

of the two countries by political rather than by military measures. In respect of Laos he urged that, as a means of preventing the rivalry of the great powers in the area, Laos should assume a genuinely unaligned international position.

In accordance with the desire of the Samoan people expressed in the recent plebiscite, you will be asked to consider legislation to abrogate New Zealand's legislative and administrative authority in Western Samoa at the end of this year. My Ministers will work to establish a new and equal partnership between the two countries and, if the Government of independent Western Samoa so desires, will assist the new State in the early years of its independence.

I wish to extend to the Samoan people all good wishes for the future. I look forward to my visit later this year to the Trust Territory and to other Island Territories, including some at which I was unable to call on my previous visit.

Governments participating in the South Pacific Commission will be invited to attend a meeting in Wellington in 1962 to consider ways of making the Commission more responsive to the changing needs and aspirations of the peoples of the South Pacific. In the Cook Islands, Niue, and the Tokelau Islands my Ministers will energetically encourage the greater participation by the people in their own affairs. You will be asked to consider a Bill to amend the Cook Islands Act. The problems of the Chatham Islands are being examined with a view to improving, as a first step, the system of administration.

In its endeavours to promote the welfare and progress of the Maori people my Government attaches particular importance to better housing and education. It has taken steps to increase the number of houses available to the Maori people and will establish a Maori Education Foundation, to be financed by an initial Government grant of £125,000 in inscribed stock and by private contributions. The object is to increase substantially the number of scholarships for post-primary and university education and to provide more vocational training. My Ministers are convinced also that the administration of Maori affairs will be improved if the Maori people can speak with a unified voice. You will accordingly be asked to consider legislation to establish a Dominion Council of Maori Tribal Committees, as well as the Bill dealing with the Education Foundation.

A full review has been made of the New Zealand Defence Forces. The conclusions reached, and proposals for the development and re-equipment of the Services, will be presented to you. It is my Government's aim to ensure that, within the limits of financial resources, the three Services are able to meet any anticipated threat to New Zealand and to fulfil the country's obligations to its allies and to the United Nations.

The arrival of HMNZS *Otago* and the commissioning of HMNZS *Taranaki* will greatly strengthen the Royal New Zealand Navy. The new Battalion for service in Malaya is now in training. The recent purchase of three DC-6 aircraft has more than doubled the airlift capacity of the Royal New Zealand Air Force.

My Government is deeply concerned over the serious implications of the current proposals for the association of the United Kingdom with the European Economic Community. This question was discussed by my Prime Minister while he was in London. Both then and subsequently the nature of the New Zealand interests involved has been brought clearly and unmistakably to the notice of the United Kingdom Government. Firm assurances have been received that there will be prior consultations with New Zealand and other Commonwealth countries before any definitive decisions are made.

Since assuming office my Ministers have also given continuous attention to the acute economic problems posed by a resurgence of domestic inflation and balance-of-payments difficulties. The deficit in New Zealand's external exchange transactions for the year ended March 1961 totalled £47·5 million, the largest ever recorded in a single financial year. Due to the continuing high level of expenditure on