

The recent visit of President Suharto confirmed the close and friendly relations that have been developing between New Zealand and Indonesia. It has strengthened my Government's belief that New Zealand has a constructive part to play in Asian regional affairs and that this contribution is welcomed by the countries of the area.

My Government shares the concern expressed in many countries, particularly those in the South Pacific, about the continuance of nuclear tests. It has at every opportunity expressed its opposition to such tests. My Government will continue to take all practical and effective steps to deal with this situation. It is seeking to enlist the support of other countries on this issue at the United Nations Conference on the Human Environment now in session at Stockholm and will continue to take and support initiatives in the United Nations designed to proscribe all nuclear testing wherever it may occur.

My Government is developing still further its close associations with Australia and with the island nations of the South Pacific, both bilaterally and through organisations such as the South Pacific Forum. In furtherance of this objective the Governor-General of Australia and Lady Hasluck came to New Zealand at the Government's invitation and my wife and I paid a return visit to Australia, the first such exchange of State visits by Governors-General of these two Commonwealth countries. My Prime Minister has also accepted an invitation from the Prime Minister of Australia to make an official visit to Australia later this month. My Government looks forward to closer co-operation among the countries of the Pacific Basin, and will this year for the first time have its own representation on the Pacific Coast of South America.

My Ministers have approved a further substantial increase in overseas aid appropriations, and will continue to work steadily towards internationally accepted targets for such aid.

Honourable Members, New Zealand is entering a new era in its overseas trade, an era which offers great opportunities as well as challenges. The entry of Britain into an enlarged European Economic Community will be accompanied by a new effort on the part of the members of GATT to reduce trade barriers throughout the world. This could be very much in the interests of New Zealand. My Ministers will spare no effort to turn these opportunities to New Zealand's advantage.

Buoyant overseas earnings and a substantial increase in capital receipts have increased the level of official overseas reserves to a record level. The main threat to balanced economic growth has been inflation. The stabilisation measures announced by my Prime Minister on the 27th of March 1972 have eased the pressure on both wages and prices.

My Government believes that the way is now open for an increase in the real growth of the economy. Positive steps have already been taken by my Government to encourage an expansion in economic activity, which because of the disruptive effects of inflation, has been at an undesirably low level. It released more funds from private savings banks and trustee banks for investment in the private sector, particularly for housing. It has deferred a substantial amount of company tax and provision will be made for this to become a permanent reduction. Simultaneously with the stabilisation measures promulgated in March my Prime Minister announced further measures designed to stimulate spending. It is a primary objective of my Government to ensure that the potential for economic growth is fully realised as soon as possible.