

that this is happening in the majority of cases. To assist parties where any mediation or assistance was required, the Commissioners of Crown Lands in the various districts have been appointed Adjustment Commissioners. The work of the Commissioners is, of course, confidential, but I may say they have assisted to bring about a number of amicable settlements. In general, however, they have not been called upon to any great extent; and it is also a matter for satisfaction that applications to the Court under the Mortgagors Relief Act have been relatively few.

State lending
Departments.

In so far as the State lending Departments are concerned, I can assure this House and the country generally that every application for relief is being dealt with on its merits in as sympathetic a manner as is practicable, with due regard to the exceptional economic conditions that prevail at present.

Disparity between
external and
internal prices.

The fall in land-values, while perhaps the most complicated and difficult matter to adjust, is only part of the farmer's problem. His difficulties are increased by the fact that, whereas he is receiving only pre-war prices for his products, the prices he has to pay for the goods he buys are still nearly 50 per cent. above the pre-war level. This wide disparity between the external world prices and New Zealand internal prices is, of course, the basic cause of a great many of our difficulties, and, as we cannot control world price-levels, the only way to remedy matters is to bring our internal prices down. They would be forced down in any case, but the aim of the Government's proposals in bringing about a prompt reduction in salaries and wages, &c., is to reduce the loss and suffering involved to a minimum by having the necessary adjustment made in as short a time as possible. The disparity in the price-levels to which I have referred is the principal difficulty to overcome before we can expect a return to more prosperous times. As prices fall, the purchasing-power of the farmers will rise, and this will benefit the secondary industries and the whole community. Local industries, with their costs and prices both governed by internal conditions, are not directly affected by the fall in prices overseas, and their troubles arise from the fact that at present prices the unsheltered industries can afford to buy only a much smaller quantity of their goods. Hence, the most urgent need of the all-round reduction in working-costs and prices which the Government is endeavouring to bring about.

Purchase of
fertilizers.

The Government is assisting farmers in connection with the supply of fertilizers, for it is realized that a marked decline in the use of these manures would react seriously upon next season's production. The Government has accordingly made available to the Rural Intermediate Credit Board the sum of £100,000, and has authorized the Board to lend this amount to farmers, with a limit of £75 to any one farmer, on much easier terms than apply to the ordinary business of the Board. An undertaking has been given that the Board will be recouped from the Consolidated Fund for any losses incurred on these special advances. At the same time, notwithstanding the urgent need for reduction in expenditure out of the Consolidated Fund, the Government has continued to subsidize the carriage of lime and fertilizers on the railways. The cost to the Consolidated Fund this year is estimated at about £140,000.

Local
Government
inquiry.

One of the most onerous items in the overhead costs of farming is rates, and, as a further means of assisting the farmers, the Government has prepared an order of reference, and is at present selecting the personnel of a Royal Commission to explore the possibilities of giving relief to rural ratepayers by a general overhaul and reorganization of the system of local government. The statistics show that, apart from Power Boards and Harbour Boards, there are no less than 299 rural local authorities, collecting rates approximating £2,240,000 annually. The administration of these authorities costs about £330,000 a year, which represents 11 per cent. of their total revenue from all sources, or, alternatively, nearly 15 per cent. of the receipts from rates. Good communications and the revolutionary development of road transport in recent years have rendered it quite unnecessary to have so many local authorities, and it is evident that if the number can be reduced not only will there be large savings in the cost of administration, but larger districts will enable modern roadmaking machinery to be kept fully employed, which would mean, of course, cheaper maintenance and construction of roads. I may add that the proposed inquiry will cover the whole incidence of local bodies' taxation, and the expenditure of all local authorities, including Hospital and Charitable Aid Boards.