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**NEW ZEALAND GAZETTE**  
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**T**HE Third Session of the Twenty-sixth 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,—

I feel it a great privilege to have this opportunity of meeting you for the first time in Parliament assembled. I warmly appreciate the honour conferred upon me by His Majesty the King in enabling me to associate myself, as His Majesty's Representative, with the life and activities of this Dominion, which has so long and so justly prided itself upon its traditions of loyalty to the Throne, and devotion to the British Commonwealth and to the principles of democracy, for the defence of which we are now at war. Although it is but a short period since I landed on your shores, I am taking, and will continue to take, every opportunity of meeting the people in all districts, and I have been very much moved by the unmistakable warmth of the welcome that has everywhere been extended to me and to Her Excellency. It is my earnest hope that I may, by God's will, be permitted to assist in some measure in forwarding the prosperity and the development of the Dominion.

I have come to New Zealand during the course of a struggle upon which the fate of the British Commonwealth, and indeed of civilization itself, depends, and I have been most happy to note the strength and firmness of the determination that animates my Ministers in prosecuting this conflict to a successful conclusion.

The proper and adequate direction of the Dominion's war effort has been materially assisted by the establishment of a War Cabinet, and my Advisers desire to emphasize the undoubted advantages that have resulted from this measure in placing the higher direction of the Dominion's war effort upon a wider basis.

By the establishment of a War Council, providing as it does for the direct collaboration with my Government of representatives of labour, employers, and farmers, it is felt that every section of the community has been afforded some means of expressing its views and exercising its proper influence on the country's war effort.

Most valuable assistance has been rendered, also, by the National Production Council, the Industrial Emergency Council, and other advisory bodies, which afford those immediately concerned in trade and industry the opportunity of consulting directly amongst themselves on war measures and of advising my Ministers of their respective requirements.

The Dominion's contribution to the war has been one of which we may be justly proud. An Expeditionary Force of large numbers, well trained and equipped, is now established overseas, and when it is put to the test of arms it will undoubtedly prove a worthy successor to the New Zealand Expeditionary Force of 1914-18. Although our forces have not as yet participated as a fighting unit in the Libyan campaign, we were nevertheless worthily represented in these operations by Signals, Engineer, and Transport personnel, whose services received high praise from the Commander-in-Chief.

In New Zealand there has been a rapid expansion of the forces available to defend our own shores against possible attack. Our coast defences, now continuously manned, have been constantly reviewed and strengthened; the Territorial Force has been expanded and is under concentrated training; a National Military Reserve, a Home Guard, a large and comprehensive Emergency Precautions Organization and a Women's War Service Auxiliary have been established and are being trained and equipped. My Ministers have taken, and will continue to take, every possible step to ensure that we are fully prepared here to meet any contingency that may arise. My Advisers are warmly appreciative of the ready response of local authorities and the general public to all demands and requests that the requirements of the time have necessitated.

After the fullest consideration, and notwithstanding a steady and most encouraging flow of volunteers, my Ministers during last year determined to introduce a system of universal military service as the most equitable method of meeting the greatly increased man-power requirements of the Dominion, and I am happy to say that under this system the splendid spirit of our young manhood undergoing military instruction has been fully maintained. I am particularly happy to say that a battalion of the Maori race has left our shores to play its part in the common cause.

In view of the vital importance of the closest possible liaison between British and Allied countries my Government have been represented by their Chiefs of Staff and others at various conferences on war strategy and supply, and, in addition, the Chief of the General Staff has visited the theatre of operations in the Middle East and from many sources gathered recent and valuable information for my Ministers.

His Majesty's ships of the New Zealand Naval Forces are disposed and employed to the best advantage and are constantly at sea. The mine-sweeping flotilla has been greatly strengthened by the taking up and conversion of suitable merchant vessels, and fast-motor launches have been requisitioned for duty as patrol craft. My Ministers have recently made provision for a naval training establishment at Motuihi Island at Auckland.

This establishment has already commenced its activities, and further works and buildings to enable large numbers to be accommodated and intensively trained are making good progress. Since the outbreak of war the personnel of the New Zealand Naval Forces has increased threefold.

The large and rapid expansion of the Royal New Zealand Air Force necessary to enable my Government to fulfil their commitments under the Empire Air Training Scheme has now been completed, and it is most gratifying to my Ministers that the output of New Zealand trained air personnel required under the Empire scheme has been achieved in so short a time. The requisite numbers of trainees, of the high physical and educational standard required, are being maintained on a voluntary basis not only for service abroad, but for the growing requirements of the air defence of New Zealand. It is within my personal knowledge how gallantly and competently New-Zealanders have played their part abroad in the war of the air.

The war has imposed upon us large and important alterations in the Dominion's economic life. The inevitable restriction of imports, and the burden imposed upon trade, industry, and production by the regular withdrawal of men for the Armed Services, have necessitated the most careful consideration of my Advisers with a view to minimizing disruption to the utmost extent possible and so organizing our national economy that the Dominion is enabled to play its full part in the common effort. The necessary adjustments have been made, for the most part, with the consent and goodwill of all concerned, and my Ministers are confident that any alterations that the future may demand will be effected similarly.

The Dominion's achievement in production has indeed been a notable one. The agricultural and pastoral season has been good, and the response of farmers to the appeals from the United Kingdom for increased production of certain commodities has been outstanding. A large and growing proportion of the clothing and equipment required by the New Zealand Forces is being produced locally, and the progress made in the manufacture of munitions has been most gratifying. My Government have directed special attention to the expansion of munitions-production. In June of last year a strong delegation, headed by my Minister of Supply, proceeded to Australia to discuss with His Majesty's Government in the Commonwealth of Australia matters relating to increased production within this Dominion and the provision of the necessary supplies of raw material. Since that time the growth of munitions-production in New Zealand has been very rapid.

My Government were also represented at the Eastern Group Conference called by His Excellency the Viceroy of India towards the latter part of last year, and as a result of discussions at that Conference the Dominion's capacity to produce particular items of munitions will be employed as required in the interests of other members of the Eastern Group, whose resources will in turn be available to us. My Government have accepted the recommendations of that Conference and have appointed a representative on the Supply Council which is to operate the organization.

Co-operation between employers and workers has enabled the necessary degree of flexibility to be introduced into the Dominion's labour legislation with the object of obtaining a greater output of war requirements, and my Government propose, in addition, to utilize as far as possible measures for the training of auxiliary workers, some of which are already successfully in operation. With the increased demand on the man-power of the Dominion that must inevitably be expected, however, it may well be that my Government will be obliged to arrange still further for the diversion of labour from non-essential to essential industries and to call, to an increasing degree, upon the services of women, large numbers of whom have already come forward in the most commendable spirit to offer their services.

Activities in respect of public works have necessarily been substantially curtailed since the outbreak of war and, though in the opinion of my Ministers, restrictions in this direction must continue in the meantime, nevertheless they are convinced that certain urgent national works in connection with hydro-electric undertakings, transport development, and projects designed to assist primary and secondary industry, including irrigation and land development, must be continued as far as is practicable:

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

In spite of the abnormal conditions resulting from the war, the economy of New Zealand has continued on a satisfactory basis. Exports for the year ended 31st December, 1940, reached the record figure of £73,700,000, due partly to the existence of satisfactory fixed prices for most of our exports and partly to a gratifying increase in production in all the main fields of primary industry. This figure is £7,000,000 greater than the previous record of 1937. Imports for 1940 were £49,000,000, a reduction of £400,000 on the previous year. The smallness of this decrease is an indication of the extent to which increases in the cost of imported commodities have tended to offset supply difficulties arising from the war, and the restrictive effects of import selection.

As a result of the year's overseas trading there has been a substantial improvement in the sterling balances of the Dominion, but it is still necessary severely to curtail imports of non-essentials in order to provide funds for the purchase of war materials and for meeting as much as possible of the expenses of maintaining our overseas Forces. In particular, the use of dollar funds is being rigorously controlled and thus restricted to the barest minimum, in order not to hinder British Commonwealth war purchases from the United States of America. Moreover, the favourable export position which obtained in 1940 will not be maintained during 1941, as exports of meat will be affected by the restrictions in shipping space imposed as a result of war conditions.

National receipts and expenditure, as shown by the Public Accounts for nine months ended 31st December, 1940, indicated a gratifying position in view of the difficult times, and it is anticipated that the end of the financial year will disclose a satisfactory surplus of receipts over expenditure. As regards war expenses, the actual expenditure brought to charge in the War Expenses Account from its inception in September, 1939, to 31st December, 1940, was £19,900,000. On the receipts side £10,900,000 was raised by taxation and £13,900,000 by loans (including £2,672,000 given interest-free), while donations amounted to £71,000.

In accordance with the policy of my Government that everyone should contribute to the war effort, a war loan is being raised with provision for compulsion in those cases where contributions are not appropriate to the means of the persons concerned, as measured by their liability for income-tax. At the same time, a system of national savings has been inaugurated with the design of collecting and using for the war effort small savings on a voluntary basis. In order to provide funds from the savings of the people for civil works of national importance my Government have recently opened for subscription National Development Loans.

In line with the practice in other parts of the British Commonwealth steps have been taken through the Reserve Bank to mobilize our holdings of overseas currency and securities in order that additional funds may be made available for the purchase of overseas war supplies.

In the opinion of my Ministers it is necessary at all times to have regard to the possibility that war exigencies may materially alter the economic and productive structure of the Dominion, based as it is so

largely upon exports to the United Kingdom. As the war develops, and until the full effect is felt of the measures that are being taken, it may well be that the necessity of using available shipping to the fullest advantage may restrict, to a considerable extent, the exports from this Dominion. My Advisers are fully aware of the potentialities of the situation and have the matter constantly under review.

My Government have continued to keep the closest watch on the trend of prices, and, through the Price Tribunal, they maintain full control over the prices of goods sold in the Dominion. That this control has been effective is shown by the relatively small rise that has taken place in the cost of living in New Zealand in proportion to the considerable increase in the cost of our importations.

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

My Ministers feel that the social-security legislation, which has now been in operation for almost two years, has proved an unqualified success, and that they have every reason to be proud of their achievement in placing on the statute-book a measure which effectively safeguards all residents of this Dominion from disabilities arising out of age, invalidity, widowhood, orphanhood, unemployment, sickness, or other exceptional conditions. My Government inaugurated on the 1st March last general arrangements for medical benefits and for benefits in respect of out-patient treatment in public hospitals, which they are confident will add materially to the health and well-being of the community.

My Ministers have felt it desirable to continue, so far as circumstances allow, the operations of their housing scheme, and during the year ending 31st March, 1941, it is expected that some 4,000 houses will have been completed under that scheme. At that date over 20,000 applications for houses will remain unsatisfied, notwithstanding the fact that since the inception of the scheme tenders have been called for 13,778 houses, of which 10,106 have been completed and are in occupation.

My Government deeply regret that owing to war exigencies it was necessary to suspend the operation of the arrangement under which considerable numbers of British children were to be sent to the Dominion for the duration of the war. Those who did arrive were warmly welcomed and have been well cared for, and it is hoped that before long it will be possible to resume the operation of this great measure of humanitarian relief.

The most important and urgent problems of post-war repatriation, reconstruction, and expansion have for some time past been under the earnest consideration of my Government, who are determined that the conclusion of this war will find the Dominion adequately prepared to provide for the returning members of the armed forces and for their absorption into normal civil life. With this object in view my Government have appointed a Cabinet Committee comprising those Ministers who will be most concerned, and this Committee is already investigating the provision of adequate housing accommodation; land for settlement; the establishment of new industries such as iron and steel, sugar beet, paper-pulping, rubber tires; erosion-control, irrigation and river control; the expansion of existing industries such as forestry, sawmilling, linen-flax growing, paper-milling, manufacture of woolpacks, tobacco, serpentine fertilizer; and the expansion of our hydro-electric and railway systems. These, with the reintroduction of public works which have been postponed during the war, will, it is hoped, provide avenues of useful employment for all. At the same time this Committee is engaged upon the preparation of training

schemes for returned men who, through previous lack of opportunity or physical disability, are not suitable for immediate absorption into ordinary forms of employment, while adequate provision is being made for hospital accommodation where required, to ensure the most modern treatment for disabled men. My Government, who propose very shortly to associate with themselves in this matter representatives of returned soldiers, farmers, rural and urban workers, manufacturers, Commerce and other interested sections of the community, are confident that their plans for these purposes will be adequate and ready when the need arises.

The Legislation that will be presented to you during the session will be of small proportions. In the opinion of my Advisers the times are such that the attention of all responsible men and women should be directed toward essential matters only, and that those of less importance should properly be postponed until the present crisis has been surmounted.

In the conflict in which we are engaged my Ministers have no doubt that there are stern days ahead and that the British Commonwealth and its Allies will require all their fortitude to meet the blows that may be expected and all their strength to overcome a fanatical and unscrupulous foe. But they have been greatly encouraged by the inability of the enemy to strike any decisive blow during the period when our preparations for war, as a peaceful nation, were at a low ebb. The admirable fortitude of our kinsfolk in the United Kingdom, the magnificent exploits of the Navy, the Army, and the Air Force, and the heroic resistance of the Greeks have been an inspiration to us all, and with the growing weight of the resources now rapidly coming forward, the loyal co-operation of our Allies, and the rapidly increasing help and friendship extended to us by great and friendly neutrals, they are convinced that we can press forward with confidence and resolution, sure of the righteousness of our cause and certain of ultimate victory.

I pray that in your deliberations you may be guided by Divine Providence for the safety and prosperity of the Dominion and for the cause to which it has pledged itself.