

Special steps have been taken to check the increase in Government expenditure. In particular all building proposals have been closely scrutinised and many have been postponed in line with the programming of private buildings. The purchase of some defence equipment has been delayed in order to conserve overseas funds.

The recent upward movements in the prices of certain commodities and services are being investigated. My Ministers believe that a reasonable degree of competition is the best way to hold the prices of consumer goods. They will, however, consider the reimposition of price control in particular cases if competition is not operating to a sufficient degree.

My advisers are confident that the measures they have introduced will do much to moderate the previously excessive rate of increase in expenditure in the public and private sectors of the economy. They considered nevertheless that you should be given an early opportunity to discuss these measures and to examine any further steps which may be needed to safeguard the country's economic welfare. Estimates of expenditure for the current year, with related financial proposals, will be placed before you in due course.

The removal of the threat to the nation's external reserves must in large part depend on an increase in exports. It is therefore gratifying that farm production has continued to rise. The target set by the Agricultural Development Conference—an increase of 40 percent in the ten-year period ending in 1972—is being achieved. My Government is conscious of the need to maintain a favourable environment for further increases in farm output for export and it attaches special importance to the work of the Agricultural Production Council. More emphasis is being given to the application of the results of research in everyday farming operations.

Last year the State Advances Corporation again provided a record sum in loans to farmers. There will be some limitation on the amount of money available for lending in the coming year, but priority will be given to farm development projects which will increase production for export. The level of advances under the Marginal Lands Scheme will be maintained.

You will be asked to consider an Agricultural Pests Destruction Bill and legislation to strengthen certain of the provisions governing the registration and use of agricultural chemicals. A measure is being prepared to revise and consolidate the Stock Remedies Act, together with an Animals Bill to take the place of the present Stock Act. The establishment of a price authority to determine the payment to growers for apples and pears will be proposed in an amendment to the Apple and Pear Marketing Act. In addition there will be a Milk Bill and a Poultry Bill.

In the manufacturing field, New Zealand's industries continue to expand the volume and range of their production. Although it will be necessary to reduce the flow of imported raw materials, with stocks on hand sufficient supplies should be available to meet the anticipated level of demand. Encouragement and support will be given to industries which yield the greatest benefit to the nation, particularly those which use New Zealand's own natural resources and which have export possibilities.

In recent years my Ministers have taken special steps to encourage the development of the forestry, fishing, and tourist industries. They are confident that the high level of overseas exchange already being earned by these industries can be further increased and they will give continuing attention to the measures which should be taken for this purpose. Amendments to the Fisheries Act, the Forestry Encouragement Act, and the Forests Act will be submitted to you.

The most pressing problem in the area of overseas trade remains the improvement of conditions of access to markets for New Zealand's export products. My Government will continue actively to pursue New Zealand's interests in both multilateral and bilateral negotiations.