



# THE NEW ZEALAND GAZETTE EXTRAORDINARY

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THE Second Session of the Thirty-sixth Parliament of New Zealand was this day opened by the Governor-General, when His Excellency was pleased to make the following statement of the causes of the calling of this session of Parliament together.

#### HONOURABLE MEMBERS OF THE HOUSE OF REPRESENTATIVES

IN March of last year the first Session of this Thirty-Sixth Parliament was opened by Her Majesty the Queen. I am sure you will long remember that memorable occasion which vividly expressed the constitutional link between this House of Representatives and the Queen of New Zealand. The reality of the bonds of affection and loyalty between the people of New Zealand and the Royal Family were shown by the enthusiastic welcome they received wherever they travelled during their tour of this country.

Honourable Members will be aware of the reasons which have prompted my Government to convene this Session of Parliament early in the year. Although production has continued to grow at an encouraging rate, money incomes have risen more rapidly thus pushing up domestic costs and contributing to price rises. The escalation in costs and prices has very serious implications for the country as a whole. Its effect on the pastoral industries which earn most of the country's export income is particularly serious. At the same time it is eroding the competitive position of other exporters including manufacturers. It is clear that the economy cannot withstand a continuation of wage and price increases of the order experienced in 1970.

My Ministers have, during the past year, taken varied and vigorous action to bring demand into better balance with available resources. They have introduced a number of deflationary fiscal measures and

have taken action to limit the expansion of credit in the economy. They have also taken steps to restrict the rate of growth in Government expenditure in the coming financial year.

In existing world conditions my Government recognises that measures of fiscal and monetary policy will not be sufficient to halt the wage-price spiral and that more direct action is now required. To restrain prices a price freeze was introduced and this has been followed by a scheme of price justification. Measures are now proposed to stabilise wage rates. My Government has placed the highest priority on employers and employees agreeing voluntarily to a programme which would ensure greater economic stability in the current year. My Ministers have consulted at some length with both parties to facilitate an agreement. Substantial progress was made in these consultations but my Government has concluded that the situation requires further action. Legislation will therefore be introduced early in the Session to give effect to the stabilisation measures already announced by my Minister of Labour. The objective of these measures is to limit increases in remuneration on average to less than 7 percent in the year from 1 January 1971. It is my Government's hope that employers and employees will be able to reach agreement on new rates of remuneration within this guideline. In respect of increases in excess of the guideline the parties will be expected to apply to a Remuneration Authority. The proposed legislation will include provisions which would make it an offence to increase remuneration above 7 percent, or such other percentage as may be fixed from time to time by Order in Council, except in defined special circumstances or with the approval of the Remuneration Authority. These latter provisions would be brought into force only if it became clear that my Government's stabilisation objectives would not be achieved by voluntary acceptance of the approved guideline.

It is the view of my Ministers that this legislation is necessary to deal with the exceptional situation that prevails. It is their intention to keep the legislation under review in the light of changing circumstances.

My Government intends to apply the principles of the legislation to the State Services and is discussing their application with the State Service staff organisations.

Honourable Members, throughout the past year New Zealand's foreign exchange resources have been maintained at satisfactory levels. The current account of overseas transactions for the last 12 months has recorded a deficit but this has been more than offset by an inflow of private capital. The terms of trade have continued to deteriorate as, overall, the prices of New Zealand's main exports have remained stable whilst prices for imports have continued to rise relatively quickly. Leaving aside the special situation that existed during the Second World War the terms of trade are at their lowest level since the world depression of the thirties.

My Ministers believe that this deterioration in the terms of trade is a direct result of the failure of the nations of the world to abide by accepted principles of international trade especially those embodied in the General Agreement on Tariffs and Trade. While trade in industrial products is conducted relatively freely, international trade in agricultural products is subject to barriers and restrictions which unfairly impede the economic development of those countries dependent on the export of primary products. My Government will continue to place emphasis on bilateral and multilateral negotiations aimed at eliminating these barriers and on moves to widen international arrangements for the orderly marketing of primary products.

The problem of the terms of trade assumes special significance when viewed in the context of the threat to our rights of access to the United Kingdom market. The protection of New Zealand's vital interests in the negotiations which Britain is now undertaking with the European Economic Community will be a continuing major objective of my Government in this year. Discussions are currently under way about the provisions which will be needed to ensure the continuity of New Zealand's exports of butter, cheese, and lamb should Britain become a member of the Community. The British Government has made it clear that in terms of the assurances which it has extended to New Zealand it is determined to ensure that the appropriate safeguards are provided. My Ministers have presented New Zealand's case to the Governments of the Community and the special nature of New Zealand's problems is now familiar to all parties in the negotiations. The formulation of detailed solutions to these problems will be a major task in the coming months.

Honourable Members, conscious of the changing pattern of the relationships among the nations bordering the Pacific my Government will further extend and diversify its ties with friendly countries with a view to promoting peace and stability in the region. My Government was honoured to receive visits from the King and Queen of Tonga and the Chief Minister of Fiji during last year and to be represented at the independence celebrations of these two Commonwealth countries of the South Pacific. The appointment last year of New Zealand High Commissioners to these countries will ensure that the closest contact is maintained.

New Zealand is continuing its assistance to the Cook Islands and the Niue and the Tokelau Islands. The forthcoming visit to the Cook Islands of His Royal Highness the Duke of Edinburgh will bring great pleasure and honour to a community which is entering its sixth year of self-government in free association with New Zealand. In Niue further thought is being given to the course of constitutional progress. My Government will give sympathetic consideration to the wishes of the Government and people of Niue as soon as they have reached conclusions on the course they wish to follow.

Asia remains for New Zealand an area of opportunity and obligation. New Zealand is continuing to co-operate with its Commonwealth partners in working out defence arrangements in Malaysia and Singapore which will help maintain regional security. In view of the improved defensive capacity of the forces of the Republic of Vietnam my Government is able to reduce the level of its military assistance to that country.

In a year which has begun with the first Commonwealth Heads of Government meeting to be held in Asia my Government places emphasis on the developing pattern of exchanges among Commonwealth nations and on the objectives expressed in the Declaration of Commonwealth Principles adopted at Singapore.

My Government will continue to support efforts to enable the United Nations to play its full part in ensuring the peace and progress of the world, particularly through New Zealand membership of the Economic and Social Council. My Government has announced that 1971 will be observed in New Zealand as International Year Against Racial Discrimination. A Race Relations Bill will be introduced with a view to the ratification of the International Convention on the Elimination of All Forms of Racial Discrimination.

You will be asked to consider a Bill along lines similar to recent legislation in Australia and the United Kingdom to modernise the

law which governs the extradition of fugitive offenders in the Commonwealth and a Bill will be introduced to implement the 1963 Vienna Convention on Consular Relations.

Honourable Members, provision for the defence and national security of New Zealand remains a fundamental obligation calling for long-term planning but with due regard for what is economically feasible for a country of this size. Despite the necessity to accept restraints in all areas of Government activity New Zealand has assured its Allies that it intends to honour its obligations although the character of our commitments may change from time to time. In seeking a modern and efficient form of defence organisation tailored to New Zealand needs my Government intends to introduce this Session two comprehensive Bills, a Defence Bill and the Armed Forces Discipline Bill which will consolidate last year's far-reaching reorganisation of Defence machinery.

Honourable Members, my Government is greatly concerned with the effect of the increases in farmers' costs because these increases cannot be recovered from export market sales. This has meant a fall in the farmer's net income and consequently a drop in the amount he is able to reinvest in farm development. This in turn will result in a slowing down in the rate of growth which must impair our ability to attain the National Development Conference production targets.

A detailed examination of the economic position of farming was undertaken last year by the Agricultural Production Council which was very helpful in framing the measures designed to assist farming, contained in the 1970 Budget. The Production Council is bringing up to date the material in this survey and intends making further recommendations to my Government.

My Government's basic objectives, which are shared by the farming community, are to help to ensure that farming remains a viable business, yet able to adapt itself to changing circumstances. Despite the present need for measures of restraint the longer term aim to diversify the New Zealand economy continues to be followed by my Government including the encouragement of industries directed to both the domestic and export markets. The establishment of a basic steel industry is moving steadily forward and the production of primary aluminium at Bluff is expected to begin later this year. The recent decisions by international motor corporations to establish plants for the manufacture of components for export is indicative of the growing strength of the manufacturing sector of the economy.

Late last year agreement was reached on the use of timber from the Kaingaroa Forest in a mill to be established in Hawke's Bay for the production of sawn timber and refiner groundwood pulp for export to Japan. Plans are also well advanced for very substantial additions to the production of existing plants involving a capital investment of nearly \$200 million.

Exports of manufactured goods have exceeded the National Development Conference targets and my Government and commercial interests will continue their working partnership to promote sales overseas. This year my Government is sponsoring a number of trade promotions particularly in Australia. Plans have been made to expand export sales by trade missions, trade tours and the efforts of many individual exporters.

The tourist industry continues to make a valuable contribution to the economy and my Ministers have been pleased to note that for

the year ended 31 March 1970 the industry exceeded the target for overseas exchange earnings set by the National Development Conference.

My Government will continue with its announced intention to remove products from import licensing subject to the need to preserve the legitimate interests of New Zealand producers. My Government will also be proceeding with the strengthening of the Trade Practices Act having regard to any recommendations made by the Parliamentary Select Committee on Commerce.

The Mining Bill which revises and consolidates the Mining Act 1926 was introduced during the last Session. It has been the subject of lengthy study by the Select Committee on Labour and Mining. You will be asked to consider this Bill as amended in the Committee.

My Government is studying the report of the Select Committee on Compensation for Personal Injury in New Zealand. It considers that further consultation with interested parties will be necessary but hopes to be able to introduce a Bill during this Session. Progress continues to be made in the field of industrial welfare and safety and you will be asked to consider amendments to the Factories Act, the Construction Act and the Machinery Act. An amendment to the Annual Holidays Act will be submitted for your consideration prescribing the calculation of holiday pay on the basis of a worker's gross weekly earnings as against the present formula which does not take into account earnings from overtime.

My Government desires to promote good industrial relations in the waterfront industry and to improve cargo handling efficiency and the co-ordination of port activities. You will be asked to consider a Bill to amend the Waterfront Industry Act 1953. This will provide for a New Zealand Waterfront Industry Board and Port Industry Boards representative of all waterfront employers' and workers' organisations to carry out the legislative functions which are the present responsibility of the Waterfront Industry Commission and the Port Conciliation Committees. It will also provide for the legislative and judicial functions of the Waterfront Industry Tribunal to be extended to apply to other employers and workers on the waterfront.

In 1970 my Government set up a Commission of Inquiry into New Zealand Merchant Shipping. This Commission, under its terms of reference is considering submissions which have covered all facets of New Zealand Mercantile Marine. The report of the Commission is to be submitted to my Government shortly, and if appropriate, legislation will be introduced this year to give effect to its recommendations.

Honourable Members, the advancement of the Maori and Polynesian people of New Zealand has continued to be one of the major concerns of my Government. The report of the National Advisory Committee on Maori Education has been published and will serve as a guide to my Government on future developments in this important field. Extension of the special trade training programmes has been possible this year with the introduction of three new courses and increased intakes in existing courses. These programmes have an important role in equipping young Maoris to make a full contribution to the economic development of their country.

In keeping with its policy of giving separate corporate status to the Boards controlling the medical and allied professions my Government proposes to introduce legislation to establish a separate Nursing

Council to replace the present Nurses and Midwives Board. This Bill will also consolidate and revise the law governing nurses. A Dental Amendment Bill will be introduced to give separate status to the Dental Council and a Bill revising the law relating to health camps and their administration will be submitted for your consideration.

You will be asked to consider a Bill providing for increases in war disablement and war widows pensions from 1 April 1971 made in accordance with the agreement between my Government and the New Zealand Returned Services Association to adjust these pensions every 2 years.

Honourable Members, my Government recognises that the increasing growth of population and industry increases the dangers of pollution of our environment. Its policy is to review and strengthen control measures where this is necessary. Administration of water pollution control has been transferred to the Minister of Works so that better co-ordination with the administration of water resources generally may be achieved. A Board of Health committee recently reported on the need for revised legislation on air pollution and it is proposed to submit for your consideration an Air Conservation Bill which it is anticipated will provide adequate statutory power to meet the needs of the future.

My Government will give careful consideration to the findings of the Parliamentary Select Committee on the Lake Manapouri Petition when the report is available for study.

Honourable members, the report of the Royal Commission on Horse Racing, Trotting and Dog Racing is being studied by my Government and the House will be asked to consider a new Racing Bill.

You will be asked to consider amendments to the Counties, Municipal Corporations and Local Authorities (Members' Interests) Acts.

Further measures to reform the law in accordance with recommendations of the law reform committees, whose work is ancillary to the Law Reform Commission, will be placed before you. They include legislation relating to layby sales, the carriage of goods and strata titles to new flats.

Following study by Parliamentary Select Committees you will be asked to reconsider the following proposals which were placed before you in the last Session of this Parliament:

The Trade Practices Amendment Bill  
The Hospital Employment (Transitional and Miscellaneous Provisions) Bill  
The Water and Soil Conservation Amendment Bill  
The Town and Country Planning Amendment Bill  
The Apple and Pear Marketing Bill  
The Marine Farming Bill  
The Marine Reserves Bill  
The Hire Purchase Bill  
The Bills of Exchange Amendment Bill  
The Fisheries Amendment (No. 3) Bill.

I commend these matters to your careful consideration and I pray that divine guidance will attend your deliberations.