There has been a slight decrease in the number of dairy cows, but a gratifying rise in the average butterfat returns. The total number of cows in milk and dry in 1936–37 was 1,935,524, as against 1,951,507 for the previous season, while the totals for cows in milk were 1,805,405 and 1,823,358 respectively. The average butterfat returns per cow for the season just ended were 228.56 lb. for cows in milk and dry, as against 217.93 lb. for the previous season. The cows in milk averaged 245.05 lb. last season, as compared with 233.25 lb. for 1935–36.

Year by year pig-raising is becoming an increasingly valuable adjunct to dairying, and to provide for the orderly expansion of the industry the Government has sponsored the setting-up of national and district pig councils, whose duty it will be to provide instructional service in pig-production and safeguard the quality of exports overseas.

The question of live-stock research has become a pressing one in recent years, and, although the health of our animals is good in comparison with other countries, the increases in our flocks and herds consequent upon improved pastures bring in their train problems of disease and nutrition. To meet this situation the Government has agreed to extend the research and instructional activities in connection with live-stock management. The erection of a new laboratory at Wallaceville, costing £15,000, has been authorized, and increases in the staff will be made when suitable men can be secured.

At the beginning of the year the Government purchased Flock House and station from the trustees of the New Zealand Sheep-owners' Acknowledgment of Debt to British Seamen Fund, and is now offering facilities to New Zealand boys to take up farming. The boys taking advantage of this scheme spend a year at Flock House, and then three years' apprenticeship on approved farms. By this means the Government is endeavouring to assist the farmer in obtaining a supply of skilled labour. The Flock House activities are supplementary to the Ruakura Training Farm.

The accompanying statement by the Director-General of Agriculture and the reports of the heads of the various divisions of the Department cover a wide range of subjects which have been dealt with during the past year. The staff of the Department as a whole has done excellent service, of which I record my full appreciation.

I have, &c.,

W. LEE MARTIN,

His Excellency the Governor-General.

Minister of Agriculture.