

It is early yet to say whether land-values are stabilized. It is possible that produce in the near future may go back to pre-war level, and in that case the pre-war level of land cannot be maintained in the face of the huge increase in our national debt. If the prices of our primary products are not maintained at a higher average level than before the war, it follows that land-values will recede. This has to be taken into consideration in reviewing the position of soldier settlers. On present values of produce, what may be assumed to be a payable proposition may through a downward turn in prices become non-payable. The fluctuations of the market have a serious effect on soldier settlers who are paying rent and interest on the whole capital employed in their operations. The chances are that, based on a maximum revenue, their holdings will just provide a living surplus and no more, and when failure in any respect occurs they get behind and have no chance of recuperation. They are different from settlers long established or who had capital of their own—these can stand up to a bad year; but the average soldier settler has no reserve fund yet, and it is this factor in relation to settlement effected at peak prices that has contributed towards failure.

When we consider what effect the slump in produce had on old-established civilian settlers, and compare their positions with the soldier settler just starting, there is no reason for wonder that the latter have been forced to seek relief. It was a difficult problem to satisfactorily establish men on land propositions who had little if any capital, without or with only a limited degree of experience, and under special conditions and circumstances that demanded maximum results in order to provide overhead charges and a reasonable living.

Referring to advances made under section 2 for the purchase of properties, these have been scheduled and made the subject for special report as the occasion arose. It has been found that almost invariably the men who were assisted into good places, no matter if comparatively dear, have been able to meet their engagements. The failures are those who went into third-class places at high prices. They were mostly men without experience. This was in evidence from the start, as, had they known their job, they would never have been where they are. Quite a number of settlers are on places that, owing to the state of buildings, fences, and the unproductive nature of the land, makes their chances of success quite impossible. Some of these are occupied by men who are honestly doing their best, and would succeed if placed in decent places. It is suggested that where a settler has proved to be persevering and has only failed through adverse conditions, that he be given an opportunity to continue his farm operations on another selection.

Finance.—This is a question of importance in making for success in the settlements, and the effect of the existing regulations is specially referred to in letter of the 24th March to the Commissioner of Crown Lands, Dunedin, of which the following is a copy :—

I wish to bring a matter under your notice which applies to quite a number of soldier settlers. I assume it is the desire of the Department to place settlers in the position to obtain maximum returns, and thus enable them to meet their engagements. Many settlers are quite unable to make their holdings pay because they have no chance of making financial arrangements to obtain stock. The grant of £750 in most cases is nearly all absorbed in fencing and buildings, and if, say, only £200 is left for purchase of sheep and it really takes £800 to £1,000 to stock up, it simply means that the settler is not getting the value of his rent, and cannot pay his way. It is owing to this factor that many settlers have got hopelessly in arrear with rent, and I have quite a number of cases in my mind that have no chance of recuperation until they can utilize their properties to the full capacity.

My opinion is that each settler's position should be treated on its merits, and when a settler takes up a holding practically devoid of any improvements he should be allowed (1) an advance for approval permanent improvements to an amount computable with the value of his holding, (2) an advance of up to £750 for stock.

There are men all over the district of which the following is a typical example :—

Area, 3,424 acres; rental, £160.						£
Dwelling, wool-shed, and outbuildings cost	..	..	..	..	..	500
Fencing cost	..	..	..	..	..	744
						1,244
Stock on hand—280 sheep	..	..	..	..	..	280
20 cattle	..	..	..	..	..	60
3 horses	..	..	..	..	..	90
						430
						£1,674

He has exhausted his own capital and the Government advance, and in order to make his annual rent, interest, and rates, totalling £285, and living-expenses, has only the revenue from 280 sheep. He really requires at least 500 more sheep, which at to-day's value would cost £750, and until he can get them will continue to run his place at a loss.

Failure to utilize the productive capabilities of the holding is not only a personal loss, but is also a national loss; and it seems to me that the only remedy is an alteration in the regulations governing advances to soldier settlers. I am taking the liberty of bringing this specially under your notice in advance of my general report, because I realize that there are cases requiring assistance right away.

Current Account Advances.—It is suggested that it is desirable to alter the present system regarding these. At present, advances for improvements are included with advances for stock, chattels, and other requisities, and necessarily this makes it more complicated and difficult for departmental officers to review and regulate the situation. If the two classes of advances were kept on their own bottom there is a likelihood that, before long, the Crown would be relieved by stock and station agents from the responsibility of finance and supervision with regard to the advances for stock and chattels.

We therefore suggest that the regulations fixing the limit of advances on current account be amended so that independent advances are made (1) for buildings and permanent improvements on farm lands, (2) for clearing bush lands, (3) for establishment of orchards, (4) for buildings and permanent improvements on grazing-runs, (5) for stock, chattels, and farm requisites.