

It is anticipated that there will be a great development in world air transport systems, and my Government were pleased to accept the invitation of the United States Government to participate in a Conference held at Chicago last year to draw up a new International Civil Aviation Convention to replace the Paris Convention of 1919. New Zealand was represented at this Conference by my Minister of Supply, who, together with other British Empire representatives, also took the opportunity to examine the problems connected with the post-war development of Empire air services. A Commonwealth Air Transport Council, on which New Zealand will be represented, is to have its first meeting in London early next month.

In June of last year it was again my pleasure to visit the people of Western Samoa. I was accompanied on this occasion by Lady Newall and our children, who remained in Samoa while I made a short and very interesting visit to the Tokelau Islands. I have just returned from a tour of islands in the South Pacific and South-west Pacific Areas, where I visited units of the Royal New Zealand Air Force and ships of the Royal New Zealand Navy. Later this year Her Excellency and I hope to visit the people of the Cook Islands.

Several months ago my Prime Minister and Minister of Island Territories visited Western Samoa, the Cook Islands, and the Tokelau Islands in order to meet the peoples in those territories and to discuss health, education, production, marketing, and matters of administration. My Prime Minister was most encouraged by the widespread demonstration by these peoples not only of friendship and co-operation, but also of devotion to the Crown.

While overseas my Minister of Supply visited the United Kingdom in connection with matters relating to supply and industry, and also went to Italy, where he met many of our men in the Second New Zealand Division.

Advice has been received that the Governing Body of the International Labour Office had decided that the Twenty-seventh Session of the International Labour Conference should be held in or near Paris, France, in September next, and my Ministers are examining the question of New Zealand being represented at this Conference.

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

Although the war in Europe has been brought to a successful conclusion, the Dominion must necessarily remain on a war footing until the enemy in the Pacific has been overcome. Nevertheless, there will be a substantial decrease in total war expenditure, and this in turn will be reflected in a reduction in my Government's anticipated borrowings for war purposes during the current financial year.

The Victory Loan of £40,000,000 raised towards the end of last year was fully subscribed without having to call on either the trading banks or the Reserve Bank for contributions, and I am happy to say that the 1945 Victory Loan of £25,000,000 has recently closed under the same favourable conditions. The success of these loans has demonstrated the determination of all sections of the community, investors of large and small sums alike, to devote their energy and resources towards the support of our fighting men.

It is appropriate to mention on this occasion that since the outbreak of war to the 31st March last, New Zealand has expended on war purposes a total of over £500,000,000 without any net increase in the external debt of the Dominion.

The public accounts for the financial year ended the 31st March last closed with a surplus of £1,215,000, full details of which will be given to honourable members during the present session of Parliament. It is pleasing to record that the total surpluses since the outbreak of war have amounted to over £11,000,000.

As an expression of the nation's gratitude to members of the Armed Forces for services so valiantly and so successfully rendered, my Government are making provision for payment of a war gratuity to all full-time members of the Forces on the basis of 75s. per month for service overseas and 20s. per month for service within New Zealand.

You will be asked to make financial provision for the effective prosecution of the war and for other necessary services.