

of the returns of normal years. The curtailment of expenditure has resulted in unemployment of a considerable number of persons, to meet which expenditure on special works employing labour has been undertaken by the Government and by local authorities, thereby reducing the funds expected to be available for buildings and purchase of plant and material. Another consequence of the economy necessarily practised has been a reduction in the volume of goods imported, resulting in a considerable fall in the revenue derived from Customs. Fortunately, the market for dairy-produce has been well maintained, and the prospects of good returns to all engaged in the dairy industry are bright. My Ministers confidently anticipate that it cannot be long before the market price for frozen meat will rise to a reasonable level, and absorption of the surplus stocks of wool by the manufacturers of the world create once more a demand equal to, if not in excess of, the annual supply. As a natural consequence of lower prices strict economy is essential in all public and private concerns. But we have always the certainty that our climate, the fertility of our soil, and the industry and determination of our people provide New Zealand with advantages in comparison with other countries which ensure that our Dominion will be one of the first to recover from the difficulties which beset almost all countries throughout the civilized world.

It is with pleasure that I am able to inform you of the very satisfactory result of negotiations which have taken place between my Ministers and the Native owners of the Urewera country, in the course of which many serious difficulties have been disposed of, and an agreement arrived at for the aggregation of the interests purchased by the Government in various blocks, and a similar aggregation into other blocks of the interests of the Native non-sellers. You will be asked to give effect to these arrangements by legislation during your present session, opening for settlement a large area of land which has hitherto remained idle.

During the recess since your last short session the Minister of External Affairs has visited Western Samoa, which New Zealand, under His Majesty, administers in pursuance of the mandate of the League of Nations. My Ministers trust that good results will follow from the opportunity of personal communication between a responsible Minister and the people whom New Zealand has undertaken to control. Legislation will be submitted during the present session substituting laws passed by the Parliament of New Zealand for the Orders in Council under which hitherto the government of the Islands has been administered, and my Ministers desire your careful attention to the legislative function which is thus to be exercised for the first time by the Parliament of this Dominion.

The arrival in our waters of H.M.S. "Chatham" during the present year marked the initiation of the policy of the Dominion's contribution to the maintenance of the Empire's Navy by our accepting from the Admiralty a light cruiser to be stationed on our coasts, and to be used partly for visits to the Islands under the control of New Zealand. I join with my Ministers in hoping that success will follow our administration, that the Naval Service of New Zealand may prove to be popular with officers and men, and that recruiting for the Navy of those of our youths who desire to serve His Majesty at sea may be encouraged.

MR. SPEAKER AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES,—

In your consideration of due provision for the finances of the country you have the exceptional advantage, by reason of the late period of the session, of having before you the actual revenue and expenditure of six months on which to form your conclusions upon the estimates which will be submitted by my Ministers. The necessity for economy in all Departments of State will be impressed upon you, and your consideration of methods to reduce expenditure will no doubt occupy much of your time. The increased cost of the management and working of the Railways and the Post Office has not been met by the additions to the rates and charges to the public for those services made during last year, but it is not considered that there is any prospect of further increasing these sources of revenue. In relation to this subject, proposals will be submitted to Parliament during its present session.