, is highly susceptible to variation through changes in the prosperity of the rest of the world.

If New Zealand's exports receipts were reduced the guaranteed price system would, where applicable, ensure the maintenance of farmers' incomes and prevent depression spreading from this source, while other internal government action could be taken to ensure the maintenance of a high level of employment. Our ability to import a large quantity of goods may, on the other hand, be impaired by reduced export receipts, by an increase in prices of the goods we desire to purchase, or by lack of dollars and other currencies preventing or restricting us from purchasing imports in the best markets.

The Government has sought to provide against the possibility of a falling off in export receipts by the long-term bulk-purchase contracts with the United Kingdom for meat and dairy products. The tendency for our imports to increase in price and the fundamental unbalance of international trade which is reflected in the world dollar shortage are, however, factors which we must accept; and though we may cushion their effect on our economy, we cannot, except by increased production in New Zealand, prevent shortages.

New Zealand's balance of payments transactions are estimated for the calendar year 1948 as follows:—

	RECEIPTS	£(N.Z.)
Butter	37,000,000
Cheese	13,000,000
Meat	30,500,000
Wool	37,250,000
Other exports	25,000,000
Other than for exports	32,000,000
Estimated receipts	<u>£174,750,000</u>
	PAYMENTS	£(N.Z.)
Licensed imports	120,000,000
Government imports for Government use	13,000,000
Government imports for public use	8,500,000
Debt services	4,000,000
Other Government requirements	11,500,000
All other payments	25,250,000
Estimated payments	<u>£182,250,000</u>

Receipts from exports are being well maintained, the estimated figure being £(N.Z.)13,750,000 ahead of the actual receipts for 1947. Other receipts at £(N.Z.)32,000,000 are running at a high figure, but an appreciable portion of this item is represented by incoming transfers of capital sums, so that it would be unwise to expect the present level to be maintained.

Government imports of goods for use on Government works and services, at £(N.Z.)13,000,000, are approximately the same as last year. Government imports of goods for public use provide for such items as tea, wheat, egg-pulp, and citrus fruit. The heading "Other Government Requirements" comprises various items such as settlement of war claims and payment for naval and other vessels, together with legation, immigration, and other international expenses. The main item on the payments side is for licensed imports, which, at £120,000,000, is £5,000,000 more than last year and considerably more than double the expenditure on imports in 1938, when all imports, including Government, amounted to £55,000,000.

Against the overseas balances we still have a very large backlog of capital expenditure for farming, secondary industry, hydro-electric, and other public works, as well as requirements for the homes of our people. This backlog was created during the war, and in part still remains owing to non-availability of many classes of goods. Overseas balances at the end of July amounted to £(N.Z.)92,000,000. It is vital to our economy that our wartime accumulation of sterling should not be unduly reduced until we have provided for these deferred capital and maintenance needs. While in 1948 we have therefore sought to limit current expenditure of overseas funds to our current receipts so as to aid Britain's recovery we must continue import control to ensure so far as possible that the most important things come in first.

Exchange and Import Regulation

The administrative machinery built up during the war for exchange and import regulation will have to be maintained to ensure the best use of our resources. The import policy will be directed towards securing an adequate supply of essential commodities and in particular materials and equipment for primary producers and manufacturers. Any funds available for imports after these needs have been met will be used as far as is necessary to improve our living standards.

An over-riding factor in the administration of both import and exchange control is the need to conserve both United States and Canadian dollar funds. Out of an estimated dollar expenditure in the calendar year 1948 of \$76,700,000 New Zealand will have directly earned \$41,200,000, and the balance of \$35,500,000 will be required from the sterling-area pool. I have already mentioned the problems

faced by Britain through her shortage of dollar funds, and it is therefore apparent that we must exercise greater restraint in making calls on the already inadequate supply, even though this may cause delay in the importation of many highly desirable commodities.

Financial Policy

I hope I have thus far conveyed to members some conception of the surrounding economic circumstances within which New Zealand must make her decisions as to fiscal policy, as to increasing or reducing individual purchasing-power, and as to altering existing taxation and financial conditions. I propose at a later stage to go further into the more local questions of capital development, the supply of savings for that purpose, and the general situation as to money-supply and the trend of national income as against available goods and services.

First, however, I think it would be desirable to give particulars of the public accounting results for the past year, together with some comment on more outstanding aspects of the many transactions which go to produce those results. Members who desire the full detail will find them in the certified and audited statement of Public Accounts known as B-1 [Pt. I], which has already been laid before the House.

The first and most important of the Public Accounts is, of course, the Consolidated Fund.

CONSOLIDATED FUND

The revenue of the Consolidated Fund reached the figure of £117,116,000 or £7,256,000 in excess of the revised Budget estimate. Nearly all headings of revenue showed an increase, particularly large increases being Customs, £3,091,000; income-tax, £1,132,000; and departmental receipts, £2,351,000.

Expenditure from the Consolidated Fund amounted to £115,330,000 exceeding the amount appropriated by £5,478,000. The expenditure included a special transfer to Loans Redemption Account for debt redemption of £4,000,000, mainly to meet the repayment of a loan of £3,761,000, which fell due on 15th May, 1948, and has since been repaid. Under the heading of "Other Special Acts" the sum of £2,055,000 was transferred to War Expenses Account to meet the cost of six "Loch" class frigates and one survey vessel purchased

from the United Kingdom. These two items account for the main increase in expenditure. Most of the other items of expenditure followed the Budget estimate fairly closely except for the Armed Services votes which were under expended by £790,000 in respect of construction works and purchase of technical equipment.

A surplus of £1,786,000 resulted from the year's transactions of the Consolidated Fund, and this amount has been transferred to War Expenses Account under the authority of the War Expenses Act, 1939. It is estimated that with this and funds available from the sale of war assets, &c., there will be sufficient in the War Expenses Account to meet commitments for maintaining our J Force in Japan and for certain rehabilitation costs without recourse to borrowing.

Estimates for 1948-49

Total revenue of the Consolidated Fund for 1948-49 is estimated at £114,867,000, and expenditure at £113,573,000, leaving a balance of £1,294,000 for the Supplementary Estimates.

Receipts

Taxation revenue for 1948-49 is estimated at £96,345,000, compared with the amount of £96,099,000 received for the previous year. The revenue from Customs is expected to be less than last year by over £2,000,000, due partly to the concessions, estimated to cost £1,000,000, under the General Agreement on Tariffs and Trade, and partly to the diversion of imports from foreign sources. Last year a relatively large proportion of our imports was from foreign countries, and consequently paid duty at higher rates.

The estimate of income-tax to be received in 1948-49 in respect of income derived in 1947-48 is £39,000,000. In addition, arrears of tax uncollected are estimated at £3,300,000. The non-collection of this sum is largely due to shortage of staff at Wellington and Hamilton, which has delayed assessments. It is estimated that the collection of arrears during the current year will amount to £1,800,000, bringing the total receipts to £40,800,000, leaving arrears totalling £1,500,000 for collection in the next financial year.

The remaining items of revenue comprise interest on the investment of public moneys, profits from State trading undertakings, and departmental receipts. The latter item is estimated to produce £11,222,000, compared with £13,842,000 last year. The reduction is accounted for by smaller recovery of stabilization subsidies, mainly from the primary industries accounts, of £1,250,000, compared with £3,611,000 last year. The total revenue other than taxation is estimated at £18,522,000, a reduction of £2,495,000 over actual receipts last year.

Expenditure

Debt services, providing for interest on the public debt, amortization of debt, and administration and management of the public debt amounted to £26,612,000 last year, but this included the special transfer of £4,000,000 for debt redemption. The comparable figure this year is £22,768,000.

Under the Civil List and other permanent appropriations £2,709,000 was paid last year, and this included a special transfer of £2,055,000 to the War Expenses Account for the purchase of naval vessels, as previously mentioned. Apart from debt services the amount provided under the permanent appropriations is £3,058,000; the major item is a subsidy to the Government Superannuation Fund of £2,530,000, being £1,530,000 statutory contribution and £1,000,000 towards liquidating the accumulated deficiency in the Fund, which has arisen from the use of the moneys of present contributors to pay portion of retiring-allowances.

The annual appropriations for 1948–49 are £87,747,000 compared with £86,009,000 spent last year.

Apart from the transfer to Social Security Fund, social services, such as public and mental hospitals, education, and war pensions, are estimated to cost £21,789,000, an increase of £2,255,000, substantially due to increased subsidies to Hospital Boards and provision of further educational facilities.

Defence Programme

A substantial increase in the cost of the Armed Services of over £2,284,000 includes provision for the transfer of £1,000,000 to an Air Defence Fund. Civil Aviation expenditure is also included under vote "Air."

The major points in connection with Defence policy were announced by the Minister of Defence last April. Our Armed Forces will be equipped in such a manner as to enable us to meet our defence obligations and to co-operate with the British Commonwealth in a general defence plan. The policy provides for:—

The maintenance in commission of one cruiser, six anti-submarine vessels, one surveying vessel, auxiliary minesweepers and smaller craft, with one cruiser in reserve.

The establishment of a well-trained and equipped Territorial Force organized and instructed by a small and efficient Regular Force.

A Regular Air Force consisting of five squadrons—two being long-range bomber reconnaissance squadrons, one fighter, one transport, and one a flying-boat squadron, with the necessary ancillary engineering, equipment, and training units. The Regular Air Force will be supported by a Territorial Air Force, Air Training Corps, and an Air Force Reserve.

Associated with the three fighting Services will be an important Defence Scientific Corps to ensure that the latest developments in the scientific world will be incorporated in the plans for defence.

For the first time in our history the Women's Services, which played such an important part during the recent war, have become part of the Regular Forces.

It is proposed to establish an Air Defence Fund, to the credit of which it is intended to place £1,000,000 this year and substantial amounts in succeeding years. The cost of modern first-line aircraft, when they become available to New Zealand, is likely to be heavy and would otherwise have to be financed in the year of purchase, thereby either placing an undue burden on the Consolidated Fund at that time or necessitating the use of loan-moneys for defence purposes. It is sound policy to build up a special fund to meet this inevitable expenditure.

Our maintenance of an active Force overseas will virtually cease with the return of our Army and Air Forces from Japan this year.

Stabilization Subsidies

In connection with the stabilization policy, it will be recalled that certain revisions and cancellations of some subsidies were made in last year's Budget. These alterations have now taken effect, and the estimates for stabilization subsidies in the year 1948-49 are £11,586,000, which is a lower figure than for recent years. Shipping and transport subsidies, which are estimated at £2,052,000, include a railway working loss estimated at £600,000. Other important subsidies relate to coal, carriage of lime and fertilizers, clothing, and essential foodstuffs, such as dairy produce, tea, wheat, and flour. The effect of these subsidies is to hold the cost of living and to assist in maintaining stabilization.

Other Votes

The total estimated cost of other votes is £27,677,000, representing an increase of approximately £1,200,000 over last year. The main variations in individual votes are a substantial reduction in Internal Affairs on account of the transfer of the subsidy to the Superannuation Fund to permanent appropriations, and increases in Labour and Employment due to immigration activities, and in Agriculture on account of additional services.

State Forest Finance

The provision of funds for State forests activities has been recorded in the past in a separate account within the Public Account and known as "State Forests Account." As the expenditure from year to year has exceeded the revenue the difference has been made up by borrowings.

A separate cash account to record forest finance is not essential, and it is proposed to provide the necessary legislation to close this account. Votes are being provided on the Consolidated Fund to make funds available for forests administration and on the Public Works Account for forests development.

Although the separate cash account will no longer exist, the Department will continue to publish its normal commercial accounts, and in this way the full cost of State forest activities will still be readily available.

Summary, 1948-49

Summarizing the budgetary position we arrive at the following:—

RECEIPTS

					£	£
Taxation—						
Customs	..	..	..	..	22,000,000	
Beer duty	..	..	..	..	4,375,000	
Sales tax	..	..	..	..	15,750,000	
Film-hire tax	..	..	..	..	130,000	
Highways	..	..	..	..	3,125,000	
Stamp duty	..	..	..	..	9,200,000	
Land-tax	..	..	..	..	900,000	
Income-tax	..	..	..	..	40,800,000	
Miscellaneous	..	..	..	..	65,000	
						96,345,000
Interest	..	..	..	..	5,123,000	
Profits of trading undertakings			..	..	2,177,000	
Departmental receipts		..	..	..	11,222,000	
						18,522,000
						<u>£114,867,000</u>

EXPENDITURE

					£	£	£
Permanent Appropriations—							
Debt services—							
Interest and management	..	..	..	..	17,585,000		
Repayment	..	..	..	..	5,183,000		
						22,768,000	
Other special Acts	..	..	..	..		3,058,000	
							25,826,000
Annual votes—							
Social Security	..	..	..	..	15,000,000		
Other Social Services	..	..	..	..	21,789,000		
Armed Services	..	..	..	..	11,666,000		
Stabilization	..	..	..	..	11,615,000		
Other votes	..	..	..	..	27,677,000		
							87,747,000
Total expenditure as per main estimates	..	..	..	..			113,573,000
Supplementary Estimates and contingencies	..	..	..	..			1,294,000
							<u>£114,867,000</u>

Expressed in another form the expenditure shows that the cost of defence is equivalent to the amount required to stabilize prices. It also shows that the social services, including payments from the Social Security Fund, to which I am about to refer, use up nearly one-half of our total revenue. That is to say, health, education, and social security are estimated to cost the taxpayer out of his income or the worker out of his production £64,494,000 during the current year.

SOCIAL SECURITY FUND

I now come to the Social Security Fund, the expenditure from which last year was £40,443,000 which was £404,000 (approximately 1 per cent.) in excess of the amount estimated and provided for. The total revenue of the Fund, apart from the contribution from the Consolidated Fund, amount to £26,274,000. This was £2,547,000 in excess of the amount of £23,727,000 estimated at the time of the previous Budget. The contribution from the Consolidated Fund was £16,000,000. The Fund, in consequence of the additional social security charge received, closed with a credit balance of £7,241,918.

The following figures set out the estimated expenditure and receipts for the year ending 31st March, 1949:—

EXPENDITURE				£
Family benefits	..	..	..	13,843,000
Monetary benefits other than family	..	..	..	20,271,000
Emergency benefits	..	..	..	267,000
Medical benefits	..	..	..	7,562,000
Administration expenses	..	..	..	762,000
				<u>£42,705,000</u>

RECEIPTS				£
Social security charge	..	..	..	30,000,000
Miscellaneous receipts	..	..	..	65,000
Transfer from Consolidated Fund	..	..	..	15,000,000
				<u>£45,065,000</u>

The estimated expenditure of £42,705,000 is £2,262,000 in excess of 1947-48, which is principally on account of increased cost of monetary benefits. This is due partly to the additional amount required for an increase in the number of beneficiaries, and partly to the increased annual rate of Universal Superannuation, while 1948-49 will also bear, for a full year, the increased rates of benefits which operated from 1st October, 1947, whereas the 1947-48 accounts carried only a half-year increase.

Under the heading "Medical benefits," which includes maternity benefits, the estimated requirements for 1948-49 are £7,562,000 as compared with the actual expenditure of £7,021,000 for 1947-48.

The maternity benefits payable to public maternity hospitals and licensed private maternity hospitals were increased in 1947 from a maximum of £11 to £15 per case.

As from 1st February, 1947, the treatment carried out under the State School Dental Service has been extended, and dental attention is now available to adolescent children up to and including the age of fifteen years as a benefit under the Social Security Act.

During the past year the provisions of the Social Security Hospital Benefits for Out-patients Regulations 1947 were extended to include the provision of certain artificial aids. Contact lenses and hearing-aids became available during 1947, and as from 1st April, 1948, 80 per cent. of the cost of artificial limbs will be borne from the Social Security Fund.

A survey of ambulance services throughout New Zealand has recently been conducted preparatory to framing regulations covering the introduction of an ambulance benefit under the Social Security Act.

During the past year (1947-48) the Government arranged for the setting-up of a Medical Services Committee to examine and report on all aspects of the working of the Medical and Pharmaceutical Benefits and to suggest improvements to the existing procedure. The Committee has now completed its findings and its report is at present under consideration by the Government.

As I have mentioned, it is estimated that the revenue to the Fund from the social security charge will be £30,000,000, or approximately £3,750,000 in excess of last year. This increase is anticipated on account of the charge being payable for a full year as against a half year in 1947-48, and also to the additional revenue which is expected on account of improved prices for primary products.

War Expenses Account

At this time last year I said that no further borrowing for War Expenses Account would be required and that it was a good thing to reach the end of borrowing for war purposes. I am happy to say that, despite expenditure of some £17,694,000 last year, the War Expenses Account was wholly financed from current receipts and the transfer of the surplus from Consolidated Fund from the previous year.

Details of the expenditure are: Armed Services, £8,541,000; rehabilitation and gratuities, £6,199,000; redemption of war debt, £3,300,000; and miscellaneous, £63,000; a total of £18,103,000, reduced

by a credit in ancillary of £409,000. Receipts comprised the 1947–48 surplus of £4,611,000; the special transfer from Consolidated Fund, £2,055,000; sale of surplus assets, £5,426,000; rehabilitation repayments, £1,434,000; and miscellaneous receipts, £3,497,000; a total of £17,023,000.

War Expenses, 1948–49

During the current financial year the position of War Expenses Account is estimated as follows:—

RECEIPTS				£
Balance at 1st April, 1948	..	..	..	2,960,000
Consolidated Fund surplus, 1947–48	..	..	..	1,786,000
Disposal of surplus assets	..	..	..	1,860,000
Repayments of rehabilitation advances	..	..	..	1,380,000
Net proceeds of sale of commodities, including tea, imported by Ministry of Supply	..	..	..	1,400,000
Miscellaneous	..	..	..	1,057,000
				£10,443,000

EXPENDITURE				£
Services, including J Force	..	..	..	2,100,000
Rehabilitation	..	..	..	4,900,000
Gratuities, including bonuses	..	..	..	1,355,000
Miscellaneous	..	..	..	2,088,000
				£10,443,000

Rehabilitation

In conformity with the Government's policy, there has been continued activity in all rehabilitation schemes over the past financial year. Demobilizations during the year numbered 19,755, bringing the total to 202,265 as at 31st March, 1948.

Under the Farm Training and Settlement Scheme, organized and controlled by the Rehabilitation Board, a large number of young and well qualified men have already been established on the land. Primarily this has been a rehabilitation task, but it has a distinct value in the national economy in increasing primary production.

Many thousands of men have been given trade and professional training under the Trade Training and Educational Schemes which have provided individual occupational rehabilitation. A large number of men have been added to the skilled, professional, and trade forces of the country. Educational assistance has been given in 16,490 new cases and 14,474 renewals, and over 13,000 men have been assisted by training in trades.

In addition to the Trade and Farm Training Schemes carried out by the Board for ex-servicemen, the Disabled Servicemen's Re-establishment League acting as the Board's agent provides training at Auckland, Napier, Wellington, Christchurch, Dunedin, and Invercargill in a number of trades suitable to the disabled. The farm at Milson, Palmerston North, is doing valuable work in training suitable disabled men in rural activities.

The Blinded Servicemen's Trust Board has continued its work as the agent for the Rehabilitation Board in the training and care of those ex-servicemen of the 1939-45 war who lost their sight or suffered serious visual disablement.

The total rehabilitation expenditure and loan authorizations for 1947-48 amounted to £19,087,000, making the total to 31st March, 1948, £65,318,000, which has been utilized in:—

	£
Loans for housing, farm settlement, purchase of businesses, furniture, and tools of trade ..	49,361,000
Purchase of lands for settlement, development, and other expenses	8,427,000
Trade training	3,702,000
Miscellaneous	3,828,000
	<hr/>
	£65,318,000
	<hr/> <hr/>

Although the cost of State houses which have been allocated to ex-servicemen is not included in the figures above, the provision of these houses has been a major contribution in rehabilitation. So far over 8,000 State rental houses have been allocated to ex-servicemen. In all, with the loans which have been granted to buy and to build, over 28,000 men have been provided with permanent housing.

Certain classes of home-servicemen were earlier made eligible for housing-loan assistance, and recently similar classes have been made eligible for certain business-loan assistance. Further extensions of eligibility will be considered when the progress in settlement of servicemen already eligible warrants this being done. In considering what will be needed in rehabilitation it must be remembered that extensions of eligibility widen the field of applicants.

There has been very substantial progress in rehabilitation, but there are still major tasks ahead in land settlement and housing for those who have not yet been placed on farms or provided with homes.

Immigration

In conditions of shortage of labour it is obviously wise to facilitate immigration and the Government is continuing with its plan of assistance to suitable immigrants. The estimated expenditure for 1948-49 is £740,000.

Shipping difficulties have restricted the arrivals for the twelve months ended 31st December, 1947. In order to speed up the immigration scheme the Government has chartered the former hospital ship "Atlantis" for a period of four years. Alterations at present being carried out will increase the passenger accommodation of the vessel from 600 to 900. As the vessel will make three or four trips each year it will be possible to transport at least 3,000 assisted immigrants each year. Every endeavour is being made to secure additional space for passengers.

It is estimated that for the year ending 31st December, 1948, 1,630 assisted immigrants will sail in ordinary steamship lines and 852 on the "Atlantis" when she resumes service. This gives a total of 2,482, as compared with 968 for the twelve months ended 31st December, 1947. This figure will be stepped up in subsequent years as the shipping position improves.

The problem of housing accommodation is being met by the provision of hostels, and by converting and equipping surplus armed service establishments.

Tourist and Health Resorts

During the financial year the Government purchased the Franz Josef Glacier Hotel as it was considered necessary for a first-class hotel to be maintained at this outstanding tourist resort and national park.

Certain reconstruction work and renovation is necessary in order to achieve the proper standard required, and, having regard to higher priorities, this work is proceeding as rapidly as possible.

During the year considerable progress has been made with the renovations which are necessary before the Chateau Tongariro can be reopened. This hotel previously catered for a very large number of tourists, and it is considered essential that accommodation be made available again as soon as possible.

Progress has also been made in the renovations and reconstruction necessary to Wairakei Hotel. It is a most popular tourist resort and one which merits the maintenance of a first-class service, and the work now being carried out will achieve this object.

During the financial year there has been a marked increase in the number of overseas tourists who arrived in New Zealand. The United Nations Organization has stressed the advantages of the tourist industry as a means of bringing a greater understanding between the peoples of the world and on the material side the overseas funds brought to New Zealand by such travellers are an important factor in the economy of the country, and one which will increase rapidly as additional sea and air transport becomes available.

NATIONAL DEVELOPMENT PROGRAMME

In last year's Budget I indicated that the sum of £26,875,000 was estimated to be required to cover loan expenditure on development works. Of this amount £25,947,000 was actually raised, and the balance not required at the end of the year, £2,122,000, was used for debt redemption. For the current financial year the loan programme has increased to approximately £33,000,000. The figures compared with last year's expenditure are:—

	Expenditure, 1947-48.	Estimated, 1948-49.
	£	£
Housing	6,600,000	8,000,000
Electric supply	5,500,000	6,000,000
Land for settlements	1,700,000	3,500,000
State coal-mines	1,600,000	3,000,000
Railway improvements	1,800,000	2,500,000
Education buildings	1,000,000	1,300,000
State forests	1,000,000	1,200,000
Highways construction	1,300,000	1,750,000
Other works	3,300,000	5,750,000
	<u>£23,800,000</u>	<u>£33,000,000</u>

It will be seen that there is a substantial increase of £9,200,000. The last item "Other works" showing an increase of £2,450,000, covers various public works activities and the balance of the share capital in the National Airways Corporation and the British Petroleum Company of New Zealand, Limited.

This extensive programme will be financed from the current "tap" loan issue of 3-per-cent. stock and from State departmental issues.

State Coal-mines

In the Financial Statement of last year, I referred to the offer by the Westport Coal Company, Limited, to sell its undertaking, and the Government's decision to accept the offer on a share basis at the price of £2 per share.

During the year the shareholders adopted their directors' proposals and the Government acquired the shares of the company for cash and Government stock. With a few exceptions where estates have yet to be cleared or where shareholders cannot be located, the shares have now been transferred to the Crown. In order to provide for the early dissolution of the company an Act was passed this session vesting the outstanding shares in the Crown, but protecting the rights of these shareholders.

The Mines Department took over the operation and management of the company's Denniston and Millerton mines on 1st April of the present year, and it is planned to operate the distribution side of the business as from 1st October next.

The Birchwood mine at Ohai has been managed by the Mines Department as from 28th November, 1947, and on 5th January last the Kamo mine (North Auckland) passed into the ownership of the State.

With these additional purchases the number of State-owned mines as at 1st April, 1948, totalled 26—underground, 20; open-cast, 6.

Negotiations are in progress with the companies concerned for the purchase of some of the remaining large mines.

PUBLIC DEBT

Full details of the debt transactions are shown in a statement on page 70 of the Public Accounts for the financial year 1947-48, paper B-1 [Pt. I], which has already been laid before the House.

The more important features are that our overseas debt has been reduced by £14,259,000, occasioned chiefly by the repayment of a 4½-per-cent. London loan of £14,027,011, which matured on 1st November, 1947. To finance the redemption £14,000,000 of stock was issued in New Zealand to the Reserve Bank and various Treasury Accounts. The net result of the transaction was a saving of overseas interest of £631,215 per annum offset in part by the payment each year of £140,000 interest in New Zealand. Without any increase in the charges for debt services it is possible, by applying the savings so realized, to liquidate £14,000,000 of debt over a period of slightly less than thirty years, and special provision has been made accordingly for the first instalment this year.

Special contributions towards debt redemption were also made last year from Consolidated Fund £4,000,000, War Expenses Account £3,300,000, and from the transfer of the balance in National Development Loans Account of £2,122,000.

Last year the Public Debt Redemption Fund was abolished, and in accordance with the legislation then passed the capital moneys of the Fund amounting to £11,288,000 were utilized to redeem debt.

That fund had been built up under the former Public Debt Extinction Act, 1910, whereby the annual contributions were invested as sinking funds through the State Advances Office and the Public Trust Office. The previous system was superseded in 1925 when the

Repayment of the Public Debt Act of that year was enacted, the accumulated sinking funds being “frozen” at their then totals.

By applying the Fund as has been done, the net result is to cancel an asset mainly in Government securities and reduce the total of the public debt by a similar amount. The effect on the Budget is practically nil as we lose the interest, £358,000, on this investment and save a corresponding payment of interest on debt cancelled.

The transaction does not affect in any way the planned liquidation of the Public Debt which was commenced under the Repayment of the Public Debt Act of 1925, and is continued under the New Zealand Loans Amendment Act of last session.

The domicile of our Public Debt as at 31st March last, ignoring the funded debt of the 1914–18 war on which payments have been suspended since 1931, was as follows:—

				£
In London	..	..	..	103,984,457
In Australia	..	..	..	779,000
In New Zealand	..	..	..	494,111,972
				<hr/>
				£598,875,429
				<hr/> <hr/>

The floating debt in the form of Treasury Bills, included in the above figures, remains at £55,000,000 as it was at 31st March, 1947.

Only 17½ per cent. of the debt was held overseas, and this will be further reduced by the current year’s transaction.

1948–49 Debt Transactions

Already this financial year two loans falling due have been dealt with. These were an internal loan of £3,761,485, which was repaid at maturity on 15th May, 1948, and a London loan of £24,031,831, where the option to repay earlier than the maturity date, 1st March, 1958, was exercised in July by giving notice to repay on the 1st October, 1948, and by offering conversion into a new 3 per cent. 1966–68 stock, £16,000,000 sterling—*i.e.*, £(N.Z.)20,000,000—of the loan, the balance being repayable in cash in London. Stock will have to be issued in New Zealand to meet the cash repayment. The offer was made at a time when the international situation depressed the London financial market, with the result that approximately only 50 per cent. of the conversion offer was accepted, leaving a balance of £8,166,300 sterling which was taken up by the Reserve Bank. Since the closing date of the loan a considerable amount of this stock has been sold at a premium. The amount being transferred to New Zealand domicile is £(N.Z.)4,031,831, and this will have the effect of reducing

our effective London debt to £(N.Z.)99,952,626 or £79,962,101 sterling. This transaction for the first time in twenty-five years reduces the overseas debt below £(N.Z.)100,000,000 and considerably lowers the heavy interest commitments which have for many years been a charge against our export credits.

One further internal loan of £3,492,230, at 4 per cent. maturing 30th November, 1948, requires attention this financial year.

National Income Statistics

It is pleasing to record a recent important advance in the presentation of detailed statistical information regarding the economic affairs of New Zealand. I refer to the publication entitled *National Income of New Zealand, 1938-39 to 1947-48*, which has been compiled by the Government Statistician and will be available to members to-night. The series of tables published, the principal of which are printed in this Budget, represent an important first step for this country in social accounting. In the tables is set out the distribution of income between the various factors engaged in producing the current flow of goods and services of all kinds. This information throws valuable light upon the distribution of our national income and should prove most useful in guiding future economic policy. It will also provide a much better basis for comparison than was obtainable from the older method of comparing on a *per capita* basis.

The tables are not in any way complete, and it is proposed as further information becomes available to publish more tables giving in more detail the distribution of income between the various sections of the population.

As is the case in other countries it is hoped to develop further the studies in social accounting, and to publish as soon as is practicable additional series of tables showing the national output, distinguishing the various branches of economic activity and setting out the contribution of each to current production of goods and services. Similarly, it is hoped to develop also the National Expenditure tables, to indicate statistically the manner in which the income earned by the factors of production is devoted to current consumption, to investment in extensions of fixed or floating capital, and to the maintenance of existing capital equipment.

The following table illustrates one of the many ways in which national income studies may be employed to shed light upon current problems of economics and of public finance in particular. The table gives a comparison of the proportion of total private (including

company) income absorbed in taxation for the years 1938-39 and 1947-48. The purposes on which taxation has been expended are also indicated broadly:—

TAXATION AND GROSS REVENUE EXPENDITURE—1938-39 AND 1947-48

	1938-39.	Per cent. of Total Private Income.	1947-48.	Per cent. of Total Private Income.
	£(m.)		£(m.)	
Interest on public debt ..	7.55	3.8	18.04	4.0
General government ..	6.14	3.0	11.60	2.5
Maintenance of works and services (net) ..	3.77	1.9	5.71	1.3
Social services	20.03	10.0	59.98	13.2
War and defence	2.22	1.1	11.44	2.5
Stabilization .. ..	..	..	10.98	2.4
Development of industry	2.45	1.2	5.60	1.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total taxation	42.16	21.0	123.35	27.1
Total private income ..	37.77	18.8	122.28	26.9
Total private income ..	200.70	100	455.00 *	100

* Provisional

The comparisons supplied by this table are interesting. It will be observed that the share of total private income absorbed by taxation was about 19 per cent. in 1938-39, as compared with 27 per cent. in 1947-48. As might be expected the main increase is due to expanded social services, which ten years ago represented 10 per cent. of the total private income, and in 1948 had risen to 13.2 per cent. The item of "Stabilization," which did not appear in 1939, now accounts for 2.4 per cent. of the total private income. The increased percentage devoted to war and defence is a reflection of the fact that, although fighting has ceased, high costs have still to be borne.

I have quoted this table merely as one illustration of the useful information which can be provided by the National Income Statistics. They will be of considerable assistance in helping us to see the various phases of our finances in truer perspective.

Internal Economic Conditions

The quantity of goods and services available for consumption in any country determines the standard of living in that country; and the goods, whether imported or locally produced, which are available for consumption cannot in the long-run exceed the goods produced whether imported or consumed within the country. As it would be undesirable, except for essential capital expenditure, to draw too heavily on our balance of overseas funds, any future improvement in standards should depend largely on increased local production.

The successful full-employment policy of the Government, a policy now recognized as essential to maximum international trade, has been based on the maintenance of an adequate supply of purchasing-power equitably distributed among the community so as to constitute a high effective demand for goods and services. The maintenance of such a level of demand in relation to available goods and services will continue to be a dominant feature of Government policy; but it must be noted that what is the desirable level of demand at any time is determined by the supply of goods and services available or likely to become available. In New Zealand at the present time there is no unemployment, and thus any increase in demand (through an increase in wages, in profits, or by drawing on past savings, or cessation of present savings) cannot result in increased employment.

No country can participate in war without a substantial expansion of purchasing-power beyond the availability of consumer goods usually in demand. New Zealand is no exception, having been affected not only by reduced local production of consumer goods when our resources were diverted to war, but also by the scarcity and high price of imported commodities. This reduced supply of goods on the one hand and the total of incomes swollen by overtime payments and the employment of an expanded labour force on war work on the other has upset the balance between supply and demand and is exercising distinct inflationary pressure.

The war finance policy of the Government drew off a considerable portion of this excess purchasing-power, and in this respect war loans, national savings, and wartime taxation all played an important part. In counteracting the effect on prices and wages of the excess purchasing-power still in circulation, and in preventing increased cost of essential imported commodities from exercising an undue effect on costs of production, the policies of stabilization and price-control have been as successful in New Zealand as in any other country of the world.

As indicated previously substantial increases have recently been negotiated in the bulk-purchase contract prices paid by the United Kingdom for butter, cheese, meat, and tallow exports. These increases will be credited to the dairy and meat industry stabilization accounts. The local payouts to dairy and meat producers, however, will shortly come under consideration, and the fixation of appropriate prices will be of major importance to economic stability. In the case of the dairy industry, the determination of the guaranteed price is a matter for the Dairy Products Marketing Commission. In the case of meat, the fixation of the opening schedules for meat exports is a matter for discussion between the Government and the meat industry. In both cases prices will be based on the cost of production in accordance with the established practice.

It had been hoped that an increased supply of goods after the war would enable purchasing-power accumulated during the war to be expended without undue economic upset. The very length of the war, however, has impeded this process by causing a large accumulation of spending-power, while at the same time it has retarded our own production by delays in maintenance and in capital expansion. Added to this, the economic disorder of the rest of the world has imposed upon us shortages of many essential commodities, while the high prices of imported goods has resulted in drawings on our accumulation of overseas funds without satisfying our postponed needs.

It will be evident, therefore, that the stabilization and price-control policy is clearly justified and should be continued, but that other measures will also be necessary.

The most desirable way of restoring a due balance between supply and demand would be to increase supply, which must, as I have already pointed out, come in the future either directly or indirectly from increased production within New Zealand. While every endeavour of the Government will be directed towards this end, there are necessarily such shortages as the supply of labour which cannot be made good at once, and attention will therefore have to be directed to still other corrective processes.

The Government's credit-control policy administered by the Reserve Bank is another of the methods used towards attaining equilibrium. Bank overdraft accommodation is an essential part of normal trading activity, and it would be most unwise to bring about any sudden or drastic curtailment of this source of finance. The main principle of the credit-control policy is that bank advances are not to be used under present conditions for the acquisition of permanent assets.

Development Requirements

This year it is proposed to undertake a programme aimed at the maximum practicable extension of productive works such as hydro-electric, land-settlement, coal-mining, and housing.

In framing this programme close regard has been given to the availability of man-power and materials, which has shown some improvement during the past year. It has also been necessary to provide that the rate of progress on many urgent national and local-body projects will ensure completion within the most efficient and economical construction period. For this reason submissions made by Government Departments and local authorities for inclusion in the 1948-49 programme of State and State-subsidized works have been subjected to a very thorough examination and have been considerably reduced.

Provision on a liberal scale, considering the conditions in the construction industry, has been made, however, for housing, hydro-electric, education, and hospital buildings, highways, railway improvements, and extension of our air services, as well as other classes of works essential for the development of our economy.

In arranging the finance for development expenditure it is also necessary to avoid any course which would in any way increase the present inflationary pressure. It is anticipated that the development programme will be financed from savings becoming available during the year.

Importance of Saving

I wish to emphasize the necessity in present circumstances for adequate saving. There is an important responsibility on the community. To the extent that the public makes savings available by subscription to Government loans, by increased deposits in national savings accounts or in the Post Office Savings-bank or in trustee savings-banks, it exercises an anti-inflationary influence and permits the continuance of those many development works, known in economic terms as "investment," which, whether promoted by public or private interests, are absolutely essential to increased production and to maintenance and raising of the general standard of living.

In times of depression there is usually excessive saving and inadequate investment, but at present the reverse tends to be the position, and it is essential that the community seriously consider whether it is not devoting too large a part of its income to current consumption.

It is intended to intensify the drive for increased savings, and I would ask firms, businessmen, farmers, and societies and individuals with money suitable for investment to assist to the utmost in this matter. Through national savings and Post Office and trustee savings-bank accounts all workers can play an important role because their savings in the aggregate can become considerable.

Including the Post Office and trustee savings-banks with national savings accounts and bonds, the increase in savings of the community in recent years have been:—

				£(m.)
1942-43	..	..	..	16·75
1943-44	..	..	..	24·54
1944-45	..	..	..	23·49
1945-46	..	..	..	22·83
1946-47	..	..	..	14·48
1947-48	..	..	..	5·57

The accumulated balances of all "small" savings at 31st March, 1948, amounted to £223,493,000.

The recent marked downward trend of these figures will be noticed. No doubt that trend had relation to the considerable increase in imports and expansion of manufacturing and other production within the Dominion. The indications are for some improvement in small savings, and with greater popular support, that improvement will be maintained and expanded. In this connection the figures quoted in Table No. 9 appended to this Budget are interesting as showing what was achieved through National Savings alone during the war period. Though a slight recession is evidenced in the post-war period the figures are still at a very high level, and a continuance of this aspect of saving will materially help not only the national economy but also every individual investor.

Taxation Adjustments

I come now to the question of what alterations of taxation might reasonably be made in respect of this financial year. The importance of saving at the present time cannot be emphasized too often and a case could readily be made for maintaining taxation with a view to creating an appreciable surplus.

It is the Government's opinion, however, that if the current need for saving is explained the people will respond adequately, and that the prolonged financial strain of the war calls for some equitable addition to the relief already provided since the cessation of hostilities. It will be recalled that during the present session of Parliament the General Agreement on Tariffs and Trade, as drafted at Geneva, was approved, and that this will result in a reduction of approximately £1,000,000 annually in the cost of incoming goods and thereby benefit consumers generally.

It is also proposed to make the following adjustments in taxation during the financial year:—

Gold Duty

To encourage the production of gold and to maintain existing undertakings the present gold duty of 12s. 6d. per ounce will be removed.

The cost of this remission for a full year is estimated to be £65,000.

It is also proposed to make provision under the Emergency Regulations for the purchase by the Reserve Bank of New Zealand of all gold produced in the Dominion.

Motor-omnibus Sales Tax

To meet in general the representations of local authorities who in many cases are expanding their transport systems with trolley and passenger buses it is proposed to reduce the sales tax on motor-omnibus chassis from the present rate of 20 per cent. to a rate of 10 per cent.

The remission will cost in a full year the estimated sum of £125,000.

Overseas Passenger Tax

To provide revenue during the depression years a duty of 5 per cent. was levied on all fares paid by overseas passengers. The duty is difficult to collect and representations have been made by overseas companies and passengers and New Zealand travellers for its remission.

It is proposed to abolish the duty, and the loss of revenue for a full year is estimated to be £50,000.

Income-tax Rebate

To give some relief to individual taxpayers and particularly to those on lower incomes, it is proposed to grant for the current year a rebate up to £10 on the income-tax assessment of individuals. The procedure will result in complete freedom from income-tax of all those whose assessments are £10 or less and will provide for a deduction of £10 from all individual assessments in respect of income derived during the year ended 31st March, 1948.

The reduction in revenue on this account is estimated to be £3,250,000.

The aggregate loss of revenue under all headings for the current year is estimated to be £4,000,000 and provision has been made for this sum in the figures of estimated receipts totalling £114,867,000, which I have mentioned earlier this evening.

Increased Production

Before concluding my statement I should like to emphasize again the necessity for increased production. The great need for our dairy products, meat, and wool which exists in the Homeland and elsewhere presents a challenge which we should meet. The urgent need of others is in this case reinforced by our own need to provide the maximum quantity of exports in order to pay for much needed imports.

We must obtain for our industries the best possible capital equipment. In the manufacturing, primary, and construction industries increased horse-power through mechanization brings increased production. The Government is making provision to supplement this need for machinery by the development of hydro-electric resources, and a high priority is accorded to industrial equipment in the allocation of import licences.

Conclusion

It may fairly be concluded that throughout the post-war period New Zealand has been successful in her policy of full employment. In peacetime, as in wartime, there is no reason why any one able and willing to perform useful work need stand idle. Through

the operation of our social-security system, the current financial aspect of which I have already discussed, much has been done to achieve an equitable redistribution of our national income so that provision is made by the healthy and the fortunate to assist in guaranteeing a reasonable share of production to the aged, the young, the widow, the ailing, and those engaged in the production of essential goods and services.

Ours is a country more fortunate than most. It is, however, a country affected by international events and to a degree dependent upon economic changes in other countries. At the same time millions of other people are dependent on us for the maintenance of their standard of living. The standard of living of this and any country can be maintained and improved only by sustained and efficient production. The Government is representative of the people, and as such has the major responsibility for the increase of production and to facilitate the improvement of industrial methods. That, however, is a responsibility not for one central body alone, not for a few corporations or individuals alone, but is an obligation of every citizen. The team spirit has been well inculcated in our people, and there will be no more appropriate time than the ensuing years for energetic and enthusiastic efforts towards the building of a better New Zealand and a better world.

The taxation concessions announced in this Statement will give relief where it is needed most. Further improvement in that regard will depend upon the productive efforts of all the members of the community. The theme which I have endeavoured to expound is that, until the effects of war are more fully dissipated, we must all make some sacrifice (in New Zealand it is not a heavy one) in the interests of further development and for the benefit of ourselves, our successors, and our kinsmen and others overseas. Britain has asked us to produce and supply more; we can do so, and we should do so. By aiding Britain we aid ourselves. She is fast increasing the volume of exports by which she obtains the food and raw materials without which she cannot live, but she has a long and hard road to traverse. So far as lies in their power I believe our people will help and that New Zealand will live up to the reputation which has won for our citizens and country such a high place in the British Commonwealth and the world of nations.

1948
NEW ZEALAND

**ADDENDUM TO FINANCIAL STATEMENT OF RIGHT HON. WALTER NASH
MADE TO THE HOUSE OF REPRESENTATIVES, 19th AUGUST, 1948**

MR. CHAIRMAN,—

Whilst the subjects I have mentioned and the adjustments proposed are of importance, there is another question to which consideration must be given. If members will examine the statistics that are available it will be found that there is a disequilibrium between New Zealand prices and those prevailing in other countries.

The latest analysis suggests that unless corrective measures are taken this disequilibrium and disparity will grow.

If the income of our country is to be equitably shared—as every one agrees it should be—we must bring costs down and action to do so must be immediate.

When in 1929–33 the fall in overseas prices jeopardized the primary-production industries of this country, it was in general agreed that some action was necessary to maintain them. Whether the actual course followed was wise or otherwise is debatable, but it was decided to depreciate the New Zealand rate of exchange to £(N.Z.)125 to £(stg.)100, and that rate has been operating up to the present time. The present comparative index figures suggest that an adjustment in the rate is now warranted and necessary.

After examining the whole position it has been decided to appreciate our currency from the present rate of £(N.Z.)125=£(stg.)100 to parity with sterling, and the new rate will operate at once.

With regard to primary-producers, the Government will, if desired, negotiate a guaranteed-price procedure to cover their costs.

Table No. 1

REVENUE OF THE CONSOLIDATED FUND, SOCIAL SECURITY FUND, AND WAR EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1947, AND FOR THE YEAR ENDED 31ST MARCH, 1948

	1947.				1948.			
	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.	Consolidated Fund.	Social Security Fund.	War Expenses Account.	Total.
	£	£	£	£	£	£	£	£
Taxation—								
Income-tax	32,085,057	..	..	32,085,057	36,632,581	..	..	36,632,581
Land-tax	939,559	..	..	939,559	854,456	..	..	854,456
National security tax	9,404,220	..	..	9,404,220	772,029	..	..	772,029
Social security charge .. .. .	..	22,383,884	..	22,383,884	..	26,176,635	..	26,176,635
Registration fees .. .. .	..	15,287	..	15,287	..	..	..	..
Customs duties	15,718,983	..	..	15,718,983	24,390,881	..	..	24,390,881
Beer duty	4,251,509	..	..	4,251,509	4,404,051	..	..	4,404,051
Sales tax	15,550,547	..	..	15,550,547	15,945,813	..	..	15,945,813
Highways tax	2,972,036	..	..	2,972,036	3,543,954	..	..	3,543,954
Stamp duties	9,549,709	..	..	9,549,709	9,382,555	..	..	9,382,555
Other	243,773	..	..	243,773	172,833	..	..	172,833
Loan-moneys	90,715,393	22,399,171	..	113,114,564	96,099,133	26,176,635	..	122,275,768
Reciprocal aid .. .. .	..	..	7,964,695	7,964,695	..	..	..	..
Interest receipts	4,714,100	..	1,710,170	1,710,170	..	..	..	..
Disposal of surplus assets .. .. .	..	..	..	4,714,100	5,002,728	..	..	5,002,728
Amount received from U.S.A. Govt. .. .. .	..	..	11,071,364	11,071,364	..	..	..	..
Other receipts	12,864,980	120,993	3,269,204	3,269,204	..	..	5,425,622	5,425,622
			12,571,278	25,557,251	16,014,234	97,432	4,930,852	21,042,518
Transfers from Consolidated Fund	108,294,473	22,520,164	36,586,711	167,401,348	117,116,115	26,274,067	10,356,474	153,746,656
	-21,000,000	18,000,000	3,000,000	..	-22,666,078	16,000,000	*6,666,018	..
	87,294,473	40,520,164	39,586,711	167,401,348	94,450,097	42,274,067	17,022,492	153,746,656

* Includes Budget surplus 1946-47, £4,611,018.

Table No. 2

STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1948, COMPARED WITH THAT OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1947.

	Year ended 31st March, 1948.	Year ended 31st March, 1947.	Increase.	Decrease
Permanent Appropriations—	£	£	£	£
Under Special Acts of Legislature—				
Civil List	101,724	97,083	4,641	..
Debt Services—				
Interest	17,825,052	17,558,876	266,176	..
Transfer to Loans Redemption Account—				
New Zealand Loans Amendment Act, 1947—				
Section 14 (Annual Contribution) ..	4,377,223	4,048,499	328,724	..
Section 11 (c)	4,200,000	700,000	3,500,000	..
Administration and management ..	210,064	207,994	2,070	..
Total—Debt Services ..	26,612,339	22,515,369	4,096,970	..
Other Services—				
Highways	219,281	2,955,611	..	(a)2,736,330
Other special Acts	2,387,907	3,362,648	..	974,741
Total—Other Services ..	2,607,188	6,318,259	..	3,711,071
Total—Permanent Appropriations	29,321,251	28,930,711	4,101,611	3,711,071
Annual Appropriations—				
Vote,—				
Legislative	152,506	138,675	13,831	..
Prime Minister's Department ..	156,966	119,262	37,704	..
External Affairs	673,909	395,570	278,339	..
Finance—				
Treasury	309,711	179,175	130,536	..
Stabilization	14,621,917	14,539,431	82,486	..
Customs	272,086	247,807	24,279	..
Land and Income Tax	560,749	543,828	16,921	..
Stamp Duties	169,458	148,067	21,391	..
Audit	104,311	105,962	..	1,651
Total—Finance	16,038,232	15,764,270	275,613	1,651
General Administration—				
Public Service Commission ..	63,872	41,130	22,742	..
Internal Affairs	3,184,825	1,154,957	2,029,868	..
Island Territories	652,875	430,801	222,074	..
Printing and Stationery	669,451	423,939	245,492	..
Marine	434,283	418,526	15,757	..
Labour and Employment	935,873	894,519	41,354	..
Maori Affairs	463,807	429,248	34,559	..
Valuation	171,276	131,976	39,300	..
Electoral	35,257	158,293	..	123,036
Census and Statistics	75,556	137,135	..	61,579
Rehabilitation	373,330	398,645	..	25,315
Total—General Administration	7,060,405	4,619,189	2,651,146	209,930

(a) Main Highways Account now abolished. See also new vote, "Highways Maintenance," on next page.

Table No. 2—*continued*STATEMENT OF THE ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND, ETC.—*ctd.*

	Year ended 31st March, 1948.	Year ended 31st March, 1947.	Increase.	Decrease.
Annual Appropriations— <i>continued</i>	£	£	£	£
Vote— <i>continued</i>				
Law and Order—				
Justice and Prisons	554,872	480,980	73,892	..
Crown Law Office	12,971	12,662	309	..
Police	968,836	1,044,953	..	76,117
Total—Law and Order	1,536,679	1,538,595	74,201	76,117
Defence—				
Navy	1,736,627	1,309,869	426,758	..
Army	3,470,245	2,840,749	629,496	..
Air	4,175,219	2,955,930	1,219,289	..
Total—Defence	9,382,091	7,106,548	2,275,543	..
Maintenance—				
Maintenance of Public Works and Services	6,405,234	5,281,124	1,124,110	..
Highways Maintenance†	3,404,081	..	3,404,081	..
Total—Maintenance	9,809,315	5,281,124	4,528,191	..
Development of Primary and Secondary Industries—				
Lands and Survey	1,184,258	726,342	457,916	..
Agriculture	1,609,709	1,350,342	159,367	..
Scientific and Industrial Research	745,004	580,882	164,122	..
Mines	107,166	118,233	..	11,067
Transport	220,849	184,455	36,394	..
Industries and Commerce	1,276,855	513,074	763,781	..
Tourist and Health Resorts	452,739	359,767	92,972	..
Total—Development of Primary and Secondary Industries	5,596,580	3,933,095	1,674,552	11,067
Social Services—				
Health	4,718,733	3,409,844	1,308,889	..
Mental Hospitals	1,243,332	1,072,130	171,202	..
Education	8,883,246	7,712,490	1,170,756	..
War and other pensions	4,688,312	4,735,185	..	46,873
Social Security	16,000,000	18,000,000	..	2,000,000
National Provident and Friendly Societies	*	117,118	..	117,118
Total—Social Services	35,533,623	35,046,767	2,650,847	2,163,991
Unauthorized Expenditure— Services not provided for	68,845	809,649	..	740,804
Total—Annual Appropriation	86,009,151	74,752,744	14,459,967	3,203,560
			18,561,578	6,914,631
			6,914,631	..
Total Expenditure	115,330,402	103,683,455	11,646,947	..

* Provision now made under vote "Treasury."

† New vote. Main Highways Account abolished 1st April, 1947

Table No. 3
SOCIAL SECURITY FUND

	Year ended 31st March, 1945.	Year ended 31st March, 1946.	Year ended 31st March, 1947.	Year ended 31st March, 1948.	Estimate for Year ended 31st March, 1949.
	£	£	£	£	£
<i>Receipts</i>					
Registration fees	574,436	585,713	15,287	..	..
Social security charge	13,663,858	14,557,460	22,383,884	26,176,635	30,000,000
Miscellaneous receipts	38,112	143,020	120,993	97,432	65,000
Balance from previous year	2,945,139	2,389,701	1,716,303	5,410,977	7,241,918
Transfer from Consolidated Fund	4,500,000	7,000,000	18,000,000	16,000,000	15,000,000
	21,721,545	24,675,894	42,236,467	47,685,044	52,306,918
<i>Expenditure</i>					
Administration expenses	563,667	721,587	704,194	707,883	762,249
Emergency benefits	105,843	121,959	134,287	227,857	267,000
Hospital benefits, &c.—					
Maternity benefits	530,734	600,209	672,989	800,030	881,000
Hospital benefits	2,266,688	2,173,460	1,986,288	1,949,489	2,000,000
Medical benefits	1,287,023	1,427,309	1,760,574	2,167,826	2,280,000
Pharmaceutical benefits	980,237	1,133,366	1,439,686	1,558,350	1,651,000
Supplementary benefits	170,032	229,971	352,043	545,793	750,000
Monetary benefits—					
Age	8,492,015	9,817,615	11,881,119	12,976,286	14,055,000
Widows	985,451	1,043,593	1,529,010	1,709,626	1,900,000
Orphans	23,253	24,178	22,905	24,187	27,000
Family	1,405,112	2,611,759	12,680,778	13,798,648	13,843,000
Invalids	1,072,619	1,183,537	1,328,485	1,367,300	1,387,000
Miners	74,367	88,359	105,416	110,106	110,000
Maori War	78	101	104	111	12
Unemployment	27,822	31,661	24,332	8,357	9,500
Sickness	351,866	565,420	853,328	897,093	914,000
Universal superannuation	995,036	1,183,508	1,349,689	1,593,757	1,869,000
Social Security Amendment Act, 1943, section 13 (8) (c): Main- tenance moneys .. ..	..	..	263	427	..
Balance	2,389,702	1,716,302	5,410,977	7,241,918	9,601,157
	21,721,545	24,675,894	42,236,467	47,685,044	52,306,918

Table No. 4

WAR EXPENSES ACCOUNT

STATEMENT SHOWING THE NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1948, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1947

	Year ended 31st March, 1947.	Year ended 31st March, 1948.	Increase.	Decrease.
Navy—				
Pay and allowances	£ 896,878	£ 62,465	£ ..	£ 834,413
Accommodation, victualling, and clothing	206,013	4,104	..	201,909
War and other stores	1,565,143	61,561	..	1,503,582
Medical services	19,041	1,101	..	17,940
Educational and vocational services	<i>Cr.</i> 78	..	78	..
Land, buildings, and ships	435,536	2,002,569	1,567,033	..
Docking, repairs, maintenance, and rent	453,880	76,716	..	377,164
Transport	129,345	42,224	..	87,121
Miscellaneous effective services	22,095	8,603	..	13,492
Non-effective services	258,108	11,855	..	246,253
	3,985,961	2,271,198	1,567,111	3,281,874
Army—				
Pay and allowances	4,930,783	1,489,397	..	3,441,386
Accommodation, victualling, and clothing	441,132	2,869	..	438,263
War and other stores	3,495,590	3,589,408	93,818	..
Medical services	506,183	118,724	..	387,459
Educational and vocational services	4,841	824	..	4,017
Land, buildings, and fortifications	189,257	..	..	189,257
Repairs, maintenance, and rent	45,130	..	..	45,150
Transport	827,595	363,807	..	463,788
Miscellaneous effective services	101,536	9,024	..	92,512
Non-effective services	4,106	10,144	6,038	..
	10,546,173	5,584,197	99,856	5,061,832
Air—				
Pay and allowances	1,458,183	257,541	..	1,200,642
Accommodation, victualling, and clothing	390,705	51,901	..	338,804
War and other stores	237,909	123,158	..	114,751
Medical services	43,975	228	..	43,747
Educational and vocational services	408	..	..	408
Land, aerodromes, and other buildings	212,492	4,004	..	208,488
Repairs, maintenance, and rent	39,692	154,547	114,855	..
Transport	137,087	29,360	..	107,727
Miscellaneous effective services	26,921	64,163	37,242	..
Non-effective services	55,888	960	..	54,928
	2,603,260	685,862	152,097	2,069,495
Ancillary —				
Primary producers' subsidies	<i>Cr.</i> 9,702	668,063	677,765	..
Stabilization subsidies	21,324	..	..	21,324
Promotion and expansion of industry	207,744	150,022	..	57,722
E.P.S. and other security measures	106,868	4,280	..	102,588
Services for Armed Forces (recoverable)	<i>Cr.</i> 1,087,158	<i>Cr.</i> 844,826	242,332	..
Reserve stocks, indents, and manufactured goods (recoverable)	<i>Cr.</i> 472,111	<i>Cr.</i> 710,132	..	238,021
Soldiers' financial assistance, patriotic, and similar grants	3,632	54,647	51,015	..
Bulk purchase and sales by Food Controller	560,780	<i>Cr.</i> 536,844	..	1,097,624
National Service Department	3,612,000	414,091	..	3,197,909
UNRRA	334,412	353,654	19,242	..
Miscellaneous (recoverable in part and whole)	2,381,087	38,016	..	2,343,071
Miscellaneous (non-recoverable) .. .. .	..	..	..	..
	5,658,876	<i>Cr.</i> 409,029	990,354	7,058,259
Rehabilitation advances, &c.	4,742,478	..	..	..
Reciprocal aid: Reverse lend-lease	1,249,865	5,148,443	405,965	..
Gratuities	1,776,596	1,049,796	..	1,249,865
Gift of food to Britain	1,072,964	..	..	726,800
Gift to British Government as part of cost of World War II	12,500,000	..	..	1,072,964
Allied military currency repaid to Allied financial agency	56,511	..	..	12,500,000
Loss on devaluation Occupation Currencies .. .. .	..	63,359	63,359	..
Transfer to Loans Redemption Account	3,500,000	3,300,000	..	200,000
	24,898,414	9,561,598	469,324	15,806,140
			3,278,742	33,277,600
			..	3,278,742
Total	47,692,684	17,693,826	..	29,998,858

Table No. 5
PUBLIC DEBT
MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1948

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 .. .. .	..	..	3,445	..	3,445
Treasury bills .. .. .	..	..	10,000	54,990,000	55,000,000
Interest free .. .. .	..	..	4,802	..	4,802
1949 .. .. .	..	..	6,981,040	272,675	7,253,715
1950	9,375,000	..	11,375,100	5,759,575	26,509,675
1951	1,562,500	779,000	..	..	2,341,500
1952 .. .. .	..	..	2,603,475	5,455,030	8,058,505
1953 .. .. .	..	..	11,342,955	1,136,125	12,479,080
1954	9,153,224	..	9,307,375	360,565	18,821,164
1955 .. .. .	..	..	6,100,170	358,930	6,459,100
1956	15,000,000	..	17,434,800	971,805	33,406,605
1957 .. .. .	..	..	29,785,800	4,055,790	33,841,590
1958	24,031,831	..	20,910,695	134,788,720	179,731,246
1959 .. .. .	..	..	10,006,920	63,624,590	73,631,510
1960 .. .. .	..	..	7,147,795	1,336,800	8,484,595
1961	7,889,599	..	18,951,010	2,264,415	29,105,024
1962 .. .. .	..	..	..	14,000,000	14,000,000
1964	9,174,570	..	23,373,675	6,044,790	38,593,035
1965 .. .. .	..	..	11,157,615	8,670,250	19,827,865
1966	21,547,734	..	1,125,240	2,400,000	25,072,974
1972	6,250,000	..	..	..	6,250,000
Totals	103,984,458†	779,000	187,621,912	306,490,060	598,875,430†

* In respect of many of the loans the Government has the option to redeem the securities at an earlier date. For particulars, see B-1 [Pt. I].

† Excludes debt as under:—

	£
Advances from Imperial Government funded in terms of section 8 of Finance Act, 1922	30,125,250
Other debt on which interest has been suspended and principal repayments postponed by agreement with Imperial Government	2,613,636
	<u>£32,738,886</u>

SUMMARY OF DEPARTMENTAL INVESTMENTS

	£
Investments held by accounts within the Public Account	26,532,345
National Broadcasting Service	1,950,000
Marketing	27,453,510
Government Life Insurance	6,670,860
Maori Trustee	538,860
Post Office	144,043,650
Post Office : National savings	40,250,000
Public Trustee	14,707,150
Reserve Bank	42,045,335
State Advances Corporation	410,250
State Fire Insurance Office—	
Accident Branch	717,500
Fire Branch	1,150,600
	<u>£306,490,060</u>

Table No. 6

IMPROVEMENT IN NEW ZEALAND ECONOMIC CONDITIONS
MOST RECENT INFORMATION COMPARED WITH EARLIER PERIODS

	Unit.	Depression low.		1935-36.		1938-39.		Latest Figure.	
		Year ended 31st March.	Amount.	Year ended 31st March.	Amount.	Year ended 31st March.	Amount.	Year ended 31st March.	Amount.
<i>Production—</i>									
Value of total production	£(m.) ..	1932 ¹	83.3	1936 ¹	113.8	1939 ¹	136.1	1947 ¹	230.0 ⁵
Volume of total production (1938-39 = 100)	Index No.	..	..	1936 ¹	93	1939 ¹	100	1947 ¹	114 ⁵
Value of farm production	£(m.) ..	1932 ¹	49.2	1936 ¹	72.5	1939 ¹	82.6	1947 ¹	135.0 ⁵
Volume of farm production (1938-39 = 100)	Index No.	..	..	1936 ¹	101	1939 ¹	100	1947 ¹	108 ⁵
Value of gross farming income	£(m.) ..	1933 ¹	38.1	1936 ¹	57.8	1939 ¹	69.0	1947 ¹	115.0 ⁵
Wool production (bales)	(000) ..	..	..	1936 ¹	717	1939 ¹	921	1947 ¹	1,060
Butter production (tons)	(000) ..	..	..	1936 ¹	168	1939 ¹	148	1947 ¹	146
Cheese production (tons)	(000) ..	..	..	1936 ¹	89	1939 ¹	85	1947 ¹	92
Meat production (tons)	(000) ..	..	..	..	..	1939 ⁵	470	1947 ¹	555 ⁵
Value of factory production ²	£(m.) ..	1933 ¹	17.7	1936 ¹	23.2	1939 ¹	30.5	1947 ¹	60.0 ⁵
Volume of factory production ² (1938-39 = 100)	Index No.	..	..	1936 ¹	76	1939 ¹	100	1947 ¹	144 ⁵
Total factory employees	(000) ..	1934 ³	86.0	1936 ³	102.3	1939 ³	123.7	1948 ³	162.8
Electric-power production (units)	Million..	..	..	1936	1,031.7	1939	1,413.5	1947	2,528.0
Gas production (coal-gas sold) (cubic feet)	Million..	..	..	1936	3,324.4	1939	3,591.4	1947	4,637.4
Coal production (tons) ..	(000) ..	1933 ⁴	1,821	1935 ⁴	2,115	1938 ⁴	2,222	1947 ⁴	2,752
Timber production (superficial feet)	Million..	1932	154.2	1936	293.1	1939	316.7	1948	428.7 ⁵

For footnotes, see end of table.

Table No. 6—continued
 IMPROVEMENT IN NEW ZEALAND ECONOMIC CONDITIONS—continued
 MOST RECENT INFORMATION COMPARED WITH EARLIER PERIODS—continued

	Unit.	Depression low.		1935-36.		1938-39.		Latest Figure.	
		Year ended 31st March.	Amount.	Year ended 31st March.	Amount.	Year ended 31st March.	Amount.	Year ended 31st March.	Amount.
<i>Production—continued</i>									
Building permits issued in urban districts—									
Total value all buildings	£(m.) ..	1933	2.5	1936	5.9	1939	12.1	1948	21.4
Private dwellings	Number	1933	1,496	1936	4,140	1939	8,093	1948	9,854
Government housing construction : Dwellings commenced (included above)	Number	..	..	..	..	1939	3,432	1948	2,651
Membership of workers' unions	(000) ..	1933 ⁴	71.9	1935 ⁴	80.9	1938 ⁴	249.2	1947 ⁴	260.4
<i>Transport and Communication—</i>									
Value of exports (excluding specie)	£(m.) ..	1931 ⁴	35.0	1935 ⁴	46.5	1938 ⁴	58.4	1947 ⁴	129.4
Volume of total exports (excluding specie), (1936-38 = 100)	Index No.	..	..	1935 ⁴	96	1938 ⁴	97	1947 ⁴	119
Value of imports (excluding specie)	£(m.) ..	1931 ⁴	26.5	1935 ⁴	36.3	1938 ⁴	55.4	1947 ⁴	128.7
Volume of total imports (excluding specie), (1936-38 = 100)	Index No.	..	..	1935 ⁴	72	1938 ⁴	105	1947 ⁴	115
Post and telegraph : Volume of business handled	£(m.) ..	1933	153	1936	220	1939	286	1948	665
Radio-receiving licences	(000) ..	..	..	1936 ³	192.3	1939 ³	317.5	1948 ³	421.0
<i>Railways—</i>									
Passenger journeys	Million..	1933	18.4	1936	20.4	1939	23.3	1948	25.9
Net ton-miles run	Million..	1933	363.4	1936	443.6	1939	574.5	1948	937.4
Motor-vehicles licensed	(000) ..	1933 ³	195.0	1936 ³	228.2	1939 ³	307.9	1948 ³	360.9
<i>Finance—</i>									
Net national income at factor cost	£(m.) ..	6	6	6	6	1939	193.0	1948	422.0 ⁵
Salary and wage payments (included above)	£(m.) ..	6	6	6	6	1939	112.1	1948	217.5 ⁵
Trading bank deposits (excluding Government)	£(m.) ..	1932	51.0	1936	62.1	1939	64.1	1948	165.7
Weekly bank debits (excluding Government)	£(m.) ..	1933	10.4	1936	13.8	1939	18.0	1948	42.3
Net bank-note circulation	£(m.) ..	1932	5.8	1936	6.6	1939	10.4	1948	40.4
Net overseas funds of banks (New Zealand business only)	£(m.) ..	6	6	1936 ⁷	44.1	1939 ⁷	9.3	1948 ⁷	84.9

<i>Finance—continued</i>													
<i>Post Office Savings-bank—</i>													
New deposits	£(m.)	..	..	..	..	1933	16.9	1936	25.6	1939	30.4	1948	72.6
Amount to credit of depositors	£(m.)	..	..	..	..	1933 ³	42.0	1936 ³	52.9	1939 ³	60.7	1948 ³	148.4
<i>Trustee Savings-banks—</i>													
New deposits	£(m.)	..	..	..	..	1933	5.7	1936	6.7	1939	8.6	1948	16.1
Amount to credit of depositors	£(m.)	..	..	..	..	1933 ³	10.5	1936 ³	11.8	1939 ³	13.9	1948 ³	31.8
<i>National Savings Accounts : Amount to credit</i>													
Mortgages registered	£(m.)	..	..	..	..	1934	7.8	1936	16.2	1939	20.0	1948	32.0
Mortgages discharged	£(m.)	..	..	..	..	1933	8.1	1936	17.6	1939	16.6	1948	25.4
Land transfer transactions	£(m.)	..	..	..	..	1934	9.6	1936	15.6	1939	23.7	1948	40.5
Sales-tax receipts (total revenue)	£(m.)	..	..	..	..	..	..	1936	2.5	1939	3.6	1948	15.9
<i>Miscellaneous—</i>													
Totalizer investments	£(m.)	..	..	..	..	1933	3.3	1936	4.5	1939	7.8	1948	24.2
Marriages (rate per 1,000 of mean population)	..	..	..	..	..	1932 ⁴	6.81	1935 ⁴	8.23	1938 ⁴	10.09	1947 ⁴	10.92
Births (rate per 1,000 of mean population)	..	..	..	..	..	1935 ⁴	16.17	1935 ⁴	16.17	1938 ⁴	17.93	1947 ⁴	26.42
<i>Prices Index Numbers—</i>													
Exports (1909=1000)	Index No.	..	..	..	..	1932 ⁴	892	1935 ⁴	1102	1938 ⁴	1367	1947 ⁴	2513
Wholesale (1926-30=1000)	Index No.	..	..	..	..	1932 ⁴	878	1935 ⁴	936	1938 ⁴	1036	1947 ⁴	1654
Retail (with wartime prices index linked on)—													
Food groups (1926-30=1000)	Index No.	..	..	..	..	1933 ⁴	732	1935 ⁴	835	1938 ⁴	991	1947 ⁴	6
All groups (1926-30=1000)	Index No.	..	..	..	..	1933 ⁴	795	1935 ⁴	837	1938 ⁴	951	1947 ⁴	1173
Wartime prices index (15th December, 1942=1000)	Index No.	..	..	..	..	..	..	..	..	..	..	1948 ⁸	1110
<i>Wage-rates—</i>													
Nominal : Adult males (1924-30=1000)	Index No.	..	..	..	..	1933 ⁴	833	1935 ⁴	858	1938 ⁴	1081	1947 ⁴	1489
Effective : Adult males (1926-30=1000)	Index No.	..	..	..	..	1932 ⁴	1031	1935 ⁴	1025	1938 ⁴	1137	1947 ⁴	1269 ¹⁰
<i>Share prices—</i>													
Industrial (1938=1000)	Index No.	..	..	..	..	1932 ⁴	667	1935 ⁴	1102	1938 ⁴	1000	1947 ⁴	1444
Finance, &c. (1938=1000)	Index No.	..	..	..	..	1932 ⁴	852	1935 ⁴	1120	1938 ⁴	1000	1947 ⁴	1697
All groups (1938=1000)	Index No.	..	..	..	..	1932 ⁴	769	1935 ⁴	1112	1938 ⁴	1000	1947 ⁴	1570

¹ Production year—approximately twelve months ended June.

² Does not include factory processing of primary products.

³ As at last Monday in March.

⁴ Calendar year.

⁵ 15th March.

⁶ Not available.

⁷ As at last Monday in March.

⁸ In terms of purchasing power on basis of wartime prices index linked to retail prices index series.

⁹ Average of production years 1936-37, 1937-38, and 1938-39.

¹⁰ In terms of purchasing power on basis of wartime prices index linked to retail prices index series.

Table No. 7
RETAIL PRICES OF BASIC FOODSTUFFS

Commodity.	Unit of Quantity.	Retail Price (in New Zealand Currency).					
		New Zealand (Wellington), (June, 1948).	Australia (Sydney), (March, 1948).	South Africa (Cape Town), (March, 1948).	Great Britain (March, 1948).	Canada (February, 1948).	United States of America (March, 1948)
Bread ..	2 lb. ..	s. d. 0 5½	s. d. 0 6¾	s. d. 0 8½	s. d. 0 6½	s. d. 1 2	s. d. 1 8¾
Flour ..	25 lb. ..	4 3½	6 1½	8 5½	7 2	9 8	15 6
Tea ..	lb. ..	4 8½	2 9	6 3¾	4 2	6 4¾	..
Coffee ..	lb. ..	3 8½	..	2 0¾	..	3 8¾	3 2½
Sugar ..	lb. ..	0 6½	0 4½	0 4½	0 6½	0 7½	0 7
Milk (fresh)	Quart ..	0 7	0 8	1 0½	1 0½	1 0¾	1 3¾
Butter ..	lb. ..	1 6	1 11½	3 1½	1 8	4 6	5 4¾
Cheese ..	lb. ..	1 4½	1 6½	2 4½	1 0½	3 6	3 11½
Bacon ..	lb. ..	1 11¾	2 2	3 5½	2 6	4 4½	4 5
Raisins ..	lb. ..	1 3	1 3¼	1 6¾	..	1 4¾	..
Prunes ..	lb. ..	1 3	..	2 2½	1 3	1 3½	1 4
Canned peaches	30 oz. tin	2 3¾	1 7½	..	..	2 10½	1 11½
Beef (rib roast)	lb. ..	0 10½	0 8	0 10	2 1	3 1½	4 1
Mutton (leg)	lb. ..	1 1	0 10¾	1 4½	1 10½	..	..
Pork—							
Loin ..	lb. ..	1 2¾	1 6½	..	1 10½	3 4½	..
Chops ..	lb. ..	1 4¾	1 7½	1 11¾	..	..	4 4½

Table No. 8

MARRIED TAXPAYER—DEPENDENT WIFE AND TWO CHILDREN

Fixed Gross Income per Annum.	Tax Payment during Financial Year ended 31st March, 1946: Residue includes Family Benefit, paid subject to Means Test.		Tax Payment during Financial Year ended 31st March, 1947: Residue, including universal family benefit £52.		Tax Payment during Financial Year ended 31st March, 1948: Residue, including universal family benefit £52.	
	Tax £	Residue £	Tax £	Residue £	Tax £	Residue £
400 ..	58	342	40	412	30	422
500 ..	87	413	64	488	51 10s.	500 10s.
600 ..	120	480	90	562	75	577
800 ..	188	612	146	706	126	726
1,000 ..	263	737	207	845	182	870
1,500 ..	480	1,020	391	*1,161	353 10s.	*1,198 10s.
2,000 ..	738	1,262	613	*1,439	563	*1,489
	Income-tax at basic rate, plus 33½ per cent. Combined charge at 2s. 6d. Income-tax based on income derived during year ended 31st March, 1945, and paid in February, 1946. Wife exemption, £50. Child exemption, £50.		Income-tax at basic rate, plus 15 per cent. Combined charge at 2s. Income-tax based on income for year ended 31st March, 1946, and payable in February, 1947. Wife exemption, £100. Child exemption, £50. * Maximum rebate in tax, £26.		Income-tax at basic rate, plus 15 per cent. Combined charge 1s. 6d. Income-tax based on income for year ended 31st March, 1947, and payable in February, 1948. Wife exemption, £100. Child exemption, £50. * Maximum rebate in tax, £26.	

Table No. 9
INVESTMENTS IN NATIONAL SAVINGS
(Including National Savings Bonds)

						£
October, 1940, to 31st March, 1941 .. .. .	..	..	..	..	..	1,329,786
Year, 1941-42 .. .. .	..	..	..	..	..	5,272,568
„ 1942-43 .. .. .	..	..	..	..	..	3,853,180
„ 1943-44 .. .. .	..	..	..	..	..	10,529,871
„ 1944-45 .. .. .	..	..	..	..	..	10,234,238
„ 1945-46 .. .. .	..	..	..	..	..	9,480,911
„ 1946-47 .. .. .	..	..	..	..	..	7,405,669
„ 1947-48 .. .. .	..	..	..	..	..	8,683,559
						56,789,782
Less Repayments .. .. .	..	..	..	..	..	13,517,048
						£43,272,734

Table No. 10
INDEX NUMBERS OF VOLUME OF GOODS
Base : 1938-39 = (100)

Year ended 30th June,	Produced in New Zealand.					Imported.	All Goods available for Use in New Zealand.	
	Total.	Exported.	Available for Use in New Zealand.		Total.		Per Head.	
			Total.	Per Head.				
1939 ..	100	100	100	100	100	100	100	
1940 ..	105	106	104	103	84	96	95	
1941 ..	112	111	113	112	69	95	94	
1942 ..	110	109	110	109	58	88	88	
1943 ..	109	116	104	102	58	85	84	
1944 ..	107	132	91	89	66	81	79	
1945 ..	113	155	83	80	63	75	72	
1946 ..	112	110	113	105	71	95	89	
1947 ..	114*	113*	115*	104*	93*	106*	96*	

* Provisional.

Table No. II

NATIONAL INCOME

(£(million))

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.
Salary and wage payments	111.2	110.8	118.0	121.3	127.7	141.6	147.9	162.6	187.1	208.4†
Pay and allowances of Armed Forces	0.9	2.7	13.7	21.5	41.0	51.1	41.9	41.4	17.0	9.1†
Social security benefits and pensions	7.6	11.3	12.4	12.8	14.3	13.9	17.5	20.8	34.7	37.5
Rental value, owner-occupied houses	6.3	6.9	7.3	7.8	8.0	8.4	8.9	9.3	9.8	10.5†
*Other personal income (excluding company dividends)	54.7	59.5	58.4	62.4	67.1	72.5	79.9	89.9	108.5	134.0†
Company income (before distribution)	20.0	25.2	24.1	28.1	33.3	36.9	38.4	42.2	50.4	55.5†
<i>Private income</i>	200.7	216.4	233.9	253.9	291.4	326.4	334.5	366.2	407.5	455.0†
<i>Plus—</i>										
Government and local authority trading profits	2.5	3.7	4.9	6.7	8.9	10.1	8.8	9.4	9.2	8.5†
Lump-sum payments from United Kingdom Government	0.3	1.9	2.7	3.5	3.3	3.3	5.0	5.0	5.0	5.0
<i>Less transfer income—</i>										
Social security benefits and pensions	-7.6	-11.3	-12.4	-12.8	-14.3	-15.9	-17.5	-20.8	-34.7	-37.5
Public debt interest (paid in New Zealand on "unproductive" debt)	-2.9	-3.2	-3.3	-3.6	-4.3	-6.0	-7.6	-8.4	-9.0	-9.0†
<i>Net national income at factor cost (national income)</i>	183.0	207.5	225.8	247.7	285.0	317.9	323.2	351.4	378.0	422.0†

* For details see Table No. 13. † Provisional.

Table No. 12

PERCENTAGE DISTRIBUTION OF VARIOUS ITEMS OF PRIVATE INCOME

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48
Salary and wage payments ..	51.2	50.4	47.8	43.8	43.4	44.2	44.4	45.9	45.8
Pay and allowances of Armed Forces	1.3	5.9	8.4	14.1	15.6	12.5	11.3	4.2	2.0
Social security benefits and pensions	5.2	5.3	5.0	4.9	4.9	5.2	5.7	8.5	8.2
Rental-value owner-occupied houses	3.2	3.1	3.1	2.8	2.6	2.7	2.5	2.4	2.3
Other personal income—									
Professional occupations ..	2.6	1.9	} 23.8	22.2	20.6	21.7	2.1	2.3	2.7
Commerce, trade, or business ..	4.7	3.9					4.7	5.3	5.6
Farming	11.7	11.6					11.3	11.8	13.9
Interest, rent, &c.	7.6	6.5					4.2	3.8	3.5
Other	0.8	0.7	0.8	1.2	1.3				
Primary Produce Stabilization Accounts (change in balances)	0.1	0.4	0.8	0.8	1.6	2.2	1.5	2.2	2.5
Company income (before distribution)	11.6	10.3	11.1	11.4	11.3	11.5	11.5	12.4	12.2
<i>Private Income</i> ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTE.—The break-up of "Other Personal Income" for the years 1939-40, 1940-41, and 1945-46 to 1947-48 is based on fairly arbitrary premises and should not be regarded as accurate as the remainder of the detail given in this table.

Table No. 13

ESTIMATED DISTRIBUTION OF OTHER PERSONAL INCOMES

(This table is an analysis of the item "Other Personal Income" in Table No. 11)

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.
Professional occupations (on own account) ..	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)	£(m.)
Commerce, trade, or business ..	..	5.5	4.5	..	..	..	..	7.5	9.5	12.0
Farming ..	..	10.2	9.2	..	..	..	..	17.0	21.5	25.5
Interest, rents, &c. ..	..	25.4	27.0	..	..	..	..	41.5	48.0	63.0
Other ..	..	16.4	15.2	..	..	..	..	15.4	15.5	16.0
Primary Produce Stabilization Accounts (change in balances)	..	1.8	1.5	..	..	..	..	3.0	5.0	6.0
	..	0.2	1.0	2.1	2.4	5.1	7.2	5.5	9.0	11.5
<i>Total other Personal Income</i> ..	54.7	59.5	58.4	62.4	67.1	72.5	79.9	89.9	108.5	134.0

NOTE.—The figures in this table are based on income-tax statistics and other relevant data. Detail not available for years 1938-39 and 1941-42 to 1944-45. The figures are provisional.

Table No. 14

NATIONAL INCOME: INDEX NUMBERS, PRINCIPAL ITEMS

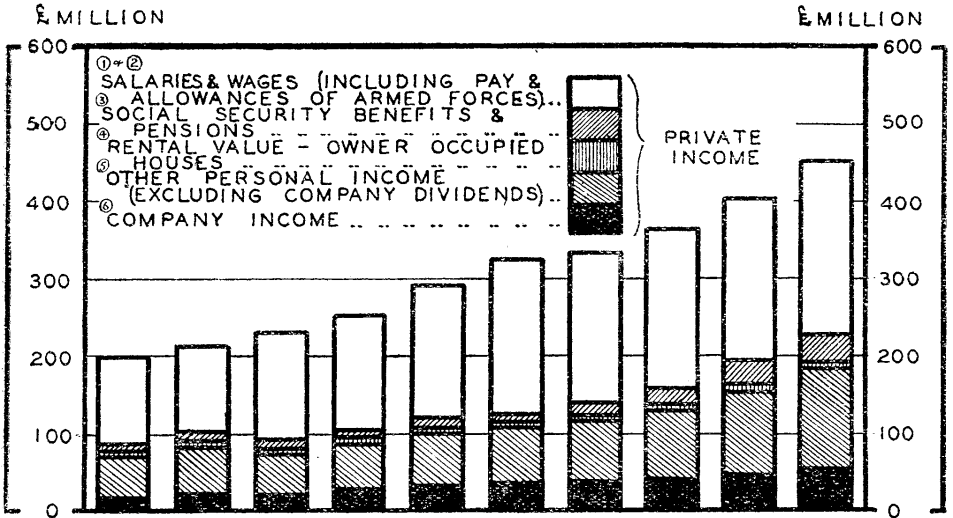
Base: 1938-39 = (100)

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.
Salary and wage payments (including pay and allowances of Armed Forces) ..	100	101	117	127	150	172	169	182	182	194*
Social security benefits and pensions ..	100	149	163	168	188	209	230	274	457	493
Other personal income (including rental value of owner-occupied houses) ..	100	109	108	115	123	133	146	163	194	237*
Company income (before distribution) ..	100	126	121	141	167	185	192	211	252	278*
Private income ..	100	108	117	127	145	163	167	182	203	227*
<i>Net national income at factor cost</i> ..	100	108	117	128	148	165	167	182	196	219*

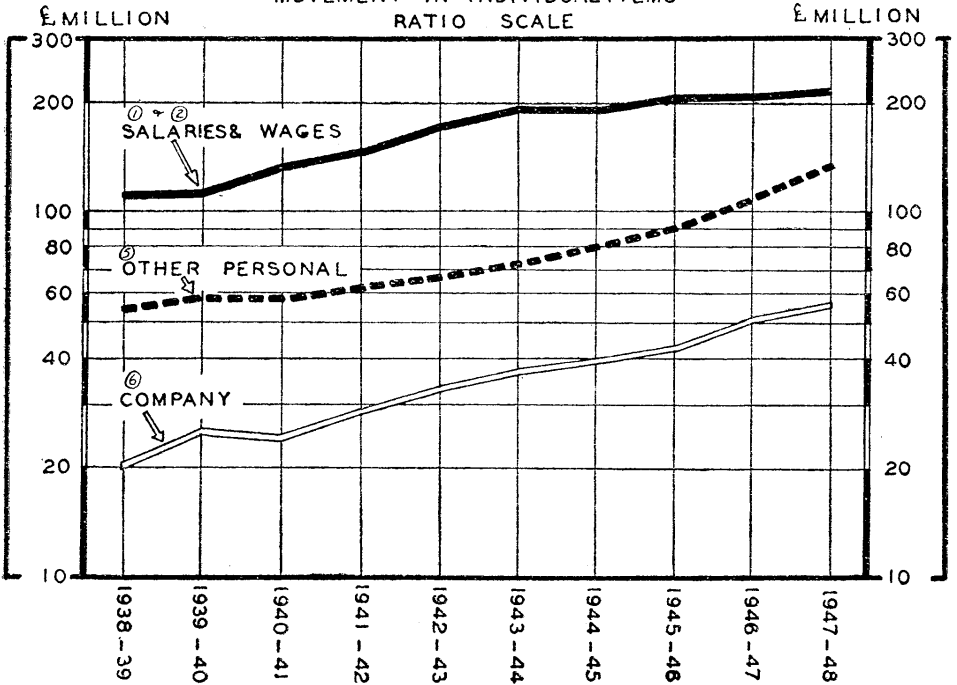
* Provisional.

Table No. 15

PRIVATE INCOME - 1938/39 TO 1947/48



MOVEMENT IN INDIVIDUAL ITEMS
RATIO SCALE



Provisional.

Table No. 16
PRIVATE DISPOSABLE INCOME

(£(million))

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48.
Salary and wage payments (including pay and allowances of Armed Forces)	112.1	113.5	131.7	142.8	168.7	192.7	189.8	204.0	204.1	217.5*
Less direct taxation	4.9	8.0	13.3	16.6	23.0	27.2	28.7	29.8	25.3	23.5*
Net	107.2	105.5	118.4	126.2	145.7	165.5	161.1	174.2	178.8	194.0*
Social security benefits and pensions	7.6	11.3	12.4	12.8	14.3	15.9	17.5	20.8	34.7	37.5
Other personal income (including rental value, owner-occupied houses)	61.0	66.4	65.7	70.2	75.1	80.9	88.8	99.2	118.3	144.5*
Less direct taxation	11.5	13.1	18.5	20.4	24.3	26.0	27.0	29.0	29.2	28.7*
Net	49.5	53.3	47.2	49.8	50.8	54.9	61.8	70.2	89.1	115.8*
Company income (before distribution)	20.0	25.2	24.1	28.1	33.3	36.9	38.4	42.2	50.4	55.5*
Less direct taxation	6.6	8.5	12.6	13.0	17.2	20.5	24.2	25.1	22.6	24.0*
Net	13.4	16.7	11.5	15.1	16.1	16.4	14.2	17.1	27.8	31.5*
Private Income	200.7	216.4	233.9	253.9	291.4	326.4	334.5	366.2	407.5	455.0*
Less direct taxation	23.0	29.6	44.4	50.0	64.5	73.7	79.9	83.9	77.1	76.2*
Private Disposable Income	177.7	186.8	189.5	203.9	226.9	252.7	254.6	282.3	330.4	378.8*

* Provisional.

Table No. 18

PRIVATE INCOME - 1938/39 TO 1947/48

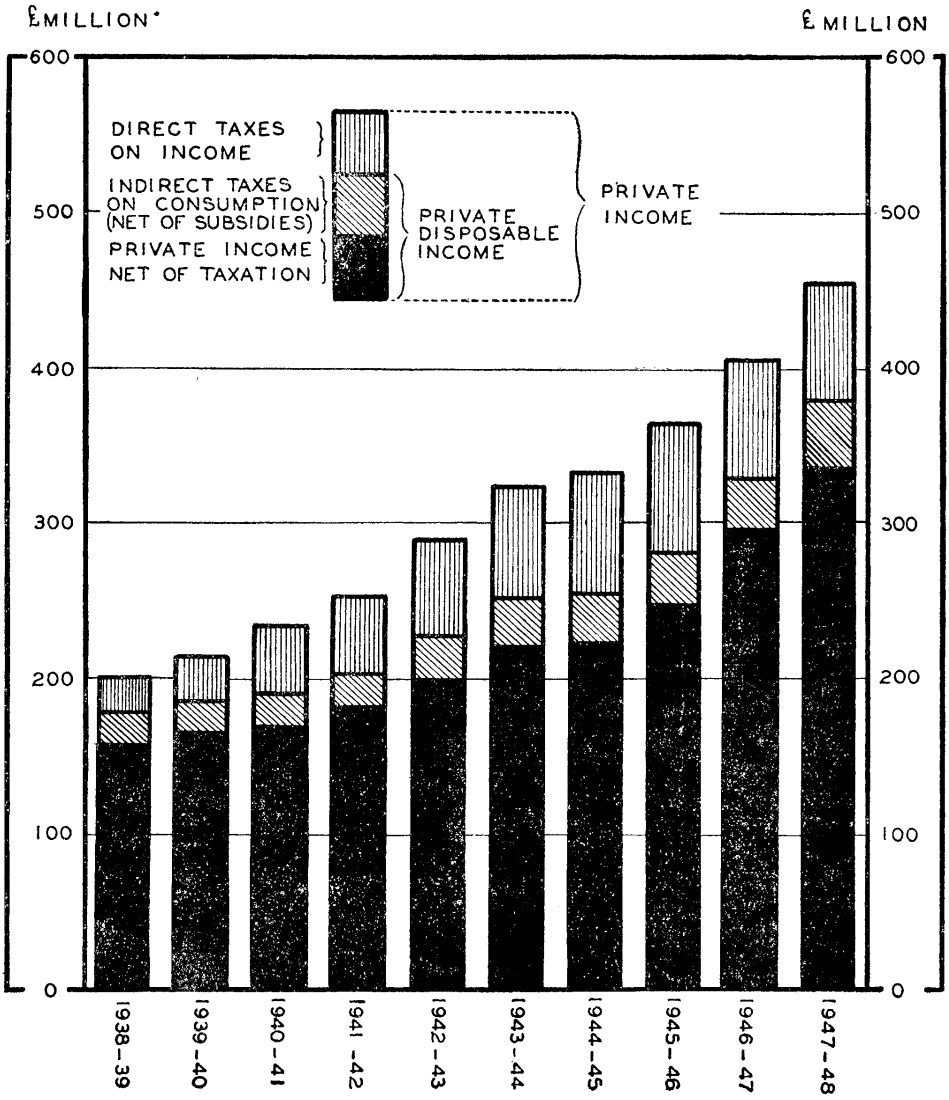


Table No. 19
PRIVATE INCOME

Year.	At Current Prices.				Retail Prices				At 1938-39 Prices.					
	Total.		Per Head.		Index Number* 1938-39 = (1000).		Total.		Per Head.		Total.		Per Head.	
	Private Income.	Direct Taxes.	Private Disposable Income.	Private Income.	£ (m.)	£	Private Disposable Income.	Direct Taxes.	Private Disposable Income.	Private Income.	£ (m.)	£	Private Disposable Income.	Private Income.
1938-39	200.7	23.0	177.7	124.6	100	110.3	14.3	100	100	200.7	177.7	124.6	100	110.3
1939-40	216.4	29.6	186.8	132.4	105	114.3	18.1	104	103	206.1	179.9	126.1	101	108.9
1940-41	233.9	44.4	189.5	141.2	107	114.4	26.8	104	107	214.0	173.4	129.2	104	104.7
1941-42	253.9	50.0	203.9	152.0	111	114.4	29.9	111	112	224.9	184.7	134.7	108	108.1
1942-43	291.4	64.5	226.9	171.9	115	123.9	38.0	113	102	248.4	193.4	146.5	108	114.1
1943-44	326.4	73.7	252.7	191.2	118	148.0	43.2	118	109	276.1	213.8	161.7	108	125.2
1944-45	334.5	79.9	254.6	194.1	121	147.7	46.4	119	109	282.3	214.9	163.8	108	124.7
1945-46	366.2	83.9	282.3	210.0	124	161.9	48.1	120	108	308.8	238.0	177.1	108	136.5
1946-47	407.5	77.1	330.4	229.0	127	185.7	43.3	121	108	342.1	277.4	192.3	108	155.9
1947-48	453.0†	76.2†	378.8†	250.6†	131	208.6†	42.0†	124	108	362.8†	302.1†	199.8†	108	166.4†
INDEX NUMBERS BASE: 1938-39 = 100														
1938-39	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1939-40	108	129	105	106	104	104	127	104	103	103	103	101	99	99
1940-41	117	193	107	113	98	104	187	104	107	107	104	104	95	95
1941-42	127	217	115	122	109	111	209	111	112	112	102	108	98	98
1942-43	145	280	128	138	113	113	266	113	113	113	109	118	103	103
1943-44	163	320	142	153	114	134	302	114	113	113	120	130	114	114
1944-45	167	347	143	156	115	134	324	115	113	113	121	131	113	113
1945-46	182	365	159	169	116	147	336	116	113	113	134	142	114	114
1946-47	203	335	186	184	117	168	303	117	113	113	170	156	114	114
1947-48	227†	331†	213†	201†	118	189†	294†	118	113	113	181†	160†	114	114

* Old series up to December, 1942, linked to wartime price index.

† Provisional.

NOTE.—While the retail prices index numbers may be regarded as a reasonably appropriate correction factor for salaries and wages, their application to the wider field of national income is less valid. When an analysis of national expenditure becomes available it will be possible to devise a more suitable corrective for price changes. In the meantime the results given in Tables Nos. 19 to 21 must be regarded as affording only an approximate indication of general trends in real income.

Table No. 20
NET NATIONAL INCOME AT FACTOR COST

Year.	At Current Prices.				At 1938-39 Prices.			
	National Income.		Index Numbers Base: 1938-39 = (100).		National Income.		Index Numbers Base: 1938-39 = (100).	
	Total.	Per Head.	Total.	Per Head.	Total.	Per Head.	Total.	Per Head.
	£(m.)	£			£(m.)	£		
1938-39	193.0	119.8	100	100	193.0	119.8	100	100
1939-40	207.5	127.0	108	106	197.6	120.9	102	101
1940-41	225.8	136.4	117	114	206.6	124.8	107	104
1941-42	247.7	148.3	128	124	219.4	131.4	114	110
1942-43	285.0	168.1	148	140	243.0	143.4	126	120
1943-44	317.9	186.2	165	155	269.0	157.6	139	132
1944-45	323.2	187.6	167	157	272.7	158.3	141	132
1945-46	351.4	201.5	182	168	296.3	169.9	154	142
1946-47	378.0	212.5	196	177	317.4	178.4	164	149
1947-48	422.0†	232.4†	219†	194†	336.5†	185.3†	174†	157†

* Old series up to December, 1942, linked to wartime prices index.

† Provisional.

Table No. 21
 SALARY AND WAGE PAYMENTS
 (Including Pay and Allowances of Armed Forces)

Year.	At Current Prices.			Retail Prices Index Number* Base : 1938-39 = (1000).	At 1938-39 Prices.	
	Total.	Direct Taxes.	Total, Less Direct Taxes.		Total.	Total, Less Direct Taxes.
	£(m.)	£(m.)	£(m.)		£(m.)	£(m.)
1938-39 ..	112.1	4.9	107.2	1000	112.1	107.2
1939-40 ..	113.5	8.0	105.5	1050	108.1	100.5
1940-41 ..	131.7	13.3	118.4	1093	120.5	108.3
1941-42 ..	142.8	16.6	126.2	1129	126.5	111.8
1942-43 ..	168.7	23.0	145.7	1173	143.8	124.2
1943-44 ..	192.7	27.2	165.5	1182	163.0	140.0
1944-45 ..	189.8	28.7	161.1	1185	160.2	135.9
1945-46 ..	204.0	29.8	174.2	1186	172.0	146.9
1946-47 ..	204.1	25.3	178.8	1191	171.4	150.1
1947-48 ..	217.5†	23.5†	194.0†	1254	173.4†	154.7†

INDEX NUMBERS BASE : 1938-39 = (100)						
1938-39 ..	100	100	100	..	100	100
1939-40 ..	101	163	98	..	96	94
1940-41 ..	117	271	110	..	107	101
1941-42 ..	127	339	118	..	113	104
1942-43 ..	150	469	136	..	128	116
1943-44 ..	172	555	154	..	145	131
1944-45 ..	169	586	150	..	143	127
1945-46 ..	182	608	162	..	153	137
1946-47 ..	182	516	167	..	153	140
1947-48 ..	194†	480†	181†	..	155†	144†

* Old series up to December, 1942, linked to wartime prices index.

† Provisional.

*Copy of Prospectus of Internal Loan*DOMINION OF NEW ZEALAND
NEW ZEALAND GOVERNMENT LOAN

Issue at par of

3-PER-CENT. STOCK MATURING 15TH JULY, 1963-65

Interest payable 15th January and 15th July

Authorized to be raised in accordance with the provisions of the New Zealand Loans Act, 1932, whereby the interest and principal are a direct charge upon the public revenues of the Dominion

Trustees may invest in this Loan under the powers of the Trustee Act, 1908, unless expressly forbidden by the instrument (if any) creating the Trust.

The RESERVE BANK OF NEW ZEALAND gives notice that, on behalf of the Minister of Finance, it is authorized to receive applications for the issue of stock in terms of this Prospectus.

The proceeds of this issue will be used partly for repaying existing loans and partly for National Development purposes.

1. *Applications.*—Applications, which must be accompanied by a cheque for the full issue price of the stock, 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. All cheques should be drawn in favour of the Reserve Bank of New Zealand, Wellington.

Applications must be for a multiple of £10, with a minimum of £50.

2. *Securities.*—New Zealand Government Stock will be issued in either 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) *Stock Certificates* 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.
- (c) *Death Duty Stock*, which in terms of Section 40 of the N.Z. Loans Act, 1932, may be tendered at par by the executor or administrator of a deceased stockholder in payment of Death Duties in the estate of the deceased Stockholder. Death Duty Stock is not transferable as such but may be exchanged for Ordinary Stock.

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 name of the applicant, and Registration Certificates will be issued as soon as registration has been effected. If a Certificate of Title is required, application should be made on the prescribed form.

4. *Interest.*—Interest will be paid half-yearly on the 15th January and 15th July in each year, and the first payment, representing interest from the date of the lodgment of the application moneys up to the 15th July, 1948, will be made on that date.

The first payment will in every case be made to the original 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 the stockholders for payments of interest to any agent in the Dominion, and existing instructions for the payment of interest will apply to 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 second paragraph of this section, will be paid by means of coupons annexed to the Certificates.

5. *Repayment.*—The Minister of Finance reserves the right to repay the 3 per cent-1963-65 Loan at par at any time during the period 15th July, 1963, to the 15th July, 1965, on giving at least three months' notice in the *New Zealand Gazette* of his intention to repay.

If not previously redeemed, the Loan will be repaid at par at the Reserve Bank of New Zealand on the 15th July, 1965.

6. *Exchange on Remittances.*—Cheques in payment of amounts subscribed to this Loan will be accepted free of inland Exchange.

7. *Commission.*—Commission at the rate of 5s. per £100 of Stock issued will be allowed to Bankers and registered Sharebrokers.

Copies of this Prospectus and forms of application may be obtained 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; at any postal money-order office in New Zealand; or from a member of any Stock Exchange in the Dominion.

The list of applications will be opened forthwith and may be closed at any time determined by the Minister of Finance.

Reserve Bank of New Zealand, Wellington, 19th January, 1948.

Copy of Prospectus of London Conversion Loan

Consent of His Majesty's Treasury has been obtained to this issue in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act, 1946

NEW ZEALAND GOVERNMENT 3 PER CENT. STOCK, 1966-1968

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

ISSUE OF £16,000,000 STOCK

Under the New Zealand Loans Act, 1922

Price of issue £100 per Cent. payable as follows :—

On application	£10 per Cent.
On the 27th July, 1948	£30 per Cent.
On the 27th September, 1948	£60 per Cent.

£100

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 the Stock is, therefore, an investment authorized under the Trustee Act, 1925, and the Trusts (Scotland) Act, 1921.

The GOVERNOR AND 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 applications for such amount of the above Stock as is not required for issue in exchange for holdings of New Zealand Government 4½ per Cent. Inscribed Stock, 1948-1958, in accordance with the offer contained herein.

Under the provisions of the New Zealand Loans Act, 1932, the principal of and interest on the Stock 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.

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 not directly or indirectly liable or responsible for the payment of the Stock or of the interest thereon, or for any matter relating thereto.

The following information is furnished by the High Commissioner for New Zealand :—

Under the provisions of the New Zealand Loans Amendment Act, 1947, which replaced the Repayment of the Public Debt Act, 1925, resources are made available, under the control of the Public Debt Commission constituted under the Act, for the purchase of New Zealand Government Securities on the open market for cancellation or to pay them off at maturity, thereby providing the Commission with the means of effecting an annual repayment of Public Debt. The Act provides for the annual appropriation to Loans Redemption Account of a sum equal to one-half per Cent. of the Public Debt coming within the Act and outstanding at the end of the previous financial year, together with a further sum equal to four per Cent. of the debt repaid or redeemed under the 1925 and 1947 Acts before the same date.

Since September, 1939, the Dominion has repaid under the provisions of the 1925 and 1947 Acts, and from other sources, over £47,000,000 of New Zealand Government Stock issued in the United Kingdom, thus reducing the New Zealand Public Debt in London to £110,000,000. During the corresponding period the value of New Zealand's exports has risen from £46,500,000 per annum to over £100,000,000 per annum.

The proceeds of the Stock issued for cash will be applied towards the redemption on the 1st October, 1948, of New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, which is not exchanged under the terms of this prospectus.

The Stock, if not previously redeemed, is to be repaid at par at the Bank of England on the 1st September, 1968, but the New Zealand Government reserve to themselves the right to redeem the Stock, in whole or in part, by drawings or otherwise, at par at the Bank of England on, or on any date after, the 1st September, 1966, on three calendar months' previous notice being given by public advertisement in *The Times*, in which case the Stock to be redeemed will cease to bear interest on the date so fixed for redemption.

The Stock will be transferable by deed, in multiples of one penny, free of charge and stamp duty.

The Bank of England have been appointed Registrar of the Stock.

Interest will be payable half-yearly on the 1st March and the 1st September; the first interest payment will be made on the 1st March, 1949. Interest warrants will be transmitted by post and Income Tax will be deducted from payments of more than £5 per annum.

If allotments of the Stock in respect of cash applications and applications for exchange of New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, do not reach the total of £16,000,000 Stock, the balance of the Stock will be issued for cash to the Reserve Bank of New Zealand on the terms of this prospectus.

Issue of Stock for Cash

Applications, which must be accompanied by a deposit of £10 per Cent., will be received at the Bank of England, Loans Office, London, E.C. 2. In case of partial allotment the balance of the amount paid as deposit will be applied towards the payment of the first instalment; any surplus remaining after making that payment will be refunded by cheque. Default in the payment of any instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation.

Applications must be for £100 Stock or a multiple thereof; no allotments will be made for a less amount than £100 Stock. Allotment letters will not be posted before the 14th July, 1948.

Scrip Certificates to Bearer, in denominations of £100, £500, £1,000 and £5,000 will be issued in exchange for allotment letters and must be surrendered for registration at the time when the final instalment is paid.

The first interest payment in respect of Stock issued for cash will be at the rate of £1 : 10s. per £100 Stock and will be made on the 1st March, 1949.

The List of Cash Applications will be opened and closed on the 2nd July, 1948.

Issue of Stock in Exchange for New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958

Holder of the above Stock, which will be redeemed at par on the 1st October, 1948, are invited to apply to exchange their holdings, in whole or in part, for New Zealand Government 3 per Cent. Stock, 1966-1968, on the terms set forth in this prospectus.

Holdings of New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, in respect of which applications are accepted, will be exchanged, as on the 1st September, 1948, into New Zealand Government 3 per Cent. Stock, 1966-1968, at the rate of £100 of such Stock for each £100 Stock surrendered.

Holdings of New Zealand Government $4\frac{1}{2}$ per Cent. Stock, 1948-1958, in respect of which applications are accepted will be known until the close of business on the 31st August, 1948, as New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, "Assented". Interest at the rate of £2 : 7s. 6d. per £100 "Assented" Stock will be paid on the 1st September, 1948, to the persons who are registered as holders of "Assented" Stock at the close of business on the 3rd August, 1948; this payment represents :—

- (a) The half-year's interest due on the 1st September, 1948, and
- (b) Interest for one month (from the 1st September, 1948, to the 1st October, 1948) at $1\frac{1}{2}$ per Cent. per annum, being the difference between $4\frac{1}{2}$ per Cent. per annum and 3 per Cent. per annum.

The first interest payment in respect of Stock issued in exchange for New Zealand Government $4\frac{1}{2}$ per Cent. Stock, 1948-1958, will be a full six months' interest and will be made on the 1st March, 1949.

The total of New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, outstanding is £19,225,465. This offer of exchange is limited to a total amount of £16,000,000 $4\frac{1}{2}$ per Cent. Stock and the list will be closed when applications in respect of this amount of Stock have been accepted, provided however that applications will not be received after the 14th July, 1948.

Applications for exchange must be made on the special printed forms which have been sent by post to all registered holders of $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958 (in the case of joint accounts to the first-named holder or to the first-named holder whose registered address is in the United Kingdom). Applications in respect of Stock Certificates to Bearer must be lodged at the Chief Accountant's Office, Bank of England, London, E.C. 2, and must be accompanied by the relative Stock Certificates.

A Commission of 5s. per £100 will be paid to Bankers or Stockbrokers on allotments made in respect of applications bearing their stamp, viz. :—

On cash applications	5s. per £100 nominal of New Zealand Government 3 per Cent. Stock, 1966-1968, allotted.
On applications for exchange	5s. per £100 nominal of New Zealand Government $4\frac{1}{2}$ per Cent. Inscribed Stock, 1948-1958, for which applications are accepted.

Prospectuses and forms may be obtained at the Bank of England, Loans Office, London E.C. 2, or at any of the Branches of the Bank of England; at the Office of the High Commissioner for New Zealand, 415, Strand, London W.C. 2; at the Bank of New Zealand (the bankers in London to the Government of New Zealand), 1, Queen Victoria Street, London E.C. 4; from Messrs. Mullens & Co., 13, George Street, London, E.C. 4; from Messrs. J. & A. Scrimgeour, 3, Lothbury, London E.C. 2; or at any Stock Exchange in the United Kingdom.

A copy of the authorizing Act may be inspected at the Bank of England, Loans Office, during business hours until the 16th July, 1948.

Bank of England, 29th June, 1948.

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 (B-7 [Pt. I]) the amount, if any, for the same item shown on the supplementary estimates (B-7 [Pt. II]). 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.
