

Primary industries.

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

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

Stabilization.

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

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

Banking assets overseas.

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

Consolidated Fund, 1942-43.

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

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