

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.