

It is most important in an almost purely agricultural and pastoral State like New Zealand that farm-land securities should be regarded as undoubted and be popular generally with investors. This was the case in pre-war days, but the happenings since have to a certain extent shaken this confidence. It is most desirable to have it restored. When a man borrows money on his farm, or purchases a farm on terms, he enters into a contract with his mortgagee to repay the loan, with interest, in a certain manner, and agrees to undergo certain penalties if he fails. There are scores of thousands of these contracts in all parts of the Dominion. The total sum involved in mortgage contracts of all kinds at the 31st March, 1925, is returned in the official figures at £269,608,138. Any interference in the sacredness of these contracts would create a want of confidence that would be disastrous and that would take the Dominion years to get over. The operations brought about by the land boom and the almost universal overestimate of the quality of the Rangitaiki Swamp lands has caused much of the area to be mortgaged for amounts far beyond the value of the securities. Many mortgagees have already realized this and have met their mortgagors by writing down their mortgages to reasonable amounts. In our opinion those mortgagees who still hold mortgages for excessive amounts would be well advised to meet their mortgagors and reduce the amounts owing to reasonable figures. They will lose less in the end if they do this promptly. If they let present occupiers go out they will probably find their securities very difficult and expensive to handle. In some cases they will find they have liabilities on their hands instead of assets.

(8.) *Whether on the completion of the scheme of works now being carried on under the Rangitaiki Land Drainage Act, 1910, or on the completion of the extension of such scheme if further works are deemed advisable, the ratepayers within the aforesaid drainage district should take steps to have the maintenance of such works controlled by a Drainage Board?*

We are of the opinion that, for many reasons, it is undesirable at the present time that settlers should take steps to form one or more Drainage Boards for the purpose of controlling and maintaining the works so far completed or in course of completion. We recommend, therefore, that a consideration of such a proposal be deferred for another five years, and that in the meantime the Government Drainage Department should continue to have full control both of the existing and any future work, and also of the maintenance of same.

(9.) *Whether, in the event of such a Drainage Board being constituted, it should be subsidized by the Government for a limited period? What should be such period, and the rate of subsidy?*

In the event of any such Drainage Board or Boards being formed to control and maintain the drainage-works, we are of the opinion that it, or they, should be subsidized to the extent already indicated in answer to question No. (5).

(10.) *In the event of such a Drainage Board being constituted, what plant (if any) should be handed over by the Government to the Board? What should be the terms of purchase of such plant by the Board?*

In the event of such Drainage Board or Boards being formed at some future date to control and maintain the drainage-works, we recommend that such plant and machinery as the Land Drainage Department, in consultation with the Drainage Board or Boards, deem necessary and sufficient for the purpose of maintenance should be handed over to such Board or Boards, and that the value of same should be a charge to it or them.

(11.) *Any other recommendations or advice arising out of these premises.*

We have no further recommendation to make arising out of these premises.

This our report, which has been unanimously adopted, we have the honour to submit for the consideration of Your Excellency, together with the transcript