

The establishment of the Reserve Bank of New Zealand is now in progress, and it is anticipated that the deliberate management of the monetary system by a national institution, specially constituted for that purpose, cannot fail to be of material benefit to the people of the Dominion.

As a result of the economic crisis, there has been a widespread belief among certain sections of the community that serious defects exist in our monetary system. Accordingly, my Ministers, in their desire to explore every avenue which might aid recovery or prevent a recurrence of serious economic difficulties, have set up a Committee to consider suggested improvements in the existing system. The report of this Committee will be placed before you at an early date.

The improvement disclosed by the Public Accounts for the past financial year, as compared with the Budget forecast, is a satisfactory feature and an indication of marked improvement in the financial position of the Dominion. In the conditions existing when the Budget was presented, a deficit exceeding £2,000,000 was contemplated, and the reduction to approximately one-third of this estimated deficit, by reason of unexpected buoyancy in revenue and of economy in public expenditure, is a source of gratification to my Ministers. Their earnest attention is being directed towards maintaining this improvement.

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

The Government have given close attention to the question of land-settlement, and steady progress has been made not only in the extension of general settlement under the Land Act, but also in the placing of unemployed men on the land under the provisions of the Small Farms (Relief of Unemployment) Act. As the process absorbs a large amount of surplus labour, and at the same time tends to meet the demand for improved holdings at a minimum cost, my Ministers are continuing the policy of developing and equipping with roads areas of unimproved Crown land, and partly improved estates acquired for that purpose, with the assistance of funds made available by the Unemployment Board. Since I last addressed you many settlers have been successfully established on such areas, and the blocks now in course of development will provide a large number of holdings suitable for diversified types of productive enterprise.

Although unemployment still continues to be a difficult social and economic problem, my Ministers are gratified to state that the number of persons receiving assistance from the Unemployment Fund is appreciably lower than it was during the corresponding period of last year. There are indications of a gradual but definite return to more normal conditions, and it is confidently anticipated that the reabsorption of registered unemployed in their usual occupations will continue to increase. My Advisers, however, are firmly impressed with the necessity of making every effort to accelerate this movement, and are accordingly using all means within their power to stimulate trade and industry in the Dominion, and to encourage the opening-up of further avenues of permanent employment.

The Mortgagors and Tenants Relief Act has afforded a welcome respite from financial stress to the many mortgagors who found themselves faced with insuperable difficulties through recent adverse economic conditions. The several Commissions constituted in pursuance of this legislation have rendered valuable service in investigating and recommending bases of arrangement between mortgagor and mortgagee. The provision made in your last session to include stock mortgages in adjustment schemes framed under the Act has conduced to its more equitable administration. To prevent possible hardship in the case of current mortgages, it is deemed advisable to extend the effective period of this legislation for another two years, and proposals to this end will be placed before you.

With a view to improving the defences of the Dominion my Ministers have taken measures to develop the Air Force, to establish anti-aircraft batteries, and to strengthen the coastal defences of the Dominion. Orders have