

With a view to providing more finance and at the same time keeping the limit on Current Account to a definite maximum, the regulations authorized the Current Account to be credited with a maximum of £250, or 75 per cent. of the value of the improvements, whichever is the least, and a table mortgage to be taken for the amount credited to the Current Account. This enabled a number of soldier settlers to get the benefit of readvances against the credit in Current Account, to further improve and stock their holdings.

Curtailment of Loans.—Owing to the condition of the finances before the close of the year ended 31st March, 1921, it was decided that advances to finance the purchase of dwellings already built, and the purchase of single farms and business premises should not be continued, but that efforts should be directed to making advances on Current Account or assisting soldiers with the erection of dwellings and the subdivision of farms.

It was regretted that, owing to the financial stringency that made itself felt throughout the country, receipts from farm properties did not reach as high a figure as might otherwise have been expected, and it was therefore deemed advisable in November last to instruct Commissioners of Crown Lands not to accept any further applications to assist soldiers towards the purchase of building-sites and erection of dwellings thereon, or in the purchase of farms for subdivision. It was unfortunate that the closure had to be applied, but it was arranged that as money became available from time to time urgent and special cases would be considered and dealt with as far as possible.

As a result of the curtailment of operations, attention was confined principally to finance soldier settlers in the direction of effecting improvements, purchasing stock, &c., as well as rendering assistance to T.B., invalided, disabled, and wounded men. Apart from this, however, loans for the erection of dwellings were authorized to eighty-two soldiers, amounting to £78,816, between the date of curtailment and the end of the year.

Receipts and Payments.—The Receipts and Payments Account discloses that repayments of advances during the year amounted to £553,345 12s., or an average of £46,112 per month, while interest receipts total £566,301 13s. 11d., or an average of £47,192 per month. The average receipts for principal and interest throughout the year were £93,304 per month. For the purpose of comparison the figures showing the repayments of advances and interest for the previous year shown hereunder:—

	1921-22.	1920-21.
	£	£
Principal	553,345 12 0	726,172 5 0
Interest	566,301 13 11	434,802 15 6

It will be seen that the receipts for the year are slightly less than for the previous year. The average receipts per month for the year ended 31st March, 1921, were £96,747, or £3,443 per month greater than the receipts for the year ended 31st March, 1922. To some extent the financial stringency influenced receipts, in so far as fewer mortgages were redeemed during the year.

Profit and Loss.—Dealing with the Revenue Account, it will be seen that the loss on the year's operations amounted to £55,380 19s. 11d.; but there was a balance of profit carried forward from the previous year of £12,226 7s. 3d., which leaves a net loss of £43,154 12s. 8d. carried forward. When the loss is viewed from the standpoint of the number of men who have been repatriated by the Department under the Discharged Soldier Settlement Act it will be seen that the cost per man amounts to only £2 2s. 4d., and in this light it cannot be said that the loss is unreasonable. If the country is enabled to repatriate at this small cost it is indeed fortunate.

In any case, losses can hardly be avoided until the last loan (of which £4,777,680 had been raised) has been repaid. As this loan was raised at rates of interest varying from $4\frac{1}{2}$ per cent. to 6 per cent., and the rate of interest charged on instalment mortgages is 5 per cent., reducible to $4\frac{1}{2}$ per cent. for prompt payment, it will be seen that this leaves no margin to cover administration expenses, depreciation, and losses which must arise. As a matter of fact, over £4,500,000 of the loan has been raised at $5\frac{1}{2}$ per cent. and over. On this portion of the loan the Discharged Soldiers Settlement Account must lose from $\frac{1}{2}$ per cent. to 1 per cent. always according to whether investments are on Current Account or instalment mortgage, and payments on the latter are made to ensure rebate being granted—interest being at 5 per cent., reducible to $4\frac{1}{2}$ per cent. for prompt payment.

The Revenue Account provides for depreciation of plant, supervision, management expenses, losses on live and dead stock, and the realization of securities. In addition to this the sum of £10,149 9s., representing portion of the expenses incurred in the realization of Reserve Fund securities in London, and exchange on the remission thereof to New Zealand, has been provided for. A proportion of the expenses of realization of Reserve Fund securities, &c., is written off the Revenue Account each year.

The amount charged against Revenue Account for valuation expenses, £12,279 8s. 10d., is the excess of the cost of obtaining valuation reports over the fees deposited. It has been found that fees received from applicants do not cover the cost of valuations. However, this expense will be steadily reduced from now on, because of the reduction of operations under section 2.

Percentage of Administrative Costs and Losses.—The following table shows the percentage of administration expenses and losses to capital invested and to revenue earned respectively:—

	Percentage to Capital in- vested (£18,113,156).	Percentage to Revenue earned (£839,595).
Cost of administration, &c. (£44,266)	0.244	5.272
Losses on realization (£6,463 8s. 1d.)	0.036	0.769
Nett loss on Revenue Account (31st March, 1922, £43,154 12s. 8d.)	0.238	..

It is considered that the above percentages show a very satisfactory position.