

The situation in South-east Asia is of special concern to my Ministers. This area has become the cornerstone of collective security in the Pacific, and is therefore vitally important to New Zealand. As part of an effective contribution to the defence of the area, my Government has decided to transfer from the Middle East to Malaya No. 14 Fighter Ground Attack Squadron and to return there a flight of No. 41 Transport Squadron. Consideration is being given to further military measures which New Zealand might be able to undertake not only in our own interests, but also to ease to some extent the burden at present borne by the United Kingdom. The security and stability of South-east Asia received special attention at the recent meeting of Commonwealth Prime Ministers in London, and, of course, at the meeting of the South-east Asia Treaty Organization Powers, which was attended by my Minister of External Affairs.

My Government's efforts towards the attainment of peace and prosperity throughout the world are also seen in its work on the United Nations Security Council, and in its substantial support of the Colombo Plan and other programmes of economic assistance.

My Ministers have continued to watch over the wellbeing and progress of the peoples in our island territories. Special attention is also being paid to the outcome of the Constitutional Convention held recently in Western Samoa and to the further development of self-governing institutions in that territory.

Under the able leadership of the United Kingdom, the position of the sterling area has shown further improvement. My Government has continued its policy of full co-operation with other Commonwealth Governments in measures to increase trade and to build up the gold and dollar reserves of the sterling area.

The national economy has expanded considerably since I last addressed you, and problems of substantial over-employment and high levels of business activity are now occupying the attention of my Ministers. Primary production has shown a satisfactory increase and, despite some decline in prices for butter and cheese in the United Kingdom, export prices generally have remained good.

My Government is working closely with the representatives of the primary industries concerned to ensure that accumulated funds are used prudently in the interests of economic stability in New Zealand and for the further development of our farming resources. Continued progress has been made in bringing new land into production, thus helping the settlement of many of our ex-servicemen and of a limited number of civilians. An extensive programme of research into problems of soils, pastures, farm crops, fertilizers, plant pests and diseases, designed to improve both the quality and the quantity of food-production, is being actively pursued.

The successful flotation of the National Development Loan, and the borrowing of a further ten million pounds in London, have ensured sufficient finance for the extensive works programme required for the progressive development of our natural resources and the provision of services for our growing population. This programme has, however, been handicapped by a shortage of labour, and, in a number of cases, capital expenditure during the financial year just ending will be rather less than was anticipated. The maintenance of a proper balance between the several sectors of our economic development is a matter of continuing concern to my Ministers.

Estimates of expenditure will be placed before you for your consideration in due course.

The launching of the very large pulp and paper scheme at Kawerau for the harvesting of our forest wealth is rapidly nearing completion. It is expected that the Tasman Pulp and Paper Company's mills, which will be amongst the most modern in the world, will be in production this year, thus adding to the productive wealth of our country with