

ensure that this will be done until twelve months after peace has been declared. This will also apply to deposits in banking or other institutions in so far as they represent money in New Zealand, but will not affect remittances for legitimate trade or other purposes. Authority will be asked to have suitable provision made by regulations to enable this proposal to be carried out.

RATES OF INTEREST.

Last year the House gave authority to control the raising of public loans by local bodies, and this provision has worked well. I have not given authority for any local public body throughout the country to raise loan-money at a higher rate than $5\frac{1}{4}$ per cent. In a number of instances I was asked to do so but refused, and the fact that the money has been obtained within the maximum rate fixed shows that had this provision not been made the rate of interest throughout the Dominion would in all probability have been materially increased. As already mentioned, the Government rate for the State Advances Local Bodies Branch has been kept at $4\frac{1}{2}$ per cent. Under the abnormal conditions at present ruling an inflated interest rate would be highly undesirable. I propose, in order to prevent the possibility of a general increase in the rates of interest, to apply a similar restriction to the rates to be allowed in respect of deposits, and to fix a rate applicable to all financial institutions, whether banking, companies, or private firms, so that no institution can take advantage of another of the same class by offering higher rates for deposits.

GOLD EXPORT.

The exigencies of the war have caused the Imperial Government to stop the exportation of gold from the British Isles, and this course has been followed by Australia. The stoppage of gold-export from these countries necessarily interferes with trade finance, and the banks find it somewhat difficult to provide a sufficiency of gold within the Dominion for trading purposes, while at the same time they must of necessity maintain their requisite proportion of gold reserve.

I propose to submit legislation to meet this difficulty, which I will explain fully when bringing down the necessary measure. I may add that there is not the slightest cause for any uneasiness; on the contrary, the trade and commerce of the country have been carried on throughout the war uncommonly well in the face of many unprecedented difficulties.

YEAR'S OPERATIONS.

For the convenience of honourable members I now summarize the most important items relating to the financial operations of the past year:—

A loan for £2,000,000 for public works successfully floated within the Dominion.

The establishment of a reserve of £3,325,000 in London.

Redemption and renewals of loans falling due in London up to 31st March, 1916, amounting to £6,274,953.

Conversion of loans falling due in New Zealand maturing up to 1st December, 1916, to the amount of £208,900.

Conversion of loans falling due in New Zealand maturing up to 31st March, 1924, amounting to £1,891,100, into a new currency of twenty-five years.

Treasury bills in Dominion paid off, £1,950,000. None have since been issued.

Net surplus of the year's revenue, £2,017,030.

War loans received up to the beginning of May from Imperial Government, £8,500,000.