

movements and disagreement as to selling terms resulting in severe cutting of prices between the North Island manufacturers concerned. This state of affairs still exists in the industry to a great extent. Farmers have taken the opportunity of low prices to purchase heavily, especially for pasture top-dressing, and the beneficial effect of this is already being evidenced. The important principle connected with the right of co-operative dairy companies to buy manufactured fertilizers at wholesale rates was largely at the root of this trade war, and the final outcome will be watched with interest.

The year has been a notable one in connection with agricultural education. Following legislation in the session of 1926, the site for a State agricultural college at Palmerston North was purchased, a governing Council brought into being, and much preliminary organization effected. During the parliamentary recess questions regarding the relation of Canterbury Agricultural College (Lincoln) to the whole scheme were examined, and satisfactory arrangements have now been concluded in that respect. Briefly, the Palmerston North institution (to be named the Massey Agricultural College), although also covering the ordinary field, will specialize more particularly in dairying, while the Canterbury establishment will give special attention to arable farming and plant-breeding. Both institutions will be of full status and university rank, and the Canterbury College is to receive adequate State financial assistance for its development on these lines. The ground is now cleared for a definite advance, and far-reaching benefit to agriculture and the Dominion in general cannot fail to result.

Agricultural education is closely bound up with scientific research, and much important investigational work awaits attention. In this connection the Department of Agriculture, the two agricultural colleges, and the recently formed Council of Scientific and Industrial Research are co-ordinating so far as possible. Mention may be also made here of special investigations initiated with the financial assistance of the Empire Marketing Board (London), including those of the mineral content of pastures and insect control of noxious weeds.

Owing to the shortness of the 1926 session of Parliament it was not possible to then accomplish much in regard to agricultural legislation. An important measure, the Veterinary Surgeons Act, was passed, however. A number of Bills have been prepared for the current session, dealing with stock, fertilizers, noxious weeds, &c. A measure will also be submitted dealing with the New Zealand Institute of Horticulture, enabling the latter, *inter alia*, to grant educational diplomas in full legality.

New Zealand, in common with other countries, is beset with many difficult economic problems pertaining to rural settlement, production, and finance. Our primary producers, so largely dependent on world markets, are peculiarly situated in relation to costs of production, on the one hand, and the selling prices of their produce, on the other. One problem of prime importance is that of rural credit, and the Government is making every endeavour to promote a system of long-term loans on the amortization principle, in lieu of the present short-term mortgage, with its attendant waste and worry. The bonds to be issued under last session's legislation may be commended to our small investors. This year it is proposed to extend the legislation by initiating a system of intermediate rural credit, largely with the object of providing the working or liquid capital, which is often so essential to successful farming.

Turning to the outlook, the present economic position, in my opinion, does not justify the pessimistic attitude taken up by many people. On the contrary, the prospects for our agricultural industries appear to warrant a reasonable confidence. With "better farming," hard work, and economy New Zealand agriculture may be trusted to win through its existing difficulties.

The reports of the Director-General and those of divisional heads record a very fine volume of work in many fields. Practical service has been given to the various agricultural industries, and much accomplished on the scientific side.

I have, &c.,

O. J. HAWKEN,

Minister of Agriculture.

His Excellency the Governor-General.