

had gone down considerably, and second-hand implements never fetch their value, these realizations have been at a loss to the Department. These abandoned farms are gradually being either sold on terms or leased, but it will probably be necessary to reduce the prices of some of them. The amounts advanced for the purchase of these properties were well under their value, but undoubtedly the price paid was in many cases too high, and it will be quite impossible to avoid losses. The tenants have got into arrear with their rent instalments and interest, and no doubt these arrears will have to be written off. I attribute the partial failure of the soldier settlers to the fact that at the time of the settlement everything was at high prices; although every effort was made to get the land at lower prices and a great majority of applications were declined, it was quite impossible to settle the soldiers without paying, in many cases, too much for the land. In addition, all stock and material absolutely necessary for the farm was at exorbitant prices, and the Government advance was quite inadequate. In most cases the settler had very little capital of his own, and in some, not much experience of actual farm-work and no business capacity. Many of them, under ordinary conditions, would never have risen above the position of labourer on a farm. Some of the settlers are quite unable to make their holdings pay because they have no chance of making financial arrangements to obtain stock. The grant, in most cases, is nearly all absorbed in fencing and buildings, and there is not sufficient left to stock up; and, as the Government has the first mortgage over stock, the firms will not advance for that purpose: this means the settler is not getting the rental value of his place and so cannot pay his way.

Advances for Dwellings.

Although the arrears increased somewhat during the past twelve months, satisfactory arrangements are being made to have these arrears paid off; there are a few doubtful cases where it will be necessary to resume the property and dispose of it to a more suitable tenant. The security in the majority of cases is very good, and, taken as a whole, the inflation of values did not apply to any great extent in Otago. In most cases the mortgagor is taking a pride in his home and is more than maintaining its value. There are a very few cases where the tenants have got into arrears or have no money to effect repairs and general maintenance and have allowed the security to depreciate; in such cases it appears advisable for the Crown to maintain the security and add the cost to the capital value.

SOUTHLAND.

(R. S. GALBRAITH, Commissioner of Crown Lands.)

The activities in connection with the settlement of discharged soldiers on the land have been confined during the past year to advances for stock, implements, and improvements. The great majority of soldier settlers in Southland are engaged in dairy-farming, a number go in for mixed farming (cropping and stock-raising), a few have bush sections which are being used for cattle-raising, and a small sprinkling have holdings suitable for sheep-farming. It is all-important to the success of the soldiers that prices for dairy-produce should be good. In this respect there has been nothing to complain of. Most of the factories are expected to pay out bonuses, which should come just at the right time to tide the soldiers over the lean months of May, June, July, and August, in which the farms produce nothing that can be turned immediately into cash. It cannot be said that the settlers as a whole are yet firmly established on their dairy farms. As a matter of plain fact it takes years to get together a good herd of dairy cows. Up to the present there does not seem to have been a sufficient number of good cows in the country to meet the demands of the settlers. The consequence has been that culled cows have been bought, tried for a month or two and found to be unprofitable, and then have been exposed for sale in the public saleyards, only to be acquired by a needy dairy-farmer, who goes through the same experience and passes the defective animals on in a similar manner. So the vicious business goes on. It would be a good thing if a method could be introduced by which a woefully defective milker could become known as such, and, instead of being used as a medium for turning pasture into milk, her qualities as a producer of beef could receive attention. Some of our settlers have gone in for high-class bulls, and a gradual improvement in the quality of the herds may be expected. But much time and patience are required to produce this desirable result. The pasture has been abundant, but, unfortunately, the continuous wet weather towards the end of the season reduced its quality. The year has witnessed a record supply of milk to the dairy factories, the directors of which have found it necessary in quite a number of instances to enlarge the buildings and increase the plants. Given a good price for next season's produce, the prospects can be viewed with a good measure of confidence.

The crops have been good, and in many cases exceptionally good. Some of the heaviest crops have suffered badly from the effects of wind and weather, and will not thresh out anything like the quantity or quality of grain that early appearances gave promise of. Lambs have not done as well in Southland this year as usual. Some of our soldiers have had the disappointing experience of buying store lambs for fattening, only to find that the pasture, plentiful enough, failed to achieve the result, owing to the exceptionally cold and wet summer and autumn. Now they have to carry on these "stores" and ultimately sell them, perhaps with a loss—certainly without a profit—after using up all their pasture and costing money for the purchase of winter feed.

The settlements which were acquired under the Land for Settlements Act and settled upon by discharged soldiers are all making steady progress, and much good work has already been done. Most of the settlements consist of dairy farms, but two settlements comprise mixed farms, and one settlement is occupied by soldiers who go in chiefly for sheep-farming. The recent offer of the Government to supply free of charge to the soldiers trees for shelter purposes from the State forest nurseries is being availed of very freely.