

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