

The common allegiance of all parts of the Empire to the Crown is the strong bond of the union of its peoples; and it is fortunate that His Majesty and his Heir have won a personal regard and respect, through and by means of which our loyalty is strengthened and the union of the Empire cemented and assured.

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

The conditions created by the war continue to give great anxiety to my Government and demand your careful consideration. Many of those conditions it is beyond our power to remedy. We cannot to any appreciable extent control the landed prices of imported articles, or the rates of foreign exchange; nor can we materially reduce our public debt, or the burden of the greatly increased interest and sinking fund which drains our revenue and compels the levy of taxation at rates above anything in our experience before the war; nor can we obtain from the English money-market the loan-moneys to meet the demands for works of all kinds, many of which are absolutely necessary. The Government is faced with demands for expenditure far beyond anything which the revenues of the Consolidated Fund can meet, and our only resource is to borrow within our own borders. Each section of the public regards as most urgent the class of work in which it is specially interested. The requirements of our returned soldiers must be met to the utmost limit of possible finance. But the acquisition of land for their settlement alone necessitates provision of moneys many times in excess of the normal borrowing in years when the London market was open. The singular success of the Repatriation Boards in establishing our soldiers in business occupations, and the honourable performance by the men of their engagements for the refund of loans in regular instalments, encourage my Ministers to anticipate larger provision for the purposes of that class of repatriation advances. The demands for schools, housing, the extension of telegraphs and post-offices, and the installation of works to provide electrical power are only some examples of the pressure of public opinion for an increase of expenditure of capital moneys.

The revenues can barely provide the great increases in salaries, wages, and charges which cannot be avoided. It may justly be contended that increases in the salaries, wages, and charges of services such as the Railways and the Post and Telegraph Department may be provided by increases in the charges upon those who use these services. But it must be remembered that all such increases involve corresponding increments throughout the whole Public Service, which can only be met out of general taxation.

It is necessary to bear in mind that in the present year other conditions over which the Dominion has no control may gravely affect the receipts of the people from our industries, and indirectly affect our revenue. The deficiency of ships, combined with the congestion in British ports, has caused much delay and inconvenience, which cannot be obviated by any direct effort of our own, though no opportunity has been lost of impressing the position upon Imperial Ministers; and at the same time the excess of supply of our meat in Great Britain above the demand has been the cause of the gravest anxiety to my Ministers. On the other hand, the supply of wheat for the world's use is computed to be considerably short of the requirements, and my Government has found it necessary to make provision for an increased production of wheat in New Zealand by guarantees of prices to the farmer, and at the same time to prevent a substantial rise in the cost of bread by a large subvention to the millers.

You will have before you, in the financial proposals of the Budget, an indication of the measures which my Ministers propose to enable the Dominion to meet the difficulties here briefly outlined. In many respects they are such as to demand the co-operation of all parties in Parliament; and my Ministers hope to have the benefit of the advice as well as of the assistance of your House in the effort to meet the emergency and overcome the difficulties.