

smaller holding and of a different class. In the remaining fifteen cases it appears to us that they would be a great deal better off out of the places and doing ordinary work.

The best form of assistance we can recommend is that if the Government decide these men must go out, then it should devolve on the Government to find them employment in some other vocation than farming.

In the case of partnerships which have been classed as permanent failures, we think that in most of the cases the remaining partner who has stuck to the place should be given a smaller holding.

#### WESTLAND LAND DISTRICT.

(a.) In our opinion those settlers whose finances are not equal to their obligations would be best assisted by reducing, according to their circumstances, the rate of interest, either for a term or permanently, basing such reduction upon the present value of their land, stock, &c. The chief difficulty will be the second mortgages, as it cannot be expected that the State should make sacrifices to make them good. In many cases the amount of the second or third mortgages must be regarded as wholly lost, as the drop in prices of land has extinguished their value. In others the second mortgagee should co-operate in reducing his interest or principal, or both where necessary.

It would be better for the State to make some sacrifice in preference to realizing. A good settler will be put off his farm; realization may probably result in a loss, which had better be made for a proved settler who, with reasons for assistance in the manner above outlined, might become a success, and who otherwise will be thrown on the world to start afresh.

(b.) We cannot see that the Government should do otherwise than realize their securities to the best advantage.

#### CANTERBURY LAND DISTRICT.

(a.) Should receive further encouragement, and be allowed to continue in occupation of their holdings. Should be given further financial assistance in the manner more particularly set out in the soldier's individual papers.

(b.) In cases of leaseholds, lease should be cancelled. In cases of freeholds, security to be realized. Other prospective settlers to be given a chance to occupy the holdings.

#### OTAGO LAND DISTRICT.

(a.) In the case of settlement lands, the individual report on each settlement records recommendations calculated to meet the situation. No set line of action is proposed, as the better course seems to be to deal with each proposition as the exigency of the position demands.

*Settlers under Section 2.*—Admitting that nearly all land occupied by soldier settlers under section 2 was bought at too high a price, the question arises, what course should be adopted in order to place each settler on a sound basis, preserving a degree of equity individually and collectively, and not discriminating between those who have failed, or partially failed, to meet their obligations and those who have by private means, by greater energy and more practical methods, managed to meet all rents, interest, and instalments?

The mere question of any land being 10 or 20 per cent. too dear does not necessarily make for success or failure. It is the circumstance of settlement that counts. Area must be conformable with the class of land; the degree of practicability possessed by the settler, scope of productivity of the land and ratio of fertility, the state of existing fences and buildings, the general conditions regarding state of pasture, rotation in methods of cultivation, situation and other conditions, are all factors overshadowing the actual price paid.

To have sweeping all-round reductions made in the loans to settlers under section 2 in order to establish a universal value comparatively less than the actual purchase price is probably very desirable from the settlers' point of view, but this cannot be recommended as being practicable, for the following reasons: (1) The loan from the Crown very rarely represents the total purchase-money; (2) in many cases there are second and third mortgages; (3) invariably the settler or his relations found a fair percentage of the purchase-money.

The question arises, should any depreciation in capital value fall on the Crown, as first mortgagee, before the equity value of the subsequent mortgagee's and the owner's interest in the land has disappeared?

The only conclusion one can arrive at is that it is not politic to attempt any scheme of all-round readjustment of values in regard to lands advanced against under section 2.

The alternative is to deal with those cases only where it is ascertained that the settler's position demands relief.

(1.) Where the value is less than the settler's liability to the Crown, the settler to be re-established on a new basis of value if by doing so he is likely to succeed.

(2.) Where the Crown's advances are amply secured, but the value is not cover for other encumbrances, that the settler's position be stabilized by the discharge of all liabilities in excess of realization value. If the subsidiary mortgagee to the Crown refuses to fall in with this proposal, then, in the interest of the Crown and settler, steps should be taken to force the position.

(3.) It is recommended that where a second charge exists against land under mortgage to the Crown the equity in same should be purchased, and a further advance made to the settler for the amount. The existence of these hamper a settler in his operations, and can in most instances be negotiated for discharge with advantage.

(b.) "Those settlers who have failed to make the most of their opportunities." Fortunately there are only a limited number of these, and the best solution is to let them go out. They are probably more fitted for some other avenue of occupation and would never be satisfactory settlers.