

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.