

The second major problem is inflation. There has been a substantial increase in prices. A significant part of this is of a once-for-all nature, brought about by the recent removal of subsidies on a range of consumer goods. Another major factor has been the rise in the prices New Zealand has had to pay for imports. The Government expects that, as these factors recede, the rate of inflation will reduce significantly in the second half of this year.

The achievement of these two goals—a reduced rate of inflation and a balance of payments deficit of manageable proportions—will provide a sound base for further economic and social development.

The Government will ensure that while the economy is restrained sufficiently to bring both the external account and the rate of inflation back to a reasonable level, these policies will be implemented in such a way as to minimise any increase in unemployment.

Over recent years the State has played an increasing part in our economy. The Government believes that its role has now become too dominant and that it is in line with the will of the people that this trend be reversed. The reduction in the rate of growth in Government spending announced recently, and the changes in the interest rate policy implemented earlier this year, have been a start in this direction.

The Government will re-establish an effective system of economic and social planning. An experienced team has already been set up to review the National Development planning system and the consultative function of the Sector Councils. The Government will also promote the effective linking of national and regional planning.

A confident and expanding farming industry is essential to New Zealand's continued prosperity. The new Government took immediate steps to extend the fertiliser application bounty from 31 December 1975 to 30 June 1976. At the same time it put into train an extensive survey of the livestock industry to identify the factors which have led to a stagnation in livestock production over the past 6 years. The Government is considering what measures could best be taken to reverse this trend and provide farmers with the incentives needed to obtain increased production.

One of the more pressing problems has been the quest for a greater measure of stability in farm incomes. Following negotiations with the meat and wool industries, the Government announced recently the introduction of separate schemes to stabilise income from meat and wool by means of price smoothing operations. A Meat Export Prices Stabilisation Bill will be introduced to give effect to the meat stabilisation proposals while the wool industry proposals are being dealt with by means of regulations under the Economic Stabilisation Act 1948.

Parliament will also be asked to consider further the Meat Amendment No. 3 Bill which provides for a Meat Industry Authority and which is at present before a Select Committee.

The control and eradication of noxious plants is a costly burden on farmers and also an inhibiting factor in increasing production. The Government intends to introduce a Noxious Plants Bill which will replace the Noxious Weeds Act 1950 and which will implement the recommendations of the 1973 Committee of Inquiry into Noxious Weeds Administration.