

that it would not become a heavy burden on the Consolidated Fund to provide an amount annually, which, when capitalized at 4 per cent. over a number of years, would redeem the losses, thereby stabilizing the account.

*Percentage of Administration Expenses, &c.*—The following shows the percentages of administration expenses and losses to capital invested on mortgage, lands owned by the Crown and in course of realization, and to revenue earned during the year :—

	Percentage to Capital invested on Mortgage and Property owned by Crown and in course of Realiza- tion (£18,817,362).	Percentage to Revenue earned for Year (£949,844).
Cost of administration, including Supervisors, travelling-expenses, Inquiry	£	£
Board expenses, &c. (£45,829) .. .. .	0.243	4.825
Losses on realization (£38,623) .. .. .	0.205	4.066
Net loss on Revenue Account to 31st March, 1923 (£122,047) .. .. .	0.649, or £5 13s. 1d. per soldier assisted.	

*Balance-sheet.*—The total amount raised by issue of Treasury debentures was £20,036,905. There is a liability of £96,824 in respect of interest that accrued due to the 31st March last but was not payable on that date.

The total amount outstanding on mortgages at the 31st March was £17,997, 054, to which must be added instalments of principal owing and postponed amounting to £91,637 and £11,680 respectively, making a total amount of £18,100,371 capital outstanding on mortgage. Interest outstanding is £449,488, while interest postponed amounts to £55,485.

A sum of £523,783 is shown as assets under the heading of "Property Account," and represents the liabilities on properties that were offered for sale on default and purchased by the Crown.

It is regretted that a number of farms which have been abandoned and taken over by the Department depreciated considerably as the result of bad farming. In a large number of cases no attempt was made to renew pastures, repair fences and buildings, or keep drains clear, the result being considerable reduction in values and productiveness.

The Realization Account shows that properties, with stock, &c., amounting to £150,242 were in train for offer to the public for disposal.

The Department holds live and dead stock from sundry debtors amounting to £27,331, while live and dead stock on estates administered by the Department amount to £15,634.

Sinking funds total £32,486, while the balance now remaining to settle charges and expenses in raising loans is £185,000.

*Arrears and Postponements.*—Postponements of principal and interest amount to £67,164, while arrears total £541,125. Although prices of primary products (except store cattle) considerably improved during the year, there was so much leeway to be made up by the soldiers as the result of bad prices obtained during the two previous years that the figures under the above headings are still large. It may have been possible to have reduced these by claiming the whole of the returns from farms where the Department held liens over such, and paying out only sufficient to replace culled stock, as well as provide for bare existence. In the majority of cases the Department considered it advisable to have the earnings put back into the farms to enable more land to be brought in, fertilize and otherwise improve holdings, and also to increase and improve their flocks and herds. Had the Department adopted a different policy it is probable that a number of our most capable farmers would have been seriously embarrassed and disheartened, with the possibility of more abandoned farms being on hand in a much depreciated state. Stock and other chattels would have been thrown on the market at a considerable loss.

Applications for postponements received careful consideration, and were granted when it was abundantly clear that temporary relief was essential to enable settlers to tide over their immediate pressing difficulties.

*Property Account.*—The total amount charged up to the above in respect of properties acquired by the Department under exercise of sale under mortgage is £523,783, being a substantial increase on the previous year's figures, which amounted to £32,669. It is to be regretted that, although every effort was made, consistent with the finances at the disposal of the Department, to keep settlers on the land, the Department was compelled by reason of abandonment of farms to take them over. In the majority of cases where farms were taken over it was found that through the neglect of reasonable farming precaution these holdings had considerably deteriorated. It is bad enough having to face a drop in values through other economic causes, but it is probable that further reductions in values may be necessary in regard to a number of the farms to enable the Department to dispose of them to new selectors on such terms as will enable successful occupation thereof.

Based on the departmental reports received from time to time, it is abundantly clear that inexperience was the cause of failure in many cases in the initial stages. The inability to overcome the difficulties attending inexperience (notwithstanding the advice given by experienced officers and neighbouring farmers) resulted in many being obliged to leave their farms with heavy liabilities to the Department, stock and station companies, and others. When it is remembered that the majority of the settlers who abandoned their farms had paid little or no rent or interest, high valuations cannot be urged as the only reason for non-success. The vast majority of settlers who have stuck to their farms under adverse economic conditions are to be commended for maintaining their farms in condition, also for working hard and carefully husbanding their resources, thereby improving their outlook.

In order to have uniformity of action in connection with farms which have been realized, and expeditious dealings in connection therewith, instructions were issued to the various Commissioners