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