

The operations of the public finances for the year ended 31st March last gave a surplus of £179,077 of revenue over expenditure. The estimates for the present year are being subjected to the closest scrutiny with a view to continued economy and control over administrative expenditure.

For the purpose of promoting the policy of development in connection with public works, railways, and hydro-electric power a loan amounting to £5,000,000 was issued in London during May. This issue was at  $4\frac{1}{2}$  per cent. discounted at £94 10s., and its successful flotation marked a notable break in interest rates, thus indicating, I am pleased to state, improved financial and trade prospects affecting the Empire generally. Along with this issue for new money, a conversion offer was made up to £5,000,000 of the New Zealand Consolidated Stock of £29,000,000 maturing in November, 1929, holders to receive £104 10s. of new  $4\frac{1}{2}$  per cent. stock in exchange for their 4 per cent. holdings. The amount offered was immediately taken up.

The revision of the tariff last year rendered material assistance to New Zealand industries, and the increased preference granted to British manufacturers has been well received in Great Britain, as a further evidence of New Zealand's desire to assist Empire trade. Concessions amounting to many thousands of pounds were made in the duty on articles in everyday use by the community.

During the recess the Australian Minister of Customs, the Hon. Mr Pratten, visited the Dominion for the purpose of discussing trade and tariff relations between the Commonwealth and the Dominion. Although the discussions which took place were not fruitful of any immediate results, it is believed that a better understanding has been reached on various administrative difficulties that had arisen from time to time. It was with deep regret that the people of New Zealand learnt of the sudden death of Mr. Pratten shortly after his return to Australia.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL AND GENTLEMEN  
OF THE HOUSE OF REPRESENTATIVES.

Much consideration has been given to the provision on a contributory and universal basis of pensions for old age and widowhood, and of insurance against sickness and invalidity. In order to give reasonable benefits under any such scheme, which would necessarily be compulsory, and assuming that the financial liability would be borne by the State, employers, and employees in equal proportions, it is estimated that the annual charge on the State would be not less than £325,000, leaving twice that amount to be borne by the employers and employees. This liability of the State would be in addition to the gross sum of £1,314,641 now expended annually for old-age and widows' pensions, which latter payment would have to continue for many years to come. Although it is recognized that the principle of such a scheme is sound and would remove many anomalies in our present pensions law, my Ministers hesitate, in view of the stress under which many industries have been carrying on, the prevailing unemployment, and the economic conditions generally, to impose this additional burden.

Apart from the financial aspect, it has also to be considered whether the conditions that led up to the establishment of the systems now operating in certain closely populated and industrially developed countries exist in New Zealand to the extent that would warrant the initiation of a similar system here. Consideration must also be given to the effect of such a scheme on the existing voluntary organizations such as the National Provident Fund, the friendly societies, the hospital and medical services, and other institutions which are already in existence in this country and deal with different phases of the problem.

While welcoming any discussion on the subject, my Ministers have come to the conclusion that all the different points involved require mature consideration, and opportunity should be afforded for the examination of the information collected by a Commission in Australia which has been sitting for the last three years and which has recently made its report.