

At its recent meeting in London, which was attended by my Minister of Defence, the SEATO Council reaffirmed its belief that the capability and readiness of defence forces serves as a deterrent to aggression and thus contributes to peace. To enable New Zealand to play its full part in preparations for collective defence, my Government has taken further steps to ensure that the armed forces are maintained at a high level of preparedness. Good progress has been made in particular with the re-equipment of the three Services with modern weapons and means of transport.

Threats to peace give added importance to institutions devoted to the attainment of international harmony and cooperation. My Government was therefore pleased to act as host to the recent meeting of the Economic Commission for Asia and the Far East, of which my Minister of Overseas Trade is Chairman. It can only view with the gravest concern, however, the crisis over the costs of peacekeeping operations that threatens the very existence of the United Nations. At the same time, my Government has maintained the New Zealand Police Unit in Cyprus and has agreed in principle to designate a force which would be on call for future United Nations peacekeeping operations.

My Prime Minister will shortly attend a meeting in London of Commonwealth Prime Ministers. In addition to reviewing the world situation and discussing matters of mutual interest, this gathering will consider the establishment of a Commonwealth secretariat to strengthen the machinery of consultation. My Government sees in this new initiative a positive step in the continued evolution of our multi-racial association. It also looks forward with keen anticipation to the meetings of the Commonwealth Parliamentary Association which are to be held in New Zealand in November and December.

Earlier this year the Commonwealth paid solemn tribute to the memory of its pre-eminent statesman, the late Sir Winston Churchill. To commemorate his unparalleled service you will be asked to endorse the establishment of the Winston Churchill Memorial Trust to enable men and women from all walks of life to visit and study in other parts of the Commonwealth and the United States of America.

You will be asked to amend the Electoral Act by increasing the number of Parliamentary electorates in the South Island to 25 and stabilising the representation of the South Island at this figure. The number of electorates in the North Island will then increase according to the relative population growth. This will lead to the first change in the size of your Assembly since 1900 and it is of some interest that the legislation should be introduced in the year which marks the centennial of the transfer of the seat of Government to Wellington.

Last month the people of the Cook Islands voted to elect a new Legislative Assembly which has the responsibility of deciding whether the Constitution you adopted last year is acceptable in its present form as the basis for their future self-government. It is gratifying that such a very high proportion of the people freely exercised their right to vote in this important election which, moreover, was observed by representatives of the United Nations. My Ministers are ready to consider constitutional amendments which have been recommended by the new Assembly and will, as appropriate, submit the necessary legislation for your consideration.

In the economic field New Zealand has enjoyed prosperous conditions in the past year. High output and rapid growth have been achieved in all main sectors of the economy.

In 1964 higher earnings from meat, wool, and dairy produce brought a record export income and the benefit of this was reflected in a greater volume of imports and in increased economic activity. Although the net gain from immigration remains at a good level, there is a continuing strong demand for labour.

The general recovery in export prices which commenced in 1962 may, however, have reached a peak in 1964. Wool prices fell sharply in the latter months of the year and lower prices continued throughout the season. More recently there has also been a reduction in the return from butter and cheese sold on the London market.