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THE Second Session of the Twenty-third 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 GENTLEMEN OF THE HOUSE OF REPRESENTATIVES,—

It is in a spirit of thankfulness that in the opening paragraph of my speech I am able to record the satisfactory recovery of the King from the serious illness from which His Majesty suffered throughout a long and anxious period. The citizens of this Dominion shared with the rest of the Empire—and, indeed, with other nations—in the feelings of pleasure and relief at His Majesty's return to good health.

In December next I shall have completed a term of five years in office, and I have received His Majesty's permission to leave the Dominion on the 1st February next year.

It is with great regret that Her Excellency and I see the time of our departure drawing near after these years of great interest and unalloyed happiness. From one and all we have received nothing but kindness and consideration, and the friendly and generous way in which we have been welcomed on our journeys through the country will remain a happy memory for all time. Among the most pleasant of our recollections will be those of our relations with the people of the Maori race.

During our stay in the Dominion all sections of the people have made us feel at home among them, and I take this opportunity of expressing to them our sincere gratitude. We shall try in some measure to repay our debt to them by studying and promoting the interests of the Dominion at Home; and our most earnest desire will be that happiness, peace, and prosperity may ever be vouchsafed to New Zealand and her people.

Since I last met you the Right Honourable Sir Joseph George Ward, Bart., K.C.M.G., at my request undertook to form a Ministry. On the 10th December last he was appointed Prime Minister, and the Ministry is now in office.

I regret exceedingly that during the recess the Honourable Sir Charles Perrin Skerrett, K.C.M.G., K.C., Chief Justice, passed away. During a long and illustrious career he rendered eminent public service to New Zealand, and his untimely death was a national loss. The Honourable Michael Myers, K.C., has been appointed to fill the vacancy.

It is also with deep regret that I refer to the calamitous earthquake which the Dominion recently experienced, and I join with you in extending sincere sympathy to the relatives of those who lost their lives in the disaster. My Government have intimated that generous practical assistance will be provided for those who have unfortunately suffered loss, and measures for relief have been undertaken.

My Ministers are firmly attached to the principles of the League of Nations, and are determined to take any steps possible to forward the great work of the League, and, in particular, that of peace and disarmament. In this connection New Zealand had the honour in August last of accepting the invitation to become one of the fifteen original signatories of the multilateral Pact for the Renunciation of War, commonly known as the Kellogg Pact, and has also taken the further step of ratification. This Pact has received almost universal acceptance by the nations of the world, and its solemn renunciation of war as an instrument of national policy has been described by a European statesman as "the greatest collective deed born of peace." While the Pact has not, of course, entirely removed all danger of the evils of warfare, this general renunciation of war, accepted, as it is, by all the nations who only a decade ago were engaged in the greatest struggle in history, must inevitably hasten the progress of world-wide disarmament and strengthen the cause of international peace.

My Ministers will heartily support any practicable proposals for disarmament, and, as one step in this direction, they have recently signified New Zealand's acceptance of the Geneva Protocol of June, 1925, prohibiting the use in warfare of asphyxiating, poison, or other gases, and all bacteriological methods. Until definite proposals for disarmament have been prepared and generally accepted, however, they feel it their duty to maintain such measures as are necessary for the safety of the country.

No change of policy is contemplated in respect of naval defence.

As a necessary auxiliary to the naval and land defence of New Zealand, and as an aid to commerce and communication, my Government are impressed with the importance of aviation; and it is their intention to take every feasible step to promote interest in this subject throughout the Dominion. It is hoped that the general establishment of Aero Clubs will assist materially in this direction. Steps are being taken to maintain close connection with the Air Ministry in the United Kingdom, and New Zealand officers are being seconded for this purpose and for further training.

The position in the Mandated Territory of Western Samoa continues to cause some anxiety, and there still exists in the Territory a movement, among a considerable section of the Samoan people, of dissatisfaction with the Dominion's administration. My Government have decided to continue a policy of patience, and have made it clear that while it is their intention to govern the Territory with justice and equity to all and with sympathetic consideration to the interests of the Samoans, they must administer the law, and will continue to do so with firmness if the position requires it. It has been intimated that while the Government cannot negotiate with any movement that is openly flouting the law, the disaffected section of the Native population may be assured of a full discussion and a generous consideration of any representations so soon as their refusal to comply with the law is abandoned.

My Advisers recognize that the material prosperity of the Dominion cannot be fully achieved without industrial peace, and they hope to maintain the existing good relations in all branches of industry.

In common with other countries of the world, the Dominion is still suffering from the evils of unemployment, although it is a matter for congratulation that this trouble in New Zealand is comparatively less in scope than elsewhere. Remedial measures, absorbing a large section of those unable to find work, have been taken by my Government, and there are now employed on the public works of the country a very large number of men in excess of those who would be engaged in such work in normal times. Considerable extra expenditure has also been necessary in providing the requisite housing facilities. The action taken by the Government, in conjunction with municipal authorities, has provided much-needed relief, and proposals dealing with the general question of unemployment will be brought before you.

Close attention is being devoted to pushing on to completion the various hydro-electric works now in progress in the Dominion, and with the utilization of power from Waikaremoana and Arapuni stations the services available to the people in this respect will be greatly enlarged.

My Ministers fully appreciate the importance of encouraging trade within the Empire, and it is their intention to see that preference to British manufactures is maintained, and the slogan of "Buy British goods" adhered to, wherever possible.

It is proposed to appoint a Trade Representative to Canada in the near future. This is in accordance with the wish of manufacturers and producers in Canada, and will form a very necessary nexus between the two Dominions.

The question of providing for a more regular steamship service between South Island ports and Australia has been receiving the earnest consideration of my Government, and it has been decided to invite tenders for a suitable service. This service will result in increased opportunities for our producers, and will provide improved facilities for the commercial community as well as for the travelling public.

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

It is most gratifying to note that the industry of our producers, in conjunction with an excellent season in New Zealand and good prices abroad, resulted in the exports from this Dominion for last year being raised to the record total of £57,154,000. These exports exceeded the imports by over £12,000,000, which, following upon the favourable balance of trade for the previous year, has greatly strengthened the banking and general financial resources of the Dominion. These facts augur well for the immediate future, when a general stimulation of business should greatly assist in overcoming unemployment, which unfortunately is still a feature of our economic life.

It is regretted that the operations of the public finances for the year ending 31st March last resulted in a deficit of £577,000. My Ministers recognize that the position must be rectified without delay, and are giving the matter their earnest attention. The estimates for the present year are being most carefully scrutinized, but some adjustments of the incidence of taxation will be necessary. Proposals to this end will be submitted for your consideration.

In order to provide additional capital for carrying on the programme of public works, notably railway-construction and improvement and development of hydro-electric power, a further loan of £7,000,000 was raised in London in January last. The issue price was £95 per cent., bearing interest at 4½ per cent., and the successful flotation on these terms is further evidence of the confidence of investors in this Dominion. In conjunction with this issue for new money, a further offer was made to holders of New Zealand 4-per-cent. 1929 Consolidated Stock to convert up to £12,000,000 of this stock into 4½-per-cent. 1948-58 stock similar to that issued in the case of the new cash loan. Holders of the 4-per-cent. stock were offered £104 5s. of the new stock for £100 of the old stock. The result was very satisfactory, practically the whole of the amount offered being taken up.

Arrangements have been made by my Ministers to provide additional capital for State advances, and every effort is being made to meet the legitimate demands of settlers and workers for loans for the purchase and

development of farms and the erection of dwellings. During the six months ending 10th June last no less than £3,620,240 has been authorized by the State Advances Board in loans to settlers and workers.

The State superannuation funds — namely, the Public Service, the Teachers', and the Railways Funds—established many years ago, have undergone during recent years changes which have had a somewhat adverse effect on their actuarial stability. The position disclosed clearly indicates that immediate steps will require to be taken to restore their financial status, and proposals in this regard will be duly submitted for your consideration.

Realizing existing anomalies in motor taxation, and also the part that transport plays in the industrial, commercial, and social life of the community, my Government have constituted, for the first time in New Zealand, a Department of Transport, presided over by a Minister of the Crown and assisted by a Transport Advisory Council composed of practical men. The recommendations of this Council will, my Ministers believe, result in beneficial changes being made, by which adjustments in taxation can equitably be brought about. A Bill providing for the establishment of the Department of Transport will be placed before you.

In order to facilitate the administration of the Main Highways Act, it is intended to submit amending legislation making provision for the setting-up of a Highways Board for the North Island and the South Island respectively.

With the general improvement of main highways and roads, the competition of motor traffic with the railways must inevitably result in diminished revenue to the State, and, recognizing this fact, my Government, as a matter of policy, intend in the future not to construct short branch railways to feed main lines, but to regard good roads in such cases as being the proper feeders to main lines in order to meet the needs of settlers.

The question of the welfare of the wheat industry is one which is deserving of your earnest attention. It is of primary importance that the Dominion should as far as possible produce sufficient wheat for the requirements of the population, and not be dependent on outside sources of supply. My Ministers, therefore, propose to ask you to set up a Select Committee to go into this subject and to submit recommendations which, it is confidently hoped, will result in placing the industry on a sound economic basis which will be satisfactory both to the growers and to the consumers.

As you are aware, a Select Committee was set up last Session to revise the Standing Orders, particularly relating to their bearing on the hours of sitting of the House of Representatives. In the recess the Committee has met from time to time, and on the presentation of their report and recommendations the opportunity of fully considering their proposals and their effect on the conduct of parliamentary business will be afforded.

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

During the recess my Minister of Lands has personally investigated the prospects of further settlement of the undeveloped Crown lands of the Dominion, and, as a result, proposals will be submitted to Parliament for providing finance for the purpose of roading and preparing such lands for settlement, and also for assisting settlers on Crown and settlement lands in the early stages of the development of their holdings.

To meet the keen demand for settlement farms which exist throughout the Dominion, my Government has made several purchases of areas suitable for agriculture or dairying, and these are now in the process of being subdivided and opened for selection.

Much difficulty has been experienced in acquiring suitable blocks, and as it is imperative that closer settlement of the occupied lands of the Dominion should be put into effect, it is proposed to amend the compulsory clauses of the Land for Settlements Act so that they can be applied more effectively.

It is confidently anticipated that these measures will result in bringing into production lands which will add considerably to the wealth of the Dominion.

The inspection of the large areas of pumice lands in the Dominion has been carefully undertaken, and proposals for their settlement will be submitted for your consideration.

Irrigation, as well as the development of swamp lands, is engaging the close attention of my Government, and practical assistance, as may be deemed necessary in both avenues, will be provided.

My Ministers are firmly of the opinion that British migration within the Empire is a sound policy, but as far as New Zealand is concerned, assisted migration to this country must be regulated at all times by the economic exigencies of the Dominion. The restrictions on this class of immigration, which it was necessary to impose two years ago, must continue until such time as local conditions become sufficiently stabilized.

My Government are fully seized with the importance of encouraging the healthy growth of secondary industries in the Dominion, and will extend every reasonable facility for their expansion and establishment.

My Advisers consider that the policy with relation to forestry and timber will have an important bearing on the economic and industrial future of the Dominion. The certain and rapid decrease of our native-timber supplies, and the undesirability of depending upon other countries to meet local demands, call for serious thought. Provision for an adequate supply of home-grown timber for local consumption is very necessary, while the conservation and cultivation of the timber which still remains, on approved silvicultural principles, must be carefully taken in hand.

It has been decided that reasonably-sized and suitably-situated tracts of country which are not, and never can be, arable or pasture land should be utilized in the future for timber-growing, thus preventing the use of farming lands for forestry purposes.

It is the intention of my Ministers to foster the activities of the Department of Scientific and Industrial Research, realizing as they do that the application of scientific methods must play a very important part in increasing the production from the poorer lands of the Dominion. The extension of this knowledge among our primary producers is fully appreciated by my Government, and since it assumed office increased financial assistance has been provided in this respect.

The administration of Native affairs will continue to receive the earnest consideration of my Ministers. The examination and arrangement of a basis of settlement of Native grievances regarding confiscated lands and Kemp's purchase of the South Island; the readjustment in view of deterioration and other factors of conditions affecting Native leaseholds; the consolidation of Native-land titles in North Auckland, the King-country, and portions of the Bay of Plenty, involving a consideration of local taxation difficulties; and the effective settlement of the Maoris themselves upon land under special conditions as to title, finance, and supervision are all of them matters in respect of which my Government hope to make definite progress towards solution.

My Advisers are of opinion that alterations in our system of education are desirable, in the words of a leading authority, "to enable the pupil to reveal and discover his interests, aptitudes, and capacities so that these may be strengthened by suitable training, and he may be thus assisted in choosing a career most likely to be of benefit to himself and the State." In view of our dependence upon the great primary industry, an agricultural bias will also be given in our State system. Educational facilities in the country districts will be improved by a policy of consolidation, and a vocational-guidance officer will be appointed as a connecting link between the life at school and the world of work outside. A Select Committee upon education will be set up and evidence taken from the farming, technical, industrial and professional groups, with a view to ascertaining the best method of giving effect to such a policy.

My Advisers, realizing that there are men and women who in their old age have fallen upon hard times and who, owing to their incapacity to meet the requirements of modern life, are brought before the Courts, propose to introduce legislation to enable Magistrates to avoid the necessity of committing such unfortunate people to prison, and to provide a discretionary power to send them to some suitable institution, where they may spend their declining years in pleasant surroundings.

Bills will be laid before you dealing with relief of unemployment, land, river-protection, land-drainage, rating of farm lands in boroughs, bank and other holidays, and town-planning.

I commend these various matters to your careful attention, and I earnestly hope that Divine Providence may guide your deliberations to the furtherance of the welfare of the Dominion.

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