

Melbourne. I am certain Members of this House would wish to join me in assuring Her Majesty that she may expect a very warm welcome from her New Zealand people.

HONOURABLE MEMBERS, over the past year most of the major industrialised countries have experienced an economic recession. The effect of this recession on New Zealand has been serious. The Government's response has been to support a reasonable level of domestic activity and to encourage changes which will enable a higher rate of economic growth to be achieved as the international economy starts to improve.

Inflation remains an area of major concern to the Government. It is essential therefore that all groups in the economy—salary and wage earners, the self employed, companies, and the Government—exercise restraint in their claims on resources. The Government for its part is determined to maintain a tight rein on its expenditure.

The Government's economic strategy is to encourage efficient sections of the economy by removing constraints and cost disadvantages which may impede their development. It believes that the benefits of a more competitive economy and a more logical system of protection will be considerable—but structural changes take time. A determined but deliberate approach has been adopted which will ensure that possible difficulties are minimised.

These structural changes, coupled with speedier development of our natural resources, will provide the potential for substantial increases in our living standards. The expansion of the export trade remains a central element of the Government's economic policies. To this end the Government has fought successfully, and will continue to fight strongly, against restrictions limiting access for our exports into overseas markets and will seek out ways of improving opportunities for freer trade.

The Government is continuing to explore with the Australian Government the question of a closer economic relationship. Careful consideration is being given to the outstanding issues in these discussions.