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THE Third Session of the Twenty-fourth 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 MEMBERS OF
 THE HOUSE OF REPRESENTATIVES,—

Last April the opportunity was afforded me of visiting the Mandated Territory of Western Samoa and the Island of Rarotonga through accommodation provided on board H.M.S. "Diomedé" in the course of her annual cruise in the Pacific Ocean; and, but for the necessity of economy in the expenditure of fuel, I would have extended my official tour to Niue and other islands of the Cook Group. Accorded everywhere a most loyal and friendly welcome, I was particularly gratified to note the absence of all evidences of serious privation in these islands (in spite of the inevitable setback in their economic prosperity) and the watchful care for their moral material welfare exercised by their respective Administrations. Visits which I paid, in passing, to Nuku'alofa and Pago Pago enabled me to accept the courteous hospitality of Her Majesty the Queen of Tonga and the Governor of American Samoa, and to testify to them and to the inhabitants of their respective territories the friendly attitude towards them of this Dominion. I trust that these visits may prove to have assisted in cementing happy and sympathetic relations between those who have the responsibility of Native administration in the Pacific.

The World Monetary and Economic Conference which assembled in London last June was convened by the League of Nations with the object of securing international co-operation in devising means of solving problems created by the economic depression. It was regarded by my Advisers as of outstanding importance to New Zealand, particularly as one of its contemplated results was the raising of price-levels of primary products. The Dominion was accordingly represented at the Conference by the Prime Minister and the Minister of

Industries and Commerce. It is a matter for regret that the Conference has so far been unable to reach any final agreement. Some progress was, however, made in exploring economic problems and in promoting among the nations of the world mutual understanding upon which a return to general prosperity so largely depends.

My Ministers who attended the Conference were afforded opportunities for important discussions with representatives of His Majesty's Government in the United Kingdom and of commercial and agricultural interests in Great Britain on matters vitally affecting trade between the two countries. My Government confidently hope that beneficial results will accrue from these discussions, and that they will eventuate in a better realization of our common problems.

In the Agreement made at Ottawa last year between representatives of His Majesty's Governments in the United Kingdom and in New Zealand respectively an undertaking was given by the latter that an inquiry would be instituted into the existing protective duties in this Dominion—a course fully in accord with the opinion of my Ministers that a periodical investigation of the Customs Tariff is desirable. A Commission has accordingly been appointed for this purpose. Owing, however, to the wide scope of the inquiry, the report of the Commission will not be available in sufficient time to permit of revised Tariff schedules being presented for your consideration during this calendar year.

During the parliamentary recess the Minister for Trade and Customs of His Majesty's Government in the Commonwealth of Australia visited New Zealand in order to discuss with my Ministers the question of commercial relations between the two Dominions. An agreement has been reached, and will be submitted for your ratification at an early date.

My Advisers have been engaged in discussion with His Majesty's Government in Canada regarding the existing trade agreement which came into effect on the 24th May last year. This agreement, which was originally intended to remain in force for a period of one year, has been extended until the 24th November next.

It has afforded me very great pleasure to extend a cordial welcome on behalf of the people of New Zealand to the ships of the Australian Squadron which are now in Dominion waters. Their visit will serve to strengthen still further the friendly relationship between the Commonwealth and New Zealand.

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

The trend of the world's markets has remained uncertain during the past twelve months, and a further fall during this period in the value of several of the Dominion's primary products accentuated the difficulties which have continuously confronted my Advisers during the last three years. Although the production of the Dominion has materially increased, many of these difficulties still exist.

The bulk of the exports of New Zealand are consigned to Great Britain. The Dominion is, consequently, very largely dependent upon economic conditions in the United Kingdom. People of all classes in New Zealand, while facing their difficulties with determination and courage, have been anxiously watching for that improvement in prices which, it is hoped, will mark the end of the economic depression so far as it affects this Dominion, but, until recent months, there has been little indication of the realization of these hopes. It became imperative early in the year that some action should be taken to avoid serious disorganization in our basic industries. My Advisers, therefore, after carefully considering all remedial measures, decided to depreciate the currency of the Dominion in order to assist in bridging the gap between farming costs and prices. The legislation which was passed in pursuance of this decision during last session is deemed to have afforded timely relief during the further depreciation in value of primary products which continued until April last. Since

then prices have tended to rise ; although the movement is slow, my Ministers have reason to hope that the increase will be permanent, and beneficial effects are already becoming evident.

Recognizing that falling prices automatically increase the relative burden of all fixed charges and that relief in this direction would be a powerful aid to economic recovery, my Ministers have devoted careful attention to the question of reducing current rates of interest on an equitable basis. Conversion of the interest rate of the internal public debt of the Dominion to 4 per cent. was undertaken, and the operation was an outstanding success, thanks to the patriotic response made to the Government's appeal.

At the same time, legislation was passed providing for a reduction by one-fifth in the interest on securities issued by local authorities, but with a provision that such interest was not to be reduced below $4\frac{1}{4}$ per cent. Arrangements were also made for a reduction in rates of interest on bank overdrafts and deposits and on mortgages.

There are definite indications of the success of the plan for establishing long-term interest rates at lower levels, and my Ministers feel that the reduction is now permeating the entire field of investment with consequent benefit to the Dominion as a whole.

Under stress of economic conditions the Budget for the last financial year contemplated a substantial deficit, but as a result of progressive savings in expenditure and of an unexpected excess of revenue over the estimated receipts the financial year closed with a small surplus.

The conditions to be faced for the current year are, nevertheless, still serious, and the problem of maintaining the budgetary position within safe limits pending some measure of economic recovery continues to receive the earnest attention of my Advisers.

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

Unemployment remains a difficult social problem, and until there is a substantial improvement in the prices of primary products a return to more normal conditions is unlikely to be realized. The utmost effort to meet the situation is being maintained by my Government, who are continuing their endeavours to retain as many persons as possible in their normal occupations. Various schemes of relief have been put into effect to ease the position, and assistance, as liberal as possible, is being rendered to those who are without work. It is gratifying to record the valuable assistance afforded during this period of stress by local bodies, voluntary organizations, and the community generally.

Notwithstanding adverse conditions affecting the primary industries, steady progress has been maintained in placing new settlers upon Crown lands and in rendering available new areas for settlement. Special measures have been taken to encourage Crown settlers to meet their many difficulties, and in the circumstances substantial concessions have been made to them.

Under the Small Farms (Relief of Unemployment) Act, 1932-33, a Board has been constituted to place approved applicants on suitable areas of land. In different parts of the Dominion the services of unemployed men are being utilized to develop unimproved land on which many of them will eventually be established as farmers ; and, in addition, considerable numbers of unemployed have already been placed on individual holdings. The Board is finding some difficulty, however, in acquiring sufficient land of a suitable character to meet the current demand, and this matter is at present receiving the consideration of my Ministers.

Pursuant to the legislation passed in 1932 the Native Land Settlement Board was constituted early in this financial year. The amalgamation of the various branches of the Native Department is in progress, and is calculated to effect considerable economies in administration and in the supervision of properties on which advances by the Native Trust Office and Maori Land

Boards are secured. The development of Native lands with moneys provided by the State is making satisfactory progress. The Unemployment Board has made special arrangements with the Native Department for the employment of a large number of unemployed Maoris in connection with schemes for the development of Native lands. During the recess a Committee was appointed to investigate the rating of Native lands, and its report, when available, will be laid before you.

The system of local government in the Dominion has recently been receiving the earnest consideration of my Ministers, who recognize the desirability of a full investigation of this subject. It is intended to appoint a Commission of inquiry to ascertain what steps are necessary to secure greater efficiency and economy.

My Ministers, appreciating the importance of currency and credit as factors in the economic welfare of the people, are convinced that they should be subject to greater control and co-ordination by a central body specially established for the purpose. Legislation providing for the establishment in New Zealand of a Central Reserve Bank will accordingly be submitted for your consideration. In the opinion of my Advisers the co-ordination of banking functions under a central bank cannot fail to strengthen the financial structure of the Dominion.

The Advisory Committee appointed in 1930 for the revision of the law relating to Companies has now completed its work. A Bill, which has been drafted in order to bring the law of New Zealand into harmony with English Company law, but modified so as to meet local requirements, will be submitted for your consideration.

Measures will also be laid before you relating to coinage, and the amendment of the law of libel, weights and measures, post and telegraph, immigration restriction, Customs (*vis-a-vis* Australia), remedies for live-stock diseases, and the reduction of interest on and the conversion of loans made to local authorities; also for the consolidation of the Mortgagors Relief Act and the Municipal Corporations Act and the statutes amending the same.

I commend these matters to your careful consideration, and pray that your deliberations may be guided by Divine Providence.