

of collecting rates for both capital and maintenance. It is difficult for the Department to enforce those measures, which are necessary to protect the interests of the Crown, and for this reason we suggest the handing-over of the works to local control. We consider, however, that **in view of the large amount of public money at stake the Government should have a majority of nominees on the local Board in order that it may retain a measure of control over maintenance.** The handing-over of the scheme as recommended should result in a measure of administrative economy, and further calls on the Consolidated Fund for maintenance should thereby be avoided. It seems to be certain that, while works such as these are directly under Government control, applications for assistance in various forms are inevitable.

HAURAKI PLAINS SETTLEMENT ACCOUNT.

906. This account was established by the Hauraki Plains Act, 1908 (since consolidated), and the work authorized by the Act was the drainage of approximately 90,000 acres of Crown land in the Hauraki Plains. The work was commenced many years ago and approximately half of the total area subject to the provisions of the Act has been made available for settlement. The accounts do not now disclose the gross value of the land transferred to the Land Board for settlement, but as at the 31st March, 1927, the value was shown to be £329,000. Up to the 31st March, 1931, loan capital to the extent of £814,000 had been raised for the purpose of carrying on these works, and the return to the State is by way of rent from the land disposed of by the Land Board. When land is handed over for settlement it is either leased or sold at a capital value including the cost of drainage-works, or such a proportion of the cost as the land will bear. There is thus no question of levying rates on the settlers for the repayment of the capital invested in the scheme.

907. The accounts for 1930-31 show a value of £501,272 in respect of land in process of reclamation, but it appears to be certain that only a relatively small proportion of this capital, which is at present unproductive, will ultimately earn a return. A perusal of the accounts since 1923 shows that during the past seven years very little land has been made available for settlement purposes, notwithstanding that expenditure on reclamation has proceeded steadily from year to year. The progressive cost of the works in hand since the 1st April, 1923, is shown hereunder:—

			£				£
1924	..	..	246,326	1928	..	..	430,223
1925	..	..	312,041	1929	..	..	460,265
1926	..	..	371,628	1930	..	..	491,077
1927	..	..	388,662	1931	..	..	501,272

908. **Thus the total expenditure during this period has been £254,946, while the area of land reclaimed and made fit for settlement as a result thereof appears to have been negligible.** There has, however, been a gradual growth of unproductive loan debt upon which interest must be met from general taxation.

909. For the last two years the Revenue Account has shown a deficiency of approximately £22,000 per annum, while the return from lands already leased or sold is approximately £10,000 per annum. The annual interest charge on loan capital is £32,000 per annum, to which has to be added administrative charges, and it is therefore apparent that as the works have proceeded the annual loss which falls upon the Consolidated Fund has increased. The following statement shows the net loss on the Revenue Account for the last eight years:—

			£				£
1924	..	..	13,704	1928	..	..	18,724
1925	..	..	13,962	1929	..	..	20,597
1926	..	..	17,802	1930	..	..	22,055
1927	..	..	18,560	1931	..	..	21,838

910. The amount owing to the Consolidated Fund in respect of interest on the cost of the works was at the 31st March, 1931, £122,556, but it should be pointed out that the liability for interest was reduced in the year ended 31st March, 1928, by the sum of £55,723, representing accumulated losses in respect of discharged soldiers settlement on Hauraki Plains. The actual loss of interest which has already been met by general taxation is over £178,000 and is increasing by approximately £22,000 per annum. The total cost of the scheme to date is little short of £1,000,000.

911. **The work is still in progress, but the results so far do not justify any further expenditure of public money, and we must recommend that the works be closed down.** The fact that over £250,000 has been spent in a period of seven years with little or no return in the way of land made available for settlement is sufficient to condemn the project. Over £500,000 has been expended on land which is not yet available for settlement, and it is difficult to say what the final position of this venture will be. It is estimated, however, that land to the value of not more than £100,000 (possibly considerably less) may ultimately be made available for settlement, and if this is the total further return which can be expected from the scheme the loss will exceed £500,000. It is understood that approximately 30,000 acres of the area are valueless and cannot be brought into production. **There can be no justification for the carrying-out of further extensive works, and the sooner the undertaking is wound up and the loss determined the better.**

912. In regard to the annual maintenance of drains, which must be met by the settlers, we consider that this should be handed over to Drainage Board Control, and **we recommend the setting-up of a Drainage Board to control the whole of the area at present under the jurisdiction of the Department.** As with other schemes, we suggest a majority of Government nominees on the Board.