

The long-term bulk contracts with the United Kingdom, with a guarantee of stable prices with a maximum rise or fall in any one year of $7\frac{1}{2}$ per cent., is one of the major factors safeguarding the future of our trade.

By import control, the Government is in a position to hold reasonable balances of sterling—a further safeguard against any adverse developments overseas. As has been shown, the accumulation of reserves has been accomplished without making heavy inroads into available imports; in fact, the volume of imports for the year ended June, 1948, had never been higher.

Generally, there is cause for satisfaction in the trade position. The value figures are records, as are some of the volume figures. All volumes are at high levels.

Only by continuing import control can New Zealand assist the United Kingdom and also maintain necessary sterling reserves.

The £10 rebate from income-tax assessments last year was of great benefit to many individuals; 125,000 persons who formerly paid income-tax were totally exempt; and about half the number of taxpayers had their tax reduced by 50 per cent. or more.

There is no way of reducing taxation very substantially, unless by cutting social services and reducing the number of civil servants. The Government will do neither.

Social Security benefits, health services, education, development of resources, debt services—all must be paid for, mainly by taxation. The smaller taxpayer ultimately receives (in cash and kind), in the majority of cases, more than he has contributed to the State.

The Government is keeping a close supervision over prices, and will continue to ensure that no excessive margins will be charged.

The people of New Zealand have cause for confidence and optimism in the state of the community.

We are enjoying conditions of prosperity. Employment levels are very high; wages and other incomes afford a comfortable living for those who work; social security benefits provide for the aged, the widows and the disabled; and the volume of goods available in New Zealand has never been greater.

We should never lose sight of the fact that our standard of living depends ultimately on the goods and services available. Wise planning can ensure that these are distributed fairly within the community; but total production must continue to increase if the standard of living is to advance.