

for postponement of arrears, whereas it will afford the settler all the relief he can reasonably expect, still leaves the men who have met their obligations in the better position, and they can have no grounds for complaint; then, in the event of a sale of the property or an increase in the value during the postponed term, there is a good prospect of the arrears being paid off.

In regard to the cases in which the Inquiry Board has made recommendations for reductions in value, the Inquiry Board has simply made a bald statement that the valuation was too high and should be reduced to a certain definite sum; but the Board has not furnished any justification for the reduced valuation, or given any figures showing on what basis the valuation was arrived at. Indeed, in some cases the recommendation for reduction in capital value could hardly be taken seriously.

In some cases the reduction in value recommended is quite insignificant. For instance, one recommendation was that the capital value should be reduced by £125: here the valuation of the property was £1,975. In a second case there is a recommendation for a reduction in value of £100: here the valuation is £2,000. In a third case there is a recommendation for a reduction in value of £125: here the valuation is £1,500. Evidently, in the cases quoted, the interest at 6 per cent. on £125 or £100 represents the margin between success and failure in the management of these farms. In the instances given, it is interesting to note that in the first case the arrears of instalments amount to £186, in the second case there are no arrears, and in the third case the arrears amount to £266.

Taking the whole of the recommendations of the Inquiry Board for reductions in valuations, it will be found that the average reduction recommended amounts to £360, affecting twenty-seven properties; so that the average margin between success and failure of these soldier farmers, adopting the Inquiry Board's conclusions, is only £21 per year. This affords the strongest evidence that it was not the excessive valuation of the land that caused the failure of these soldier farmers' ventures.

Cancellation of Arrears of Rent.

The arguments against cancellation of arrears of interest on instalments recited above apply with equal force to the proposal to cancel arrears of rent. The Land Board is strongly of opinion that this would be a most objectionable proceeding, and recommends in lieu thereof that the rent be postponed without interest for varying terms, according to the circumstances of the case. The Land Board has recommended postponements of rents for periods up to ten years without interest, and that at the end of the postponed period the arrears be paid off by easy instalments.

Reduction in Valuations of Properties.

The Land Board is strongly in favour of reducing the valuations of properties if satisfied that the present valuation is excessive, but before any reductions are made the Board should have the opportunity of ascertaining by independent inquiry that the valuations are really excessive. In several cases investigated by the Land Board the Board was satisfied that the valuations of the properties were well sustained by the stock the properties are carrying at the present time.

Three properties on which reductions were recommended by the Inquiry Board were subsequently inspected by the Commissioner and Mr. J. E. Wells, a member of the Land Board, and in only one case did the Commissioner and Mr. Wells agree that there should be a reduction made. In one case, a property near Pokeno, the soldier admitted quite openly that he would not sell the property for anything like what he paid for it, and I think he was right in this determination.

Arrears of Instalments of Interest and Rent to be capitalized.

The Inquiry Board has made a great number of recommendations of this nature, but the Land Board is strongly opposed to this proposed form of relief, which is considered wrong in principle. To capitalize arrears of interest is a left-handed way of helping anybody; it is really converting simple interest into compound interest. The same applies to arrears of rent. In either such case the Land Board is confident that a postponement for a sufficiently long period to meet the soldiers' necessities is the proper form of relief.

Inquiry Board's Recommendation dealing with Second Mortgage.

Regarding the Inquiry Board's recommendation for the extinguishing of the second mortgage, the Land Board does not recommend any action being taken. The second mortgagees have their rights, and they must be respected by the Government.

Applications have been made to the Land Board from time to time for an advance to pay off the second mortgage, generally at a reduced price: each case is dealt with on its merits. One case may be mentioned, of a farm situated near Maungaturoto, sold by A to B. Here A, the second mortgagee, agreed to reduce the second mortgage to less than half, and the Department agreed to make B an advance on his stock, which was unencumbered, sufficient to pay A. B, however, was unwilling to pay A anything. The Inquiry Board made a special recommendation in regard to this very case, recommending that the Department do exactly what we have already offered to do, and which A had agreed to fall in with, but which, as I have said above, B actually refused to be a party to.

Another case of a second mortgage that may be mentioned is a property situated near Tangiteroria. The property was valued at £8,000 as a going concern; we advanced £5,000, the vendors taking a second mortgage for £3,000. This is a first-class property, and well worth what was paid for it. Here the soldier settlers have failed to meet their obligations, either to the Government or to the original vendors. In this case the Inquiry Board make the following recommendation: "We recommend that immediate steps be taken to purchase the second mortgage or otherwise annul it at a price not exceeding £1,200." I suggest that no Government would be a party to such an improper proceeding.