

MR. SPEAKER AND MEMBERS OF THE HOUSE OF REPRESENTATIVES,—

The considerable sacrifices which have been made during the six years of war have enabled the financial system of New Zealand to bear the strain in an eminently successful manner, and the new problems, in the transition from war to peace, can be faced with the fullest confidence. It is a source of much satisfaction that the whole of the obligations under the Memorandum of Security, amounting to £60,834,000, have been paid in full. This policy, and the further reduction of overseas indebtedness by £29,250,000 during the last financial year, have substantially reduced the obligation to pay interest charges on external debt with consequent relief from taxation, both present and prospective.

The impending reduction in war expenditure, however, justified the Government last session in passing legislation to reduce the national security tax, and taxation, both direct and indirect, is at present being reviewed with the object of affording further relief as circumstances permit. In particular, it is intended that there should be considerable reductions in the sales tax on certain commodities.

It is satisfactory to note that, in spite of the heavy and necessary demands which have been made on the State's purse from all quarters, the Consolidated Fund for last financial year closed with a surplus of receipts over expenditure of £1,254,000. This is in line with the equally satisfactory position which has been maintained during the whole of the war years. In the Social Security Fund, although the expenditure exceeded receipts by some £674,000, this was provided from the cash resources in the Fund at the beginning of the financial year. With the War Expenses Account, the expenditure exceeded the receipts by £6,000,000, but when account is taken of the fact that war loans were redeemed by £27,500,000, it will be appreciated that the results are satisfactory.

It is the earnest conviction of my Advisers that the economic conditions obtaining in New Zealand, as in other countries in the immediate post-war years, will make the continuance of economic stabilization a vital factor in the successful transition from wartime to normal peacetime economy. To this end the work of the Economic Stabilization Commission is being fully maintained, but modifications of some aspects of stabilization are under consideration in order to ensure adequate flexibility in meeting changes in employment and in promoting the expansion of production.

HONOURABLE MEMBERS OF THE LEGISLATIVE COUNCIL AND MEMBERS OF THE HOUSE OF REPRESENTATIVES,—

Over 156,000 men and women have now returned to New Zealand or have been discharged from service with the home Forces, and by far the most of these have settled back into civilian life.

The task of rehabilitation has, in the past year, been one of paramount urgency. In spite of many post-war difficulties, it has proceeded with encouraging smoothness. The machinery set up under the Rehabilitation Act has proved a sound basis for the very considerable amount of work which has been accomplished in this important field. My Government propose in the coming year to prosecute that task with the utmost vigour, believing that its successful fulfilment is vital to the economic prosperity and social well-being of the country as a whole. It is felt, indeed, that the work of rehabilitation will continue