

New Zealand's economic problems continue to be those associated with rapid expansion and a high level of demand both for capital and consumer goods, but my Ministers are gratified that their policies have contributed substantially to the greater degree of stability now evident. They see, however, no cause for complacency in the matter of our export trade and arrangements were made for a representative mission of producer organisations, manufacturers, and traders, under the leadership of my Minister of Agriculture, to visit London for discussions on our trade relations with the United Kingdom. These discussions have resulted in valuable additions to the Ottawa Agreement and have led to a better understanding of the present-day problems associated with the expanding trade of our two countries. My Advisers are also maintaining their close watch on developments in the pattern of world trade generally, including proposals for a European Free Trade Area. They are conscious of the need to expand and diversify New Zealand's overseas markets not only for our primary produce, but also for our processing and manufacturing industries.

The steadying influence in the economy of the policies initiated by my Ministers has made possible the removal from business activity of further direct controls.

The availability of adequate resources for development purposes is regarded by my Ministers as important in our expanding economy. They attach special importance to successful loan-conversion operations and to the borrowing of funds to support the very substantial part of their works programme that is not financed from revenue. There has been a good response to their endeavours to encourage higher levels of savings.

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

My Government's land-development programme is being maintained throughout New Zealand and provision is being made for increased areas to be developed in both Southland and Westland. Endeavours to speed up the rate of farm settlement of our eligible ex-servicemen have been maintained so as to permit the reinstatement of a policy of civilian settlement.

You will be asked to consider a Bill dealing with the action my Government is taking to secure future supplies of phosphate rock, so important to our agricultural industry, and a Bill amending the Meat Act so as to ensure a consistently high standard for all exported meat.

New Zealand and Australia will be joint hosts later this year to the Seventh British Commonwealth Forestry Conference, a feature of which will be the presentation of a comprehensive survey of our native forest resources. My Government is gratified at the continued progress of the pulp and paper industry and the substantial increase in the export of its products.

Our growing prosperity and improved standards of living are reflected in the rapid expansion of road transport and, although during the last eight years the country's road transport fleet has increased by more than 75 per cent, my Ministers are pleased to be able to report that their vigorous programme of road safety measures has achieved a steady decline in the death rate from traffic accidents.

My Government has recognised the increasingly important role of aviation in our transport system by promoting the development of the necessary facilities, including the installation of radar landing systems to ensure the continued safety and efficiency of our airways.

The development of electric power retains an important place in my Government's works programme and good progress is being made with the coal-fired steam station near Mercer and with the harnessing of geothermal steam at Wairakei; both of these plants should be in operation next year. In addition, three further hydro-electric stations are under construction on the Waikato River, while, in the South Island the output of the Roxburgh power station is to be increased to twice present level. My Ministers are carefully examining the feasibility