

It was obvious that until Parliament had had an opportunity of considering what further financial authority should be provided some slackening-off in authorization was necessary. Commitments which had been made at the rate of over £1,000,000 per month for the last six months of the financial year could not continue at that rate.

During the year the financial authority provided under the Discharged Soldiers Settlement Act having become exhausted, temporary arrangements were made to finance loans by transferring £800,000 from the Reserve Fund Security, London, and upon the borrowing authority being extended by the Discharged Soldiers' Loans Act this amount was retransferred to the fund from which it was drawn. Expenses in connection with the transfer amounted to £3,015 6s. 6d.

Advances made on Current Account for the purpose of stocking and improving lands amounted to £678,312, which together with £337,736 advanced during previous years makes a total of £1,016,048 advanced under this authority. The balance outstanding on this account was £919,162.

It is pleasing to record that a large number of returned soldiers continue to earn advances against their own labour put into improvements, but they might still supplement their earnings by taking up work on roads leading to or in the vicinity of their properties. Although a large sum of money has been authorized to the Public Works Department for expenditure upon roads, out of grants controlled by this Department, there has been a difficulty in securing labour to do the work.

Under section 2 of the Discharged Soldiers Settlement Amendment Act, 1917, a sum of £4,648,222 was advanced to enable returned soldiers to purchase private lands, Native lands, Crown leaseholds, and other approved leaseholds as well as for the discharge of mortgages. This amount, together with £207,235 advanced during the previous year, brought the total under this authority to £4,855,457, from which must be deducted £25,161 repaid, leaving a net balance of £4,830,296 outstanding on mortgage.

In regard to advances for the purchase and erection of dwellings for residential purposes in the principal centres, £2,775,085 was advanced, which, together with £212,583, advanced during the previous year, brings the total advances made under this authority up to £2,987,668. Of this, £60,431 has been repaid, leaving a balance of £2,927,237 outstanding on mortgage.

It is a pleasure to record that several returned soldiers have either purchased or built homes on areas sufficient to enable them to supplement their incomes by following horticultural gardening and other pursuits during their spare time.

In order to encourage the prompt payment of instalments on mortgages under section 2 of the Amendment Act, 1917, a rebate of one-tenth of the amount of interest contained in instalments will be granted in such cases where instalments are paid within fourteen days after becoming due. This authority did not come into operation in time to make itself felt during the year, but as soon as opportunity permits an investigation of all transactions which have been promptly paid will be made, and the rebate provisions will apply retrospectively.

Several mortgages have been discharged, involving a sum of £75,728 in advances and repayments on account of 141 mortgagors, which comprises seventy-eight loans for dwellings, £42,380; fifteen loans to finance purchase of farms, £20,823; and forty-eight loans on Current Account, £12,525.

As by far the greater portion of the advances was made during the latter part of the financial year, it is difficult to express an opinion as to whether all the mortgagors of farm securities will meet their financial obligations to the Department until they have had an opportunity of benefiting by one complete season's returns. Little difficulty is anticipated in the collection of instalments on loans for dwellings.

During the year 60 tons of roofing-iron and 264 tons of No. 8 galvanized fencing-wire were imported from the United States and Canada. These importations represented unfulfilled orders placed during the previous year. The prices at which the goods were retailed to returned soldiers averaged £56 per ton for roofing-iron and £36 per ton for fencing-wire. As the bulk of the stock was held in store for some considerable time and there appeared little likelihood of disposing of it by the end of the year, no further orders were placed abroad. An additional factor against committing the Department making purchases was the unsteady nature of the American steel-market and the adverse effect of the exchange upon prices.

In connection with the purchase of some of the estates offered to the Government, the Department purchased live and dead stock at reasonable prices with the estates as going concerns. The stock was then held on the properties for subsequent disposal to the returned soldiers who were placed on the subdivisions. The total sum involved in the purchase of live and dead stock on estates taken over as going concerns was £43,378.

Farming operations were continued by the Department on the Puketoi Estate, Wellington District, after the property had been purchased. It was arranged that these operations continue until the estate was subdivided and settled. The property was placed under good management, and although the business was not wound up at the end of the year there is every indication of a substantial profit resulting, which will be applied towards reduction of the prices of the live-stock taken over by the returned soldiers upon their taking possession of their allotments.

Owing to the enormous volume of work thrown upon the Department, the staff of which has only recently been strengthened, there have been many complaints regarding delays in settling accounts for the purchase of stock, chattels, &c.; but it is hoped that now the staff is strengthened, particularly in the Accounts sections, complaints will have disappeared when the next report is written. Although the Department must accept some responsibility for delay, returned soldiers are not entirely free from blame. Many of them do not pay sufficient attention to instructions issued to complete documents securing possession of the land. Several took possession of lands without title, and were not in a position to execute mortgages to secure advances. The trouble in connection with the settlement of stock transactions is more noticeable where financial assistance towards purchase of farms has been authorized under section 2 of the Amendment Act, 1917, and where further assistance has been