Hauraki Plains Settlement Account

The Hauraki Plains Settlement Act, 1926, and previous enactments provided for the drainage and settlement of some 91,700 acres of land, of which some 30,579 acres have been improved and sold, 16,936 acres have been leased, and 1,973 acres are being prepared for settlement. Approximately 2,856 acres are taken up in roads, rivers, drains, reserves, &c., and the balance, 39,356 acres, appears to be unsuitable for settlement. The cost of draining the land was debited in the books of the Hauraki Plains Settlement Account to " Works in progress " and the value of the improved properties transferred to the Land Board for settlement was credited. If the drainage portion of the operations was financially successful as far as the Hauraki Plains Settlement Account was concerned, the debit balance in the books at any time should have been covered by the value of lands not then handed over, and at an early date of operations the Audit Office was advised that this was in fact the position. In recent years, however, it has become apparent that the advice was erroneous. Lands have been sold or leased at figures which, in the opinion of the Lands Department, represented their full value as farming propositions, but which did not permit recovery of a large proportion of the costs incurred in respect of them. The last accounts of the scheme presented to Parliament were in respect of the year to 31st March, 1945, and to that date £665,000 had been written off Capital Account, and there was an accumulated loss of £380,000 in Revenue Account.

The matter came under notice again recently in connection with the adjustment of accounts resulting from the settlement of the last block of land to be dealt with. This land was transferred to the Small Farms Account, which controls the block, from the Hauraki Plains Settlement Account, at 10s. per acre, being the original book value of the whole Hauraki area before drainage commenced. The Small Farms Account has not been loaded with any portion of the cost of the main drains, but the cost of 210 miles of subsidiary drains on the block in question will be charged directly against it. As disposal of the land by Small Farms Account will be based on productive value and as a loss is considered to be inevitable even without any charge in respect of the main drains, Audit did not press for any adjustment.

It is realized that the losses shown by the accounts do not necessarily indicate that the scheme has not justified itself by results, and no attempt is here made to evaluate it from a national or economic point of view. The losses go no further than to show that the land has not borne the full drainage cost of bringing it into production. The value of farm production from Hauraki Plains for the year ended 1945–46 has been given by the Chief Drainage Engineer as £848,877.

Housing Account

In connection with houses built since 1937 substantial reserves, aggregating £1,414,694 for depreciation, and £1,623,125 for maintenance, rates, bad debts, &c., have been built up and have been used for purposes of the Housing Account—that is, they are " invested in the business," thereby enabling postponement of the raising of so much further capital. Up to 31st March, 1946, the Revenue Account was debited and the Reserves Accounts were credited with interest on these balances, but in respect