

It affords me particular pleasure to refer to the continued close and happy relationships existing between the peoples of Australia and New Zealand, who, in the common peril of the war in the Pacific, have been brought together as never before. As a result of the discussions held last month in Canberra, in which my Government was represented by a delegation headed by my Prime Minister, there have been embodied in an Agreement principles of permanent co-operation between the countries, both for the present and for the post-war period. The agreement between the two Governments and the provision of permanent machinery for consultation should be of great mutual benefit. The holding of this Conference and the Agreement resulting therefrom are a logical development of the principles of the British Commonwealth of Nations, the membership of which is in the very forefront of the policy of this Dominion. I am convinced that as a result New Zealand will be enabled to play a progressive and useful part in improving not only the lot of our own peoples, but of all the peoples of the Pacific, and will take her full share in the preservation of the future peace of the world.

During the session my Ministers propose to place before Parliament the question of the adoption of the Statute of Westminster, the enactment of which would bring New Zealand into line with the other self-governing Dominions. The adoption of this measure will remove doubts in the eyes of foreign powers regarding the Sovereign status of New Zealand, and will at the same time have the practical effect of removing existing legal drafting and administrative difficulties both in New Zealand and in the United Kingdom.

It is with great pleasure that I refer to my recent visits to the Pacific Islands, where I was everywhere most hospitably received. I was extremely gratified to be able to spend some days in the Mandated Territory of Western Samoa and also to visit the most northern of the territories of this Dominion, Penrhyn Island. In both places the general atmosphere was very happy indeed, and nothing could have been more wholehearted than the loyal welcome accorded to me. My tours also included Norfolk Island, Fiji, Tonga, American Samoa, New Caledonia, New Georgia, and the Solomon Islands, where I was able to visit the New Zealand Forces, including the Third Division, squadrons and other units of the Royal New Zealand Air Force, and ships of the Royal New Zealand Navy.

My Minister of Armed Forces and War Co-ordination has also visited the New Zealand Forces serving in the South Pacific, and my Minister of Defence was able last year to pay a visit to the Second Division then located in North Africa, as well as to the Third Division in the Pacific and many other units of the Armed Services throughout the world.

My Ministers have been giving close and constant attention to the welfare of the peoples of the Island territories. In progress and impending are gratifying extensions in the educational and medical services of Western Samoa and the Cook Islands, and at the same time equipment and materials for expansion of public works and utilities are being supplied in appreciable quantities.

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

The demands of war continue to impose on the Dominion's national economy heavy burdens, which the people, with a patriotic sense of their responsibilities, are willingly bearing.

The civil portion of the public accounts reflects a buoyant revenue position, and the results to date show that expenditure is being maintained within the revenue available. The War Expenses Account, which is now the principal of the State's financial responsibilities, indicates the substantial extent to which the financial resources of New Zealand are being diverted to the prosecution of the war.

The Third Liberty Loan of £35,000,000, which was offered to the public for subscription in June last, met with a most gratifying response from all sections of the community and was substantially oversubscribed. My Government contemplate raising a further war loan early next financial year towards next year's requirements.