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**T**HE Second Session of the Twenty-ninth 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 MEMBERS OF THE HOUSE OF REPRESENTATIVES,—

Since I last addressed you in Parliament assembled, detailed preparations have been proceeding for the visit to New Zealand next year of Their Majesties the King and Queen and the Princess Margaret.

His Majesty's New Zealand subjects, both Maori and European, look forward with warmest enthusiasm to this opportunity of demonstrating their loyalty and affection to His Majesty's throne and person.

It is a matter of concern that His Majesty's health has lately given cause for renewed anxiety, and it is our heartfelt prayer that His Majesty will soon be restored to full health.

The concord and welfare of the Commonwealth are matters of first concern to my Advisers. Both at the meeting of Commonwealth Prime Ministers, which he attended in London in January last, and elsewhere throughout his mission abroad, my Prime Minister laid special emphasis on the significance the New Zealand people attach to the solidarity and unity of purpose of the British Commonwealth, and to the importance also of the closest possible understanding with the United States of America. The close attention paid by my Government to Commonwealth and external affairs has been reflected in the participation by my Ministers in various overseas conferences. Last year my Minister of External Affairs represented New Zealand at two Commonwealth meetings on Assistance for South-east Asia. In pursuance of plans initiated at Colombo, the Government is planning the expenditure of £400,000 within three years for technical assistance and £1,000,000 a year for three years for economic development in Commonwealth countries in the area.

My Advisers consider the revolutionary character of Communism to be the chief menace to international peace, and they feel bound to accept the fact that if the democratic nations are to defend their liberties successfully against attack they must willingly and resolutely shoulder the heavy burden of rearmament which the threat of aggression imposes upon free peoples everywhere.

When the United Nations decided to resist by force of arms the aggression of the North Korean Communist regime, afterwards openly supported by the Chinese Communists, New Zealand was among the first countries to offer to join in the United Nations' action, and our forces have served with distinction on sea and on the land. My Government welcomed the resolute leadership of the United States, and is gratified that the land forces of New Zealand and other Commonwealth countries are now being grouped together as a division.

Welcome progress has been made towards the conclusion of a Japanese peace treaty. In conversations held in February on this subject by the Prime Minister in Washington, by the Minister of External Affairs at Canberra, and also during the visit to Wellington of Mr. John Foster Dulles, Special Adviser to the President of the United States, it was emphasized that security from the danger of a resurgent Japan was New Zealand's prime interest. Moreover, in the meeting with Mr. Dulles at Canberra and in the further discussions with him at Wellington, a mutual security arrangement between the United States, Australia, and New Zealand was canvassed. The direction recently given by the President of the United States to pursue further the question of such an arrangement has given much satisfaction to the Government.

My Prime Minister had a special opportunity, at the Commonwealth meeting in London in January, and in discussions in other capitals, to obtain a broad and authoritative appreciation of the state of the world to-day. He was able to observe the substantial measures which are being taken by the United Kingdom, the United States, and other member Governments of the North Atlantic Treaty Organization to increase their state of readiness. The action of the Government and people of the United Kingdom in accepting a greatly increased burden of armament are an earnest of the gravity of the situation.

In the light of the present world situation and in order that our own state of readiness can be increased, my Advisers have deemed it necessary that changes should be made in the compulsory military training scheme. Legislation will be submitted to you to enable this to be done. Valuable experience has been gained in the operation of the scheme to date, and, with the posting of trained servicemen from the first two intakes of recruits, the field units of the Army and the reserve formations of the Navy and Air are taking firm shape. The Minister of Defence is now in London attending a Commonwealth meeting on defence, and consideration will be given there to the plans for the employment of our forces in emergency.

It is a matter of regret to my Ministers that the industrial crisis has caused a drastic curtailment of the normal activities of the Armed Services, but, with the progressive improvement in the situation, it is now possible for the Services to give attention to their primary duties. The response of the servicemen to the conditions created by the emergency has been a matter of great satisfaction to my Ministers. Their efforts have resulted in the maintenance of those supplies and services which are essential to the livelihood and well-being of the community.

The rearmament programmes of the United Kingdom and other countries of the world involve a substantial diversion of raw materials and other essential goods. As the supply of these goods to New Zealand will be affected, my Government decided that the Minister of Customs should proceed on a special mission overseas to explore the supply situation generally.

Although the major requirements for our armed forces must be obtained from abroad, it is nevertheless essential that the maximum effort should be made in New Zealand to help supply the needs both of our own forces and those of other Commonwealth countries. My Advisers are now considering what help can best be given by New Zealand industry, upon whose full co-operation they know they can rely.

In the Trust Territory of Western Samoa the Samoans are taking increasing responsibility in the management of their own affairs. During the year a Mission from the Trusteeship Council of the United Nations visited the Territory, and in their report they commended the administration by New Zealand for the advances being made. In the Cook Islands and Niue progress has also been satisfactory despite the considerable inconvenience caused in all the Islands under New Zealand administration by the interruption of shipping services due to the industrial trouble in New Zealand.

The position of the public finances is sound, and my Ministers will continue to follow a policy of careful and prudent management of the financial affairs of the country. They are greatly encouraged by the evidence of public confidence as reflected in the substantial over-subscription of the latest National Development Loan.

In their efforts to combat the effects of inflation arising from overseas conditions, and particularly from rearmament, my Government has received full co-operation from the woolgrowers. The wool proceeds retention scheme will result in some £50 million being kept out of circulation at a time when inflationary pressures, mainly generated overseas, are threatening to have serious effects on price-levels in New Zealand. This wise and prudent action by the woolgrowers and the co-operation of others associated with the scheme have encouraged my Ministers to proceed with the preparation of other policies to meet the threat of inflation.

While such high prices continue, income-tax and other items of revenue will be augmented substantially, and the Government proposes to reserve in a War Emergency Account as much as possible of this temporary accretion to the public revenues. It is proposed to build up a fund of £100 million from current revenues, to which £5,250,000 of last year's surplus will be transferred this financial year as an initial contribution. The moneys in this fund will be available to meet the costs of any war in the preparatory and initial stages, and should we be spared such a disaster they will be applied towards cushioning the effect on the national economy of a return to more normal price-levels. Moreover, while any amount is held in the account or is expended overseas, it will assist materially in checking the inflationary movement within New Zealand.

As it is not practicable, in existing circumstances, here and overseas, to arrest these inflationary pressures completely, my Advisers are anxious to facilitate adjustment of wages, salaries, and other incomes in similar proportions to protect the living standards of the people. For the same purpose a bonus was paid to social security beneficiaries, and more recently a similar bonus has been granted to assist families.

Within the limits of man-power and materials available, my Government proposes to proceed with necessary public works such as hydro-electric schemes included in the capital works programme. It was in continuation of the policy of financing these works out of savings, and thereby avoiding further aggravation of inflationary pressures, that subscriptions were invited for the very successful £10,000,000 National Development Loan.

As was done last year, attention has been given to the early preparation of the legislation to be laid before you. This procedure gives you and members of the public opportunity for early consideration of their significance.

In addition to those measures to which reference is made elsewhere, legislation will be introduced validating the increases in social security benefits made in February of this year and the special bonus payments which were made to certain other classes of beneficiaries. You will

also be asked to consider Bills dealing with rehabilitation, education, civil aviation, gaming, town planning, soil conservation, the Justices of the Peace Act, the Juries Act, the Family Homes Act, the Infants Act, the Licensing Act, the Family Protection Act, the Divorce and Matrimonial Causes Act, the Sea Carriage of Goods Act, and the Deaths by Accident Compensation Act. Bills will also be presented to consolidate the Shipping and Seamen Act, the Hospitals Act, and the law relating to coroners, and to the registration of births and deaths.

The work of law reform is continuing with the full co-operation of the Law Revision Committee, consisting of representatives of the Law Society and the Faculty of Law. A Criminal Justice Bill, designed to protect society against hardened criminals and to further the work of reformation of young offenders, will be presented to you. There will also be legislation to increase the criminal jurisdiction of magistrates.

An Official Secrets Bill will be submitted for your consideration. This measure will replace the United Kingdom Act of 1911, which is the only legislation on this subject in force in New Zealand, and will bring the law on official secrets into correspondence with present needs. The Bill has been prepared with regard to experience in other countries in recent years.

The continuing prosperity experienced by all sections of the community, and particularly the primary producers, is a matter for gratification. My Government attaches the greatest importance in its policies towards the maintenance of the basic industries which are the source of our national wealth—those industries based on the soil and whose output governs in such direct measure the standard of living which the people as a whole may enjoy. Prices received for farm products have increased and seasonal conditions have on the whole, been favourable. Dairy production has been maintained at record levels, and, though meat production has declined, the statistics of live-stock population indicate a very sound position.

As a result of the survey made of the national health scheme, amending legislation will be submitted to you for the reconstitution of the Central Milk Council. My Advisers regard the town milk industry as one of special local concern, and it is intended that the new Council will take every opportunity to develop local responsibility.

The preservation and development of our forests and rural lands continue to receive close attention. Offers from private enterprise to join with the Government in establishing a pulp and paper industry have been invited by my Ministers.

The task of rehabilitating ex-servicemen continues to engage the attention of my Government. The development of land for settlement by ex-servicemen has been maintained, and upwards of 3,261 ex-servicemen were assisted in building their own homes last year.

The report presented by the Royal Commission on War Pensions has been considered, and effect has already been given to certain of the recommendations providing for more liberal pension payments. Legislation to validate these payments will be submitted to you.

The provision of housing in town and country for Maoris and Europeans continues to receive close attention. Encouragement is being given to the ownership of houses by families who occupy them, and the response by occupants of State rental houses to the offer of purchase of these houses has been good. More than one thousand State rental houses, valued at more than two million pounds, have already been sold, and applications continue to be received at a very satisfactory rate. My Ministers recognize that there will always be some families who, for various reasons, are unable to undertake the responsibilities of home ownership, and, to provide for such cases, the policy of building State houses for rental purposes will be continued.

The advancement of the social and economic welfare of the Maori people is a matter to which the Government attaches the utmost importance. The development of Maori land is being carried forward as speedily as possible. To meet the needs of the Maori people coming to work in the cities it has been decided to subsidize the establishment of suitable hostels.

Over the past twelve months New Zealand has been able to welcome a large number of migrants both from the United Kingdom and other countries of Europe. A further 2,000 displaced persons and refugees were admitted during this period. An agreement was made with the Netherlands Government providing for the entry of a number of Dutch nationals, and a New Zealand Migration Office has been established at The Hague. My Ministers are confident that the maintenance of a vigorous immigration programme, in which first preference will be given to settlers from the United Kingdom, is essential both in developing our economic resources and increasing our relative security. Action is being taken to develop the educational services and other facilities which will aid the assimilation of migrants from European countries, and help them to settle down happily in our New Zealand society.

The development of the education services to meet the large increase in the number of pupils enrolling in our schools is being given special attention. The erection of additional school buildings and extra class-rooms is proceeding as rapidly as the supply of labour and material permits.

Although the economy of New Zealand remains buoyant and there is a sustained demand for our products in overseas markets, it is nevertheless essential to our continued well-being that we should have industrial harmony and a spirit of co-operation amongst all sections of the community.

My Government is determined to continue its efforts to ensure that the comprehensive system now available for the peaceful settlement of industrial problems is preserved and, where necessary, improved, and also to ensure that the lawful system of conciliation and arbitration is not replaced by the use of unlawful direct action in which intimidation, victimization, force, and violence are the chief ingredients. The firm and resolute action taken by the Government in meeting the challenge to our industrial system has resulted in normal work being resumed in most of the affected industries. To help secure this result it was necessary to proclaim a state of emergency, and the policy and actions of the Government will be matters for your consideration. My Ministers have all along been anxious that the state of emergency should be determined as soon as this can safely be done, but up to the present they have been forced to the conclusion that the time for this action has not yet arrived. They are, however, keeping the situation continually under review, being conscious of their responsibility to recommend the repeal or relaxation of the Emergency Regulations and the termination of the state of emergency immediately this can prudently be done, having regard to the public interest and, in particular, the safety of those men and women directly concerned by the problems of the present crisis.

The response of all sections of the community to the requirements of the emergency has been most gratifying, but my Ministers feel that special reference should be made to the remarkably fine service rendered by the men and women of the Navy, Army, and Air Force, the men who manned the ships and have served in the Civil Emergency Organization, and by the members of the Emergency Supplies Committees, whose work all merits the highest praise.

The cost of this disastrous hold-up has been very great, and the effect upon the national economy will be widespread. It will not have been in vain, however, if it is followed, as it is hoped it will be, by a period of industrial peace and harmony and increased efficiency. The new spirit which has already been demonstrated encourages the belief that better times lie ahead. My Government resolved to do all in its power to promote peace and well-being for all engaged in industry, the steady improvement of industrial relations, and the speedy consideration and adjustment of industrial problems by peaceful and lawful methods.

I commend all these matters to your earnest consideration and I pray Divine guidance in your deliberations.

