

1931.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 30th July, 1931.)

BY THE RIGHT HON. G. W. FORBES, P.C., MINISTER OF FINANCE.

MR. CHAIRMAN,—

The honour once again devolves upon me of laying before honourable members a statement of the Dominion's finances, together with an explanation of the circumstances which have given rise to the position thereby disclosed, and the proposals which the Government intends to submit to this House with a view to providing for the existing conditions.

As honourable members are aware, the year through which we have just passed has been probably the most difficult in the history of this Dominion. The general economic depression, although world-wide in its effects, has been felt very severely by primary-producing countries such as New Zealand, the value of primary products having fallen to an even greater extent than that of manufactured goods.

Dealing first of all with the external trade—with which the prosperity of the Dominion is so intimately bound up—the exports for the year totalled £39,500,000, a reduction of no less than £9,500,000 compared with the previous year and £17,600,000 as compared with the year ended 31st March, 1929. The decline in the value of exports was due principally to a further sharp fall in prices, the "all groups" export-prices index showing a decline of over 28 per cent. for the year. The falling-off in value, however, was not the result of a reduction in the actual volume of exports, considerable quantity increases being shown in butter, frozen meat, and gold. Wool was the only important item showing a reduction in quantity; but this was due not to decreased production, but to the carry-over of stocks in anticipation of an improvement in prices.

Imports amounted to a total of £38,300,000, being £10,900,000 less than for the previous year. Thus, although the value of exports fell to an unprecedented extent, imports were curtailed to an even greater amount, with the result that the year closed with a favourable recorded balance of trade—an excess of exports over imports to the extent of approximately £1,200,000. The equilibrium in external trade has thus been largely preserved, but the general contraction in the value of this trade has seriously affected the public finances, as well as all internal business, either directly or indirectly.