

The commercial relations between the Dominions of Canada and New Zealand have for some time been receiving the earnest consideration of my Government, and with a view to reaching a satisfactory agreement my Minister of Customs has recently held a conference with the Canadian Minister of Trade and Commerce. I am happy to say that a provisional agreement has been reached which will be placed before you for ratification.

My Government have recently arrived at a trade agreement with the Belgian Government, and this also will be laid before you for endorsement.

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

The economic difficulties which still beset the whole of the civilized world continue to affect the well-being of this Dominion, and unfortunately the hopes which were freely expressed last year that an improvement might be expected have not been realized. As New Zealand is dependent, probably to a greater extent than any other country, upon her overseas trade, external conditions have a very direct effect upon local prosperity.

The low prices received for primary products continue to impose severe hardships upon the farming community, resulting in turn in a marked diminution in the general business of the country and in the reduction of personal incomes. All sections of the people are consequently being called upon to make sacrifices, and it is gratifying to note the determination and sense of public spirit with which the crisis is being met.

The decline in trade is intimately reflected in the public accounts, and it is estimated that the year will close with a deficit, which is unavoidable in the circumstances. Details of the present and prospective position of the public finances will be duly placed before you.

Steps have already been taken greatly to curtail expenditure upon public works, but the resources likely to be available for this purpose will be so seriously diminished by the existing financial stringency that my Ministers consider a further drastic reduction to be inevitable.

An Economy Commission has recently been appointed to review and report upon the public expenditure in all its aspects, and also to indicate directions in which further economies may be effected. Copies of the Commission's reports will, in due course, be placed before you.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL, AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES,—

With a view to the prudent and progressive development of secondary industries, a special Development of Industries Committee has been set up in pursuance of legislation passed last year, and my Ministers confidently hope that its investigations will lead to the closer application of science to industry and to the expansion upon sound lines of manufacturing enterprise.

Experience having shown that the provisions of the Mortgagees Relief Act are inadequate to cope with present conditions, it is proposed to review and extend the existing legislation on this subject.

Measures will be submitted for your consideration for improving the method of unemployment relief, for amending the present arbitration system, and, generally, for meeting the special conditions which have arisen out of the current economic crisis.

I pray that the blessing of Almighty God may rest upon your deliberations.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.