

The welfare of the peoples of the Pacific Islands for which New Zealand is responsible has continued to receive the constant attention of my Ministers. An important step in the political development of the people of the Cook Islands was the first meeting at Rarotonga in November last of the Legislative Council.

In giving full and careful consideration to New Zealand's defence obligations and requirements my Government have sought the advice of the most eminent military and scientific leaders, including Field-Marshal Lord Montgomery, Marshal of the Royal Air Force Lord Tedder, the First Sea Lord, and Sir Ben Lockspeiser. Decisions have been made as to the basic defence organization necessary to give the maximum security to our own shores and to the islands north of New Zealand, to enable New Zealand to share in the British Commonwealth system of defence and to discharge any obligations to the United Nations.

In view of the completion of military tasks in its area of occupation in Japan it has been decided to withdraw the New Zealand brigade which forms a component of the British Commonwealth Occupation Force in Japan, and the men will be returned to New Zealand before the end of this year.

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

The financial position of this country continues to be soundly based. The public accounts for the year ended March last show a surplus of £1,786,000. The continued buoyant revenue, particularly in receipts of Customs duties, has contributed largely to this result. The position of the Social Security Fund is also satisfactory. Although the benefits paid out of that Fund for the past year amounted to £39,500,000, the Fund is in the soundest position since it was established in 1939.

My Government have concluded agreements with both Canada and the United States of America, similar in terms to those of the agreement previously concluded with the United Kingdom, to avoid double taxation on certain classes of income.

The people of New Zealand have, during the year, joined their British kinsmen in their new and equally determined battle against economic adversity. In this way we have expressed our knowledge that our welfare is linked with that of the people of Britain and our admiration of the British people's defence of liberty in perilous years. Measures taken by my Government to assist the United Kingdom by conserving dollar funds, by limiting imports in accordance with the value of the nation's current export income and by increasing the export of food, have been supplemented by the enthusiastic and effective work of the Aid for Britain National Council and local committees.

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

New Zealand continues its recovery from the economic difficulties resulting from the war.

More houses were built last year than in any previous year in the country's history. My Government will maintain those building controls which have contributed towards such satisfactory results, in order that the greatest numbers of houses may continue to be built from the available materials and labour.

To-day, almost three years since victory was achieved, the country will regard with satisfaction the measures taken to ensure the successful re-establishment in civil life of those men and women who served with the armed forces.

The total of rehabilitation loans now granted to 62,000 men and women exceeds £50,000,000, and rehabilitation outlay in all its forms is over £67,000,000.