

The approaching termination of the Imperial Government agreements for the purchase of our wool, meat, sheep-skins, and possibly dairy-produce will bring about a position requiring careful handling, in order that the resumption of open trading may be effected to the best advantage. Especially does this apply to frozen meat and wool, owing to the congestion which at present exists. Given a sufficient supply of tonnage and reasonable ocean freight rates the prospects of our staple products in the world markets appear bright. The whole position in connection with these products will be carefully watched by the Government.

Special efforts are being made to stimulate and aid primary production, and assistance to farmers to open up lime deposits will be provided. During the year the instructional activities of the Department have been considerably increased, especially as regards arable farming, swine-husbandry, and wool-handling, capable and well-trained instructors in these subjects having been added to the staff.

The charges against the vote Department of Agriculture, &c., included some large items outside its ordinary activities, such as the subsidy on flour, £213,000; large payments for the purchase of Australian wheat just prior to the 31st March, for which the corresponding credit had not then been brought to account; Coal Trade Committee, £11,950; and other sums.

The expenditure on the large Weraroa, Moumahaki, and Ruakura farms was in excess of the amount voted. In the case of the two first-named this was mainly due to changed methods of farming, and at Weraroa to heavy but necessary expenditure in renovation, especially in new fencing. The altered farming-methods, however, had the effect of considerably increasing the earnings of these farms. Moumahaki, on a receipts-and-expenditure basis, showed a credit balance of £207; while at Weraroa, in spite of the heavy outlay, the shortage was only £269. The Ruakura Farm shows a heavy expenditure and relatively small credits. At this farm educational work is carried on to a greater extent than at the others, and its direct revenue-producing power has been correspondingly lessened. While it is necessary to continue this farm as an instructional centre, a scheme for recasting its working-methods in order to increase its earning-power is being applied.

It is proposed to introduce legislation during the coming session dealing with the sale of seeds. A Noxious Weeds Bill will also be introduced.

More stringent measures are to be adopted regarding the sale of fertilizers, and for this purpose it is proposed to bring down an amendment to the present Act.

A vigorous policy of agricultural instruction is being followed, and proposals involving the establishment of an agricultural college in the North Island, boys' agricultural clubs, and at least one State farm in the South Island are now under consideration.

NAURU AND OCEAN ISLANDS.

Great Britain having, in accordance with the Peace Treaty, received the mandate over Nauru and Ocean Islands, an agreement was arrived at by which the interests of the Pacific Phosphate Company in Nauru should be purchased by Great Britain, Australia, and New Zealand. New Zealand's share (16 per cent.), amounting to £560,000, was duly paid on the 1st July last, and under the agreement this Dominion is entitled to that proportion of the phosphate deposits on both Nauru and Ocean Islands.

As the total quantity available is estimated at between 80,000,000 and 100,000,000 tons, this Dominion is assured of a supply of phosphates so essential to the fertility of our soils at a reasonable price for many years to come.

Affairs at the islands will be managed by a Commission appointed by the three contracting parties, and the New Zealand representative will be leaving shortly to take up his duties.

A sum of £600,000 has been provided for the purchase and development of New Zealand's interests in these islands, and legislative proposals relating thereto will be submitted to you later. It is hoped that supplies will be available shortly.