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THE Third Session of the Twenty-fifth 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—

It is my intention at an early date to visit the Cook Islands and the Mandated Territory of Western Samoa, and I am looking forward with pleasure to meeting the Island kinsmen of that great people, the Maoris, who, as fellow-citizens with the pakeha in this Dominion, are so highly respected and so greatly liked. I sincerely trust that my visit may have useful results and that it may be conducive to that full understanding of mutual problems which is so desirable.

The international situation has given my Advisers cause for grave and increasing anxiety. My Ministers believe that if disputes between nations are to be settled by force and not by reason there is little hope of attaining international justice, and they remain convinced that the Covenant of the League of Nations offers the best, if not the only, means of establishing an ordered international life. At the same time my Ministers have continued to affirm their belief that the people of this Dominion regard themselves as one with the people of the United Kingdom, with whom, in the future as in the past, they will always stand.

My Ministers fully realize the importance of taking adequate measures for the defence of New Zealand. This matter has been under the constant review of the Chiefs of Staff of the respective Services, of the Council of Defence, and of my Government, and a complete reorganization of the Dominion's defence forces has been effected. All measures that are immediately practicable and necessary have been taken or are under consideration, and a special effort is being made to invite the co-operation of all employers, public bodies, and other institutions in encouraging young men to join the Territorial service and in making that service as attractive as possible.

I am happy to say that, since I had the privilege of opening the last session of Parliament, the Dominion has continued to enjoy real prosperity. The prices received for New Zealand's primary products have been generally good, but in the opinion of my Advisers my Government's policy of increasing the purchasing-power of the people, and expanding and redistributing the national income, has been a still greater factor in the economic progress that is manifest to-day. By the policy measures of my Government the national income has been distributed more evenly and more equitably over the whole community, thus on the one hand eliminating the miseries of poverty and unemployment, and on the other hand expanding the national purchasing-power on which our prosperity depends. The general well-being of the whole people is the proper aim of every Government, and in the opinion of my Advisers this has largely been achieved in New Zealand to-day. My Ministers have, however, set themselves the further task of building this new prosperity on more stable foundations than in the past, and they are confident that it is within their power to eliminate the evil effects of those alternating periods of prosperity and depression which have up to the present been such a disturbing feature of economic life.

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

The prosperous conditions of production and finance, with which we have recently been associated in New Zealand, were fully maintained during the past year. Exports reached a total of over £65,000,000 for the year ended 31st March last, the highest figure ever recorded for the Dominion. All previous records of production also were easily surpassed.

The public accounts, which to a large extent are indicative of economic conditions within the Dominion, closed with a surplus of £810,000. These results were attained without any increases in rates of taxation, while the whole of the Dominion's loan requirements for public works and other purposes were obtained without recourse to overseas borrowing.

In conformity with the policy practised in most overseas countries (though in a greater degree) low interest rates have been maintained within the Dominion, and mortgage finance on attractive terms has been provided by the State direct to individual borrowers, while in order to assist local authorities in this connection arrangements have been made to meet their requirements in cases where the local bodies concerned are unable to raise sufficient funds.

My Ministers have been engaged in negotiations respecting trade with a number of countries. As a result of these negotiations trade arrangements have been concluded with the Netherlands and Switzerland, while the trade agreements between New Zealand and Canada and Australia respectively have been revised. It is confidently expected that a substantial benefit to the trade and industries of this Dominion will accrue from these arrangements. With a view to extending overseas markets for this Dominion's products negotiations for trade agreements have been initiated with certain other countries.

During your last session a Select Committee of the House of Representatives was appointed to sit during the recess to consider my Ministers' proposals for social security. The report of this Committee has been presented to my Government and will be laid on the table of the House. My Ministers propose to introduce a Bill insuring the people of this Dominion against the contingencies arising from unemployment, sickness, incapacity, invalidity, widowhood, orphanhood, old age, or other exceptional conditions, by the provision of benefits to compensate them so far as possible for the loss of livelihood thereby occasioned. My Ministers also propose to institute a system whereby the advantages of medical, surgical, nursing, and hospital treatment will be made available to all persons in need of such treatment, and, further, to provide such other facilities as may be necessary to maintain and promote the health and general welfare of the community. My Ministers, in promoting this legislation, aim at utilizing the increased powers of production that have become available to give security to every worthy citizen of this country,

irrespective of age or sex. They believe that these proposals will be greatly in advance of similar legislation in any other part of the world and that this measure, with the legislation already passed by my Government, will undoubtedly place the Dominion again in the van of progressive countries and assure to New Zealand the leadership of the world in humanitarian and social legislation.

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

Realizing that the welfare of the Dominion is in fact the sum total of the welfare of the individual citizens, my Ministers regard the provision of employment as a most important element in the country's prosperity. The number of persons now in remunerative employment is, according to the latest statistics, the highest ever recorded, and the number of persons unemployed is now lower than was normal in the years before the depression.

During the past year a comprehensive and progressive policy of public works has been undertaken. Particular attention has been devoted to the Dominion's lines of communication by road and rail and to the development of aerodromes, and gratifying results have been obtained from the use of modern construction machinery, the cost of works having by this means been very materially reduced. The continuation of an energetic programme of public works is proposed for the current year. Further development of irrigation, river-control, and land-erosion works, the elimination of dangerous railway crossings, and an extension of settlement roading to provide improved transport facilities for the farming community will also be features of the public works to be undertaken.

The carrying-out of these necessary and desirable public works, combined with the policy which my Ministers have pursued of encouraging the establishment and development of such local industries as can be justified economically, has had beneficial results in providing profitable employment for many thousands of our people who previously were unemployed. A number of new industries have been commenced by private firms, while the decision, after all proper investigation, to establish a State iron and steel industry in New Zealand will, it is anticipated, represent an important advance in the development of the Dominion.

During the year financial assistance has been afforded by my Government to certain industries to enable them to continue operations, while in other cases new industries have been established with the aid of such assistance. There is abundant evidence of existing factories increasing their production, their productive capacity, and the number of their employees, and a number of overseas firms have already decided to manufacture their products in this country. The action of my Government has, in the opinion of my Advisers, greatly assisted in the maintenance and development of our manufacturing industries.

With the passing of the Petroleum Act last session a new era was inaugurated in regard to the development of oil in the Dominion, and the legislation enacted has induced several powerful companies to take up large areas for prospecting purposes. There is no doubt that serious efforts, with ample resources and experience behind them, are now about to be made in the search for oil in this country, and should they be successful oil may be expected to play a part in the national life of New Zealand comparable in importance with the discovery and development of gold.

The conservation and extension of our State forests is receiving the careful attention of my Ministers, and to accelerate progress in these objectives a five-year plan of forest works has been prepared to supplement normal operations. Certain exotic State forests have reached the utilization stage, and the establishment of sawmills, preservation plants, and boxmaking factories is being undertaken to use the splendid resources now available.

My Ministers are giving close attention to land-development, and have under consideration proposals for the provision, and the preparation for closer settlement, of substantially increased areas of land. The policy of utilizing the Small Farms Board's organization to recondition and develop abandoned and deteriorated Crown leaseholds is producing excellent results, and, in order to provide winter employment for single men who depend on seasonal work during summer months, steps were recently taken considerably to extend this work, thus serving the dual purpose of creating a national asset and of providing productive work for men who would otherwise have to rely on sustenance during the winter months.

Special attention has been given by my Ministers to the administration of the legislation providing for the adjustment of mortgage indebtedness. Thirty-eight Adjustment Commissions have been engaged upon this work, and excellent progress is being made. In some districts the work is now completed; in others it is on the verge of completion, and my Ministers confidently expect that it will everywhere be substantially complete before the end of the present calendar year.

With the object of granting further assistance to the farmer in the efficient production of commodities of the highest quality, my Government have authorized a substantial increase in the instructional and advisory services of the Department of Agriculture. Plans have been completed for a national scheme of farm-dairy instruction, and this scheme will be in operation before the next milking season. It has been decided, also, with the object of decreasing live-stock losses in the Dominion, to increase that Department's activities on animal research. An elaborate programme of research into the cause of facial eczema in stock has been commenced under a committee of management which includes representative farmers, and another scheme of investigation has been inaugurated in connection with lamb-mortality in Canterbury. During the year concessions were extended to Southland farmers who had suffered from drought conditions in that province and who desired to send stock to other parts of the South Island or obtain supplementary fodder. Facilities were also provided for farmers on the East Coast of the North Island whose properties had been damaged by floods to obtain grass-seed and fencing material under most favourable terms. In addition, provision was made at a reasonable weekly wage for the employment, in the rehabilitation of their own flooded lands, of those farmers affected who desired it, and additional labour was provided as required.

My Ministers, aware of the inconvenience caused to the farming community and to all branches of industry and commerce during the past season through an inadequate supply of railway rolling-stock to meet the increased business offering, are carrying out a comprehensive plan of construction. The funds available for this purpose will be utilized in such a way as to afford relief to those industries most urgently in need of it, and to this end live-stock and general-goods wagons will absorb a substantial portion of the expenditure.

The results of housing surveys recently carried out by local authorities indicate undesirable conditions of overcrowding and inadequate sanitation in a number of towns. My Ministers are accordingly extending the operations of the Housing Construction Department as rapidly as possible. Tenders have been called for 4,250 houses in seventy-five towns, and 2,600 houses in sixty-seven towns are either completed or in course of construction. Progress is, however, delayed owing to a serious shortage of skilled labour.

My Advisers have devoted careful attention to the matter of educational policy, and a draft Bill, providing for the complete reorganization of the system, was laid before you during last session and has been receiving the consideration of the Education Committee. A special committee has reported on measures necessary to secure stability of staffing in the schools. Draft legislation for the establishment of a Council for Adult Education is now ready, and steps have been taken to accelerate the rebuilding of schools, with special attention to open-air conditions. The arrangements for the supply of free

milk to schools now provide for approximately 161,000 children, or 57 per cent. of the school population, and an expansion shortly to be arranged will, it is hoped, extend the scheme to a further 16,000 children.

The increasing attention which my Ministers have paid to public health, particularly from the aspect of the prevention of disease, has necessitated the creation of new health districts, and important additions to the technical and field staff of the Department of Health are at present receiving the attention of my Ministers. A National Council of Physical Welfare and Recreation has been established, and is now planning a nation-wide campaign for the general health and well-being of the community.

My Government have paid particular attention to the special needs of the Maori people. The development and settlement of the lands of the Maoris have been vigorously pursued, and it is proposed to expand the present undertakings and to accelerate their rate of progress during this year. The necessity for improving the housing conditions of the Maori people has continued to receive the attention of my Government.

As an outcome of a conference of representatives of British Governments which took place in London last year, rates for telegrams exchanged within the British Commonwealth have been reduced. On the present volume of traffic the people of New Zealand will benefit by the reduction to the extent of over £23,000 per annum, while the total saving to users of the cable service throughout the British Commonwealth is estimated to amount to nearly half a million pounds per annum.

Arrangements have been completed for the Dominion to participate, as from next month, in the Empire Air Mail Service, and all letters posted in the Dominion for Empire countries served by the Australia-England and the England-South Africa services will accordingly be conveyed by air from Australia at the uniform rate of 1½d. per half-ounce. My Ministers believe that the consequent reduction in the transit time of letter-mails will not only be a great advantage to the people of this Dominion, but will further strengthen the bonds that already unite New Zealand with the Motherland and other portions of the British Commonwealth. Negotiations for the trans-Tasman Air Service are at present taking place between the United Kingdom, Australia, and this Dominion, and it is hoped that it will be possible to extend the service by air to New Zealand at an early date.

My Government have continued to give close attention to the matter of law reform, and the special Law Revision Committee that has been set up, comprising representatives of Government Departments, of the legal profession, and of the Faculty of Law, with the co-operation so helpfully and freely extended by eminent members of the legal profession, has been considering proposals for the removal of anomalies in our general law.

My Ministers are making all necessary preparations for the celebration in 1940 of New Zealand's first one hundred years of national life, and it is their intention that the scale of the New Zealand Centennial Exhibition and the Centennial celebrations generally shall be fully commensurate with the remarkable progress that this Dominion has made.

I pray that with God's blessing your deliberations may prove to the lasting benefit of the people of New Zealand.

