

The Native race made the last anniversary of the signing of the Treaty of Waitangi the occasion for celebrating the dedication of the Waitangi Estate to the people of New Zealand, and during the ceremony there were laid, adjacent to the old British Residency, the foundations of a carved Maori Meeting House, which they desired to associate with the site now vested in the Waitangi National Trust Board. The assembly provided striking evidence that the Treaty of Waitangi has served to unify the various tribes composing the Native race and to cement and perpetuate their loyalty to the British Crown, and the large combined gathering of pakehas and Maoris was a pleasing demonstration of the friendship and comradeship so happily existing between the two peoples.

During your Parliamentary recess the Trade Agreement between His Majesty's Governments in Canada and New Zealand, which was executed in 1932, has been extended until the 24th May, 1935.

The report of the Commission which was appointed on the 9th May, 1933, to inquire into the Customs Tariff of the Dominion has now been received and will be laid before you at an early date. Legislative amendments of the Tariff, embodying, *inter alia*, the obligations undertaken by this Dominion at the Ottawa Conference, will be prepared for your consideration during this session.

The Commission appointed to inquire into certain matters affecting the administration of Native Affairs has not yet completed its investigation. Its report will be submitted to you in due course.

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

During the past year there has been a gratifying change for the better in the economic position and the future outlook. The steady progress towards trade recovery now being effected in the United Kingdom, which is the principal market for our exports, augurs well for this Dominion. New Zealand has already received substantial benefit from the marked recovery in the price of wool and from the less spectacular but welcome improvement in that of meat and its by-products. As a result, an appreciable section of our farming community are now receiving a more adequate financial return from their commercial enterprise.

Not only is trade generally benefited from the expenditure of this additional income, but, as the result of the psychological reaction to rising prices, confidence is engendered in business, and the whole community is enheartened and initiative stimulated.

The most serious problem awaiting solution is that of the dairy industry, which plays a part of ever-increasing importance in the economic life of this Dominion. The export prices of butter and cheese have remained at a low level, and, in addition, the welfare of the industry is threatened by an oversupply of these commodities to the markets of Great Britain. This is a problem to which my Ministers have devoted much anxious thought, and at present every aspect of it is being fully investigated by a Commission.

Past experience has demonstrated that an abundant supply of cheap credit is a powerful factor in overcoming economic depression, and since the development of the present world-wide crisis my Ministers have steadily pursued a policy calculated to lower interest rates within the Dominion. Following upon the successful conversion of the internal public debt, rapid progress is now being made with the conversion of the securities of local bodies. The success of this policy is evident from the fact that market rates of interest have already fallen to a level appreciably lower than those fixed as a basis for the conversion operations.

As part of the policy of economic readjustment it has been found necessary to effect by statute a general reduction in the rates of interest on mortgages. This was a temporary measure, but the position has now been generally stabilised by the fall of the market rates of interest for this class of investment to the statutory minimum rate, and, in some cases, below it.