

- (c.) As a result of the war and its aftermath, the more or less unavoidable time taken to complete the works, with consequent loss to the settlers; and
- (d.) The fact that in undertakings of a similar character it has been the frequent practice of the Government to subsidize such works to a greater or less extent.

It may be argued that, with the great bulk of the land, its whole value is due to, and depends upon, the drainage-system, and that without the drainage-system it would have no value whatever; therefore the drainage rates required to cover the whole capital cost and maintenance should come before anything else. This is quite true, but in our opinion it would be quite impossible to collect such a rate. If the swamp lands had been of better quality and the drainage operations had resulted in rendering the whole area productive to a degree sufficient to enable an immediate profit to be made out of it, then our recommendations would have been different, as there is no doubt that, under these circumstances, such a rate could have been collected, because if the people now occupying the land did not pay it somebody else would come in and do so. The position at present, however, is that very little land in the area is in a productive state. The great bulk of it requires further large expenditure of capital and lapse of time to bring it into a productive state sufficient to make it pay working-expenses. The only people likely to develop this country are those who are now occupying it, with the assistance of those who are helping them financially; and these, both occupiers and their backers, for the most part will only continue to do so in the hope of saving something of what they have already put in, and not in the expectation of ever getting back the whole of the money already invested. In any case, huge sums have been, and must be, lost both by settlers and by those who have supported them financially.

If the full interest and maintenance charges were to be insisted upon, it seems to us almost certain that large areas would be abandoned, and only the richest spots and those most easy to work would remain occupied. Such a reduced area would find it difficult to carry even the maintenance rate, quite apart from any rate to cover interest and sinking fund on capital expenditure.

If the land had turned out to be as good as was originally expected by all those who have taken it up, no difficulty with regard to rates or finance would have arisen. The land, however, is going to take much longer to develop than was originally thought, and when brought into use the bulk of it will be only second-class land requiring careful farming and continuous fertilizing. The settlers who have gone in have lost largely in both time and money. Those who have financed them have lost large sums, and we cannot see how the State can get out without a heavy loss also. It must be borne in mind, however, that if these areas are ultimately made productive, then the State will get a return from it in many other ways.

*Mortgages.*—In response to some five hundred circulars sent out to settlers asking them to furnish particulars regarding their financial position in respect of mortgages, &c., only 119 replies were received by the Land Drainage Department. It was promised settlers that any such information supplied would be treated as strictly confidential. Your Commissioners can therefore only here give general results. Of the 119 settlers answering the circular, twelve of them gave no information relative to mortgages, eighteen stated they had no mortgage on their property, while the remaining eighty gave details of their mortgages. These eighty settlers own between them 17,964 acres, and the aggregate amount of the mortgages over this area is £349,346, or close on an average of £20 per acre. It may, we think, be assumed of the remaining close on four hundred settlers who failed to reply to the circular that their financial position will approximate more or less closely to that of the other settlers, and that the ratios between land areas and mortgages would be pretty well the same as those above given for the eighty settlers, so that the total amount of mortgages over the whole area of the drainage district may be assessed as being somewhere in the vicinity of £1,000,000. Of the above-mentioned amount of £349,346 on mortgage, fully two-thirds is owing to the vendors, and about 10 per cent., it is stated, has been incurred for development work alone.