

many different Departments of State. We are not impressed with the suitability of the Department of Lands and Survey to handle this class of business satisfactorily. We accordingly recommend that the provisions of the Land Laws Amendment Act, 1929, relating to the making of advances to settlers for improvements and stock, be repealed, as there are already in existence sufficient avenues for obtaining finance—*e.g.*, State Advances Office, Rural Intermediate Credit Board, Public Trust Office, State Fire Insurance Office, Government Life Insurance Office, Government Superannuation Funds, and innumerable private lending institutions. We are of opinion that the time has arrived when the State should cease borrowing money for the purpose of lending it.

DISCHARGED SOLDIERS SETTLEMENT ACCOUNT.

878. The sum of £37,000 which is appropriated out of the Discharged Soldiers Settlement Account is in respect of the management and other expenses of the Department of Lands and Survey in connection with the administration of the Discharged Soldiers Settlement Act, 1915. The amount is an estimate of the cost of administering this portion of the Department's activities, and is based on the annual receipts.

879. It is necessary, however, to review the general administration of the Discharged Soldiers Settlement Act in its widest sense, and the management expenses are but incidental to this review.

880. Loans may be authorized under the provisions of the Discharged Soldiers Settlement Act, 1915, to discharged soldiers for the purpose of—

- (a) Assisting in the purchase of rural lands :
- (b) Assisting in the purchase of town dwellings :
- (c) Effecting improvements to rural land and purchasing of stock.

881. It has been the policy for some considerable time to restrict advances for the purchase of properties, both rural and urban, to the cases of T.B. and badly disabled soldiers. Advances are, however, still being made to discharged soldiers who have been placed on rural land, to assist in effecting improvements or in purchasing stock and implements for their holdings. Having placed the soldiers on the land on the understanding that advances will be made for stock and improvements, it has not been possible up to the present to discontinue advances for this purpose. We are of opinion, however, that every effort should be made to curtail these advances in the future, particularly in view of the facilities which exist through other channels for financing settlers whether they be civilians or discharged soldiers.

882. Through the operation of the Discharged Soldiers Settlement Act the Department has developed along the lines of a huge financial institution which was not contemplated when the Department was constituted.

883. We reiterate that there are too many Government lending institutions and every effort should be made to co-ordinate the lending of public money by the various Departments. No opportunity should be lost of minimizing the number which have authority to make advances.

884. The experience of the Department in so far as the settlement of discharged soldiers is concerned has been disastrous, but it has been paralleled by the experience of other countries, where huge losses have been incurred in the repatriation of discharged soldiers.

885. Under the Discharged Soldiers Settlement Amendment Act, 1923, provision was made for the revaluation of soldiers' holdings, and, in all, the sum of £7,026,284 was written off on account of this revaluation. This covered all branches of the Department's activities in the settlement of discharged soldiers, including the writing-down of land acquired for such settlement, as well as the writing-off of mortgages on land acquired directly by soldiers themselves with State assistance.

886. The Discharged Soldiers' Settlement Account was only concerned with the advancing of money to soldiers who desired to purchase land on their own account ; thus it is purely a mortgage account, and the amount written off this account by revaluation was £3,969,759 ; but this included £750,000 set aside as a reserve against future losses. This writing-off which was a part of the gross total mentioned above was actually authorized by the Finance Act, 1927. The reserve referred to has since been exhausted, and additional revenue losses amounting to £168,417 had been incurred up to 31st March, 1931. It also appears to be certain that there are many unrealized losses which will ultimately have to be taken into account, as the balance-sheet as at 31st March, 1931, discloses the value of properties acquired by the Crown awaiting disposal as £374,716 and the value of properties in course of realization as £197,488. Furthermore, the accounts disclosed that a large amount was outstanding on account of interest and instalments of principal, while postponements of interest and principal were also heavy. The amounts actually postponed under the above headings at the 31st March, 1931, total £447,271, and the accounts for 1931-32 will disclose a much larger figure. No doubt the present depression is largely responsible for this position.

887. The loans authorized for the purchase of rural land and town dwellings are secured by table mortgages, while advances for the purchase of stock and for effecting improvements on rural land are secured mostly by flat mortgages. In so far as loans for the purchase of land, whether rural or urban, are concerned, the administration differs hardly at all from the administration of mortgages under the State Advances Act, and there is no reason why two organizations should be maintained for dealing with the same class of business. We are of opinion that the table mortgages held by the Lands Department under the Discharged Soldiers Settlement Act on rural land and town dwellings should also be administered by the State Advances Office. The administration is confined now to the collection of instalments and the management of securities generally, and the handing-over of control to the State Advances Office should cause no inconvenience to mortgagors and should greatly simplify the administration of the Lands Department.