

confectionery, and other articles which you will see on reference to the items in the Customs return. With this information before us we shall then see in what direction the efforts of the Agricultural Department should tend towards making the colony self-supporting in the green fruits and other articles it can produce so well. The return of exports will show in what articles the colony has become more than self-supporting, such as in wheat, oats, and barley, potatoes, and dairy produce. Endeavour also to give the markets to which the surplus was sent, so that we might see if there is a likelihood of the markets being increased, and generally as to their permanence, and what affects them. Thus, the farmers of New Zealand for the last few years have had an excellent market in New South Wales for wheat, oats, butter, preserved meats, corned beef, and horses (draught), also to a considerable degree in dairy cattle, owing to the drought there. Again, as New Zealand is very well adapted to breeding horses, the question of sending cavalry horses to India might be inquired into, to see if it would be likely to pay our breeders to turn their attention to that market. This also involves the question of the course of trade in the matter of shipping, return freights, &c."

The result shows that the agriculture of New Zealand is very much dependent on the Australian Colonies for a market. Thus in 1885 the export of agricultural produce, including horses, was valued at £766,580; while the imports were £119,558, or a balance in favour of New Zealand of £647,022. Oats is much the largest article of export to the Australian Colonies, the value being £247,030. Of this, Victoria took £71,577, notwithstanding the heavy import duty of that colony. Butter comes next in value, being £102,387; of this, New South Wales took £88,812. With the exception of the United Kingdom, New South Wales is much the best market, the exports to it being of a total value of £512,812 for the year 1885. The imports to New Zealand bring out very clearly the lines on which the colony should seek to be self-supporting. Thus, New Zealand imported—

	In 1884.	In 1885.
Candles, of a value of	£74,959	£71,673
Fish, of a value of	51,086	35,173
Fresh Fruits, of a value of	68,189	81,977
Preserved Milk, of a value of	12,823	15,425
Jams, of a value of	10,552	11,354
Seeds (principally grasses and clovers), of a value of	70,993	91,915
Totals	£288,602	£307,517

On these six articles, all of which, with the exception of preserved milk, are produced to a considerable extent in the colony, there is still a large market within New Zealand for the local producer to overtake.

The most gratifying feature in the return of exports is the very marked and rapid development in the export of frozen mutton and dairy produce. It was only in February, 1882, that the first trial shipment of frozen mutton left Port Chalmers, in the ship "Dunedin," for London, and the amount of export since is as follows:—

	Cwt.	£
1882	15,244, valued at	19,339
1883	87,975, valued at	118,328
1884	254,069, valued at	345,090
1885	296,473, valued at	373,857

It would be difficult to assign the limit of New Zealand's capabilities in the supply of frozen mutton. It has already outgrown the available shipping, and for that reason further expansion is likely to be held in check for a time.

In the export of butter and cheese there has also been a very great expansion since 1882. In that year the value of butter exported was £52,088; in 1885, £102,387; and of cheese, £10,130 and £35,742 for these years respectively.

There are now about thirty dairy factories in the colony. The first was established in 1882, at Edendale, Southland, by Mr. Thomas Brydone, the General Manager of the New Zealand and Australian Land Company. The colony is further indebted to Mr. Brydone's enterprise for the commencement of the frozen-meat industry, in the first shipment by the ship "Dunedin" already mentioned.

The importance of these two new industries to the colony cannot very well be overstated. The frozen-meat trade is the backbone of the direct-steam service: without it a large subsidy would have to be paid, or the service would collapse. The future of this trade is well assured; for, although there have been and still are difficulties in the way, the broad facts