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THE Fifth Session of the Twenty-third Parliament of New Zealand was this day opened by the Governor-General, when His Excellency was pleased to make the following statement of the causes of the calling of this Session of Parliament together:—

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

It affords me much pleasure to meet you again at the opening of another session of Parliament. During my visits to various parts of the Dominion since I assumed the office of Governor-General I have been impressed by the deep-seated loyalty of the people of this Dominion and gratified by the kindly welcome to myself.

The deliberations on constitutional questions of the Imperial Conference of 1930 resulted in the preparation of a draft Statute of Westminster to clarify the constitutional position and the powers of His Majesty's Governments in the United Kingdom and in the Dominions. It is proposed that this Statute should be passed by the Parliament of Westminster on the receipt of approving resolutions from the Parliament of each Dominion, and a suitable resolution will be placed before you for that purpose during this session. My Prime Minister believed himself to be interpreting the general view on this question in taking the position at the Conference that no desire existed in this Dominion for any alteration of its present constitutional position. In view, however, of the general desire of other Dominions for a formal recognition of alterations in their status and of the requirement that the necessary enabling legislation must be approved by the Parliament of each Dominion, my Ministers are of the opinion that the best interests of the British Commonwealth of Nations would be served by the approval of the draft Statute of Westminster, which will in any case, notwithstanding such a resolution, have no application to this Dominion until legislation applying it thereto has been passed by the New Zealand Parliament.

The failure of the Imperial Conference to arrive at any effective conclusion on the economic policy of the British Commonwealth, and the reference

of this vital subject to a future Economic Conference to be held at Ottawa, have given my Advisers much concern. The subsequent postponement of this Economic Conference from the date originally suggested in August of this year until 1932, which will allow more time for the formation of public opinion upon the necessity of a common economic policy among all members of the Commonwealth, is not regarded by my Ministers as entirely disadvantageous.

On the 21st May, in common with other Governments of His Majesty, my Government notified their adherence to the General Act for the Pacific Settlement of International Disputes, a convention formulated under the auspices of the League of Nations, by which all signatories bind themselves to refer any international dispute that may arise either to arbitration or to judicial settlement, as the case may be. In view of the undoubted improvement in international confidence resulting from the increasing acceptance of the General Act and other steps towards the peaceful solution of international disputes, my Ministers earnestly trust that the Disarmament Conference to be held next year by the League of Nations may result in some general and effective reduction in armaments, which are not only a menace to the peace of the world, but involve a heavy financial burden, and are, in the opinion of my Ministers, a factor in the present widespread depression.

In April, 1931, Colonel S. S. Allen resigned his appointment as Administrator of Western Samoa, and Brigadier-General H. E. Hart was, on the advice of my Ministers, appointed to this post. The marked improvement of conditions in the Territory indicates the success of Colonel Allen's administration.

The difficulty of disposing at a profitable rate of the Dominion's principal products was intensified last year by tariff alterations in Canada, which increased the import duty on New Zealand butter formerly admitted into that Dominion, in common with Australian butter, at a rate of 1 cent a pound, to 8 cents a pound. My Ministers have for the past twelve months been endeavouring to initiate negotiations by which this and other trade questions at issue between the two Dominions might be satisfactorily adjusted, but they have been unable to arrange for effective conversations. They have therefore been obliged to consider whether, in the present condition of the finances of this Dominion, they would be justified in continuing the admission of Canadian goods into New Zealand at British-preferential-tariff rates, which involve considerable remissions of duty on the entry of Canadian goods and which have facilitated an increase in Canadian importations into New Zealand to a value far exceeding that of New Zealand importations into Canada, even during the currency of its maximum trade in New Zealand butter. My Advisers have reluctantly been forced to the conclusion that in existing circumstances the benefit of British-preferential-tariff rates on Canadian goods must be suspended until arrangements can be made to ensure a more even balance of trade between the two Dominions. Action has been taken accordingly, but the matter is still the subject of communication with His Majesty's Government in Canada.

Prompt steps were taken by my Government to deal with the many problems arising out of the Hawke's Bay earthquake disaster. Moneys were made available immediately to ensure that proper provision was forthcoming for those in urgent need. A public fund for the relief of sufferers was opened and a most generous response was made both in the Dominion and elsewhere. This fund, which is being administered by a Central Committee, is being used for the immediate relief of distress and the restoration of homes. The rehabilitation of the residential area is proceeding expeditiously, and practically the whole of the former population of the devastated area have returned. To assist in rebuilding the business area, the Government have obtained statutory authority to provide the sum of £1,250,000 for individuals, and £250,000 for local bodies, in need of assistance. A Rehabilitation Commission has been set up to consider applications for assistance and to make such recommendations as it sees fit. Many difficult problems will arise in adjusting the rights and liabilities of parties affected by the earthquake. The Government have accordingly set up, under

statutory authority, an Adjustment Court which will have power to determine questions affecting such rights and liabilities, and to make such orders as seem equitable.

In almost every country the depression in trade and industry existing to-day appears to be unprecedented, and in consequence the problem of widespread unemployment has become more acute. The question of devising a practicable solution has been, and is still, engaging the close attention of statesmen and economists in all parts of the world. In this Dominion it has been possible, under the provisions of the Unemployment Act, 1930, materially to relieve the position, and in co-operation with local bodies and private individuals my Government have succeeded in ameliorating considerably the condition of a large number of persons who would otherwise have experienced great hardship.

The Unemployment Board is making every effort to cope with the problem, and as much work as possible is, in addition, being provided on public works and other State activities. It is evident, however, that increased funds must be placed at the disposal of the Board, and proposals to this end will be submitted for your urgent consideration.

With the great decrease in revenue, my Advisers were reluctantly compelled to impose reductions in the salaries and wages of public servants. The Court of Arbitration similarly decided that prevailing economic conditions necessitated the issue of a General Order reducing the minimum rates of pay prescribed by its awards. General reductions have also been made by public bodies and private employers. My Ministers are confident that the action being taken will result in the retention in employment of a large number of workers who otherwise would have to be dispensed with owing to the substantial reduction in the income of employers and thus swell the ranks of the unemployed. The spirit of self-sacrifice displayed by all sections of the community is commendable.

When I last addressed you I indicated the intention of my Advisers to submit legislation constituting a Board to control the railways, and generally to manage the affairs of the Railways Department in accordance with business principles. Legislation was duly passed; the Board has since been constituted and has now commenced its duties. My advisers are of the opinion that this action will result in improving materially the financial position of the railways and thus promoting the welfare of the Dominion.

The suspension of compulsory military training due to the necessity for a reduction of Defence expenditure enabled many members of the permanent Defence Force to retire on superannuation under the provisions of the Finance Act, 1930 (No. 2). My Advisers have recently approved of the reorganization of the Defence Forces on a voluntary basis. The organization of the Territorial Force will remain on the divisional basis which has proved satisfactory in the past, and will preserve the traditions of the units. It will provide for the training of approximately 10,000 men. In addition, every encouragement will be given to the training of cadets at secondary schools. The Government seek the co-operation of employers in making a success of the new scheme by encouraging their employees to enlist and carry out their training.

An Act was passed last year to promote the re-establishment in civil employment of disabled ex-members of the New Zealand Forces. Unfortunately, owing to the financial position of the Dominion, it was not possible for my Ministers to make arrangements to give immediate effect to the Act, but the necessary machinery is now being set up, which it is hoped will substantially benefit the large number of disabled ex-soldiers who are either wholly unemployed or have no regular employment.

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

The Dominion is still beset with great difficulties arising out of the world-wide fall in prices. As a direct result, notwithstanding the industry of our producers, the value of our exports for last financial year amounted only to £39,527,000, a decline of £17,626,000 in comparison with the financial year

ending the 31st March, 1929. This immense fall in prices over so short a period has suddenly reduced the productive value of land, thereby placing many farmers in serious financial difficulty. Indeed, it has prejudicially affected the economic position of the whole community, and brought about stagnation in business, the most disturbing and regrettable feature of which is the want and suffering resulting from the large increase in the number of persons who are unemployed. Every section of the community, however, is affected, and the problem is one that urgently demands national co-operation in order that the difficulties may be speedily overcome.

The public finances, although seriously affected only towards the end of the financial year, reflect the position with a deficit for the year of £1,639,000, which, while regrettable, was, under the circumstances, unavoidable. The full effect of the economic crisis on the nation's finance will be felt during the current financial year, and drastic measures involving considerable sacrifice on the part of the whole community are unfortunately necessary to enable the Budget to be balanced.

As the level of world prices lies beyond our control, my Ministers are satisfied that the only sound method of solving our local difficulties is to restore economic equilibrium by lowering overhead expenses and the cost of living. Consequent on legislation passed during the last session of Parliament, and with the co-operation of the business community, considerable progress has already been made in this direction.

Apart from the operation of the Mortgagors Relief Act in preventing special hardship in isolated cases, it is pleasing to record that the difficulties of our farmers are being largely mitigated by voluntary arrangements between the parties concerned aided, in many instances, by the Adjustment Commissioners appointed for that purpose.

As a further means of promoting national economy and assisting the primary producers in particular, it is proposed shortly to set up a Royal Commission to investigate the whole question of the incidence of Local Bodies taxation and the possibility of giving some measure of relief to rural ratepayers by a general reorganization of the system of Local Government.

It is recognized by my Advisers that, while it is essential for the national well-being that the Budget should be balanced, the burden of taxation should not be unduly increased. Accordingly, an Economy Committee has been engaged for some months past in carefully investigating every item of public expenditure, with a view to effecting all possible reductions.

A loan of £4,000,000 was recently raised in London to provide additional capital for carrying on the programme of public works, and a further sum of £1,000,000 to provide for the redemption of certain maturing securities. In view of the unfavourable state of the London money-market, and the effects of the present high rates of exchange, the issue took the form of three-year bonds bearing interest at 5 per cent.

My Ministers recently obtained a report on the banking system of the Dominion from Sir Otto Niemeyer, of the Bank of England. This report will shortly be submitted for your consideration.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES :—

My Ministers have given close attention to the vital question of increasing the volume of the Dominion's primary products and of providing additional avenues for the employment of labour through the prosecution of an active land-settlement policy. Energetic endeavours have been made to bring into production idle Crown areas capable of successful development. As the result of the provisions of the Land Laws Amendment Act, 1929, a large number of sections which had been abandoned by former tenants have been reselected, and numerous sections of virgin Crown land have been taken up. The system of granting financial help to the selectors of undeveloped areas has proved of material assistance to them.

The work of developing suitable blocks of Crown land prior to selection is proceeding steadily, and in connection particularly with the development of punice land my Ministers are pleased to record that the operations already carried out give every promise of success.

The acquisition of private lands for closer settlement has also received attention, and almost all the subdivisions offered have been selected. A new feature of this policy has been the purchase of estates which afford scope for development work by the State prior to offering the land for selection.

My Ministers are confident that by placing large numbers of settlers on the land and providing reproductive employment for many others a substantial contribution will be made towards alleviating the problem of unemployment.

Satisfactory progress is being made in the development of Native lands. At the end of last financial year there were in active operation schemes affecting twenty areas in both Islands, while preparations were made to commence others affecting eleven areas. The Maori communities concerned have displayed the greatest interest in the schemes, which by providing much needed employment on productive work are assisting large numbers of them during a very difficult period.

Agricultural practice generally in the Dominion is keeping well abreast of modern methods, based upon the world's latest scientific knowledge, and the instructional and advisory services provided by the Government are extensively utilised by farmers in connection with all phases of primary production. It is satisfactory to note that the volume of output has been well maintained.

In connection with the dairying industry the continued fall in the market-price of New Zealand cheese has been receiving the earnest attention of the Government. Research now in progress, and its application, will, it is believed, lead to the removal of major defects in manufacture and to the production of a high-grade quality, which will restore New-Zealand-made cheese to the position which it formerly occupied in the British market. An extended trial has been given in recent years to the manufacture from high-testing milk of cheese of standardised fat content. This has proved unacceptable to buyers, and a strong prejudice has arisen against it. My Ministers consider it desirable that the manufacture of this type of cheese should cease entirely, as being calculated seriously to hamper successful marketing and to alienate the good will of British purchasers.

My Ministers have had under consideration the steps necessary to facilitate the more active development of the Dominion's industries, and their more effective co-operation with the scientific services provided by the State. Proposals for this purpose will be placed before you, including, in particular, provision for a greater measure of specialisation in those Departments responsible for scientific research and for closer contact between both primary and secondary industries which they are designed to assist.

The question of the future prosecution of railway construction work in connection with both old and new schemes has been referred for investigation to the Railway Board, whose reports will be duly laid before you.

The construction of the key stations for the supply of hydro-electric energy to all parts of the country, and their interconnections, will be proceeded with expeditiously, while transmission-lines will be extended as the demand expands.

The ideal of having a road, capable of use under all weather conditions, from the property of every producer to the nearest railway-station or port will still be pursued. While it may not be possible to proceed at the same rate with the programme of improvements which has of late years been followed on the roads, their maintenance, which is necessary to prevent dissipation of capital already expended, will be kept up to the present satisfactory standard.

Irrigation works to serve the regions in the South Island, which cannot be otherwise fully developed and utilised, will be continued, as will also other reclamation works involving drainage and river-control.

The inadequacy of existing legislation to regulate efficiently commercial road transport has been particularly emphasised during the present financial depression, and proposals will be placed before you with the object of providing suitable administrative machinery with this object, and especially to bring about, in the public interest, closer operating relationship with the national railway system. The financial loss which has occurred in railway-working has been in a large measure caused by an overlapping in transport facilities. Moreover, the unrestricted use of our road system is continuing to impose heavy burdens on the country ratepayers, and thus accentuating their financial difficulties. My Advisers are confident that their proposals, which in many respects have been framed on similar lines to those adopted in other countries, will effect considerable national economies without imposing hardship on any section of the community.

Consequent upon the destruction by earthquake and fire of the records of the Land Registry Offices at Napier, an amendment of the Land Transfer Act will be introduced to provide for the reconstruction of the Land Transfer Register for the Hawke's Bay District. A Building Construction Bill will also be introduced, imposing on local authorities an obligation to make by-laws for the design and construction of buildings, with a view to securing a better degree of resistance against earthquake.

Bills will also be laid before you dealing with air-navigation, defence, public works, hospital and charitable institutions, rural intermediate credit, trading-coupons, the National Provident Fund, and other subjects.

The various matters to which I have referred are commended to your careful consideration, and I earnestly pray that with Divine guidance your deliberations may promote the happiness and prosperity of the people of this Dominion.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.