

finalized through the books of the various District Offices and the total loss definitely ascertained the figures will be shown temporarily in a Suspense Account, to be disposed of as decided by Parliament.

As substantial sums of money were borrowed at higher rates of interest than is chargeable to the settlers, and as further losses must arise through the reduced prices placed on abandoned properties (many of which depreciated through indifferent management), it is impossible at present to show a favourable financial position. In view of the decisions of the Government, backed up by the public generally, to afford opportunities to soldiers to take up lands, it was inevitable that losses would result, and would continue until such time as properties became occupied by the right class of settler.

Arrears and Postponements.

The total amount of rents, interest, and instalments of principal in arrears was £535,670, while instalments of interest and principal—the payment of which has been postponed for varying periods up to ten years—amount to £224,219. The total outstandings may therefore be set down as being £757,864. Postponements effected by extending the term of mortgages amount to £114,789.

The postponements granted on the recommendation of the Dominion Board considerably exceed these figures; but as these required the approval of the Minister, and were not referred to him until after the end of the year, the books record only the postponements definitely authorized at the 31st March. The additional postponements will mean a transfer from the outstandings to Postponements Account, when the figures under this head should reach close on £600,000. Allowing 5 per cent. compound interest on postponements for an average period of seven years, the loss to the State and gain to mortgagors on £600,000 is £244,260.

In regard to postponements by the extension of terms of mortgages, it should be noted that, taking an average period of thirty-four years before instalments again fall due, the gain to mortgagors may be computed at 5 per cent. compound interest on the amount involved—viz., £114,789—the benefit to mortgagors thus being £488,227.

With reductions in mortgages, and provided the prices of primary products are maintained and further assistance is granted to fully develop and stock farms, there is no reason why the majority of those now in arrears should not be able to retrieve their positions. They have the benefit of loans at a much lower rate of interest than it is possible for borrowers to obtain elsewhere.

Property Account.

The liabilities on properties acquired by the Crown by sale through default on mortgage now stand at £949,514 (freeholds, £666,747; equities in leases, £282,767). This represents an increase on the previous figures of £198,056.

Instructions were issued to have all unoccupied properties valued on present-day values, with a view to effecting sales or leases. During the year farm properties were disposed of as follows:—

	Sales.					Leases.
Number of farms	293	38
Area (acres)	70,608	6,499
Purchase price	£418,168	..
Capital value	£96,048
Deposits paid	£36,911	..
Annual rental	£4,874

Loss on the realization of these properties amounted to £205,910, which represents 3·49 per cent. loss on capital invested, inclusive of expenses of realization, arrears of interest, &c.

The position at the end of the year is that the Department had available for disposal freehold and leasehold properties of an area of 104,411 acres, comprising 296 farms, on which the liabilities amount to £853,466, and in respect of which a further loss of £200,000 is anticipated.

Instructions have been issued to the Commissioners of Crown Lands to have properties placed in the hands of the stock auctioneers' associations, and it is hoped that by placing reasonable prices on abandoned farms, with easy terms of purchase, buyers will be forthcoming. The difficulty of raising money to develop and stock farms, particularly on the security of those properties that have been left in a much neglected and depreciated condition, operates against ready sales.

Realization Account.

The liabilities on properties in course of realization total £412,963. It is probable that the greater number will be bought in by the Department and transferred to Property Account. Instructions have been issued to have these revalued, so that when the Crown obtains title they may then be offered for sale or lease. The number of farm properties affected is 269, covering an area of 103,576 acres, and it is estimated that the loss on sale, &c., will be £125,000.

LAND FOR SETTLEMENTS ACCOUNT (DISCHARGED SOLDIERS SETTLEMENT ACCOUNT).

As stated elsewhere, the money raised to finance the purchase of lands for settlement of returned soldiers through the above account is £3,222,050.

Revenue Account.

As an illustration of the unfinancial position of this account, interest payable on loans amounts to £144,004, while revenues from rents on the settled areas and sundry receipts total only £106,752. The revenue earnings will be further reduced when all adjustments ordered by the Dominion Board have been finalized in the books of the Department.

The revaluation figures disclose that excessive prices were paid for a number of properties. Several depreciated through bad management by much larger figures than would have been the case otherwise.