

non-recognition of this fact led to excessive values being credited to the land, and in consequence an excessive percentage of the returns had to be swallowed up in rent, rates, and interest on fictitiously high values.

I would suggest that a survey of the deteriorated holdings be made, and that they be divided into the following classes :—

- (a.) Holdings that in their present condition cannot produce sufficient money annually to defray their annual financial obligations :
- (b.) Holdings that in their present condition can return sufficient to defray financial obligations, but cannot support in a reasonable manner the holder and his family :
- (c.) Holdings that in their present condition can defray annual expenses and support the holders, but sufficient is not left over to put back into the properties to maintain or improve them :
- (d.) Holdings that in their present condition can support all their financial obligations and enough to maintain and improve them.

The first type of holding should be abandoned, or in certain cases be combined with other holdings. The second type of holding should have the interest charges lowered. The third type of holding should have liberal assistance given, provided the holders are deficient in capital. Nothing should be done with the fourth type of holding.

No doubt a considerable number of holdings will have to be abandoned, and be taken over later by other owners who have good properties, and by their aid may be able to break in the country. I should like to add here that excessively small holdings have been in the past a potent factor in failure to maintain a grass sward on much hill country.

I would suggest that the following main principles should be adopted in the giving of assistance :—

- (1.) No Government rent to be charged for land in forest or which has completely reverted to second growth.
- (2.) Expenditure on fencing, seeds, and manures used for reasonable improvement purposes to be accepted in lieu of rent.
- (3.) Methods adopted where mortgages are reduced, when it is clear that they, in combination with other charges, exceed the present value of the land, and where the land cannot in its present state provide for annual payment and allow a holder sufficient money to live in a reasonable manner.
- (4.) Expenditure on fencing, seeds, and manure to be accepted in lieu of a certain portion of the interest charges, arrangements being made whereby such interest waived may afterwards be recovered if the land is sold at a profit.
- (5.) Advance of Government money for the purchase of cattle.
- (6.) Free railage of manure.
- (7.) All cases where assistance is to be rendered to be investigated by a competent Board representing the interests of the Government, the State Advances, the Public Trust, private mortgagors and owners, before any assistance is given.

In all cases the probability of the land finally fully recovering all costs that may be incurred should be carefully considered, and, where expenditure is held to be justified, all those interests that have an equity in the holding should share in the expenditure before the Consolidated Fund is called upon. Rent-remissions, mortgage reductions in themselves will not improve the country. Their equivalent must go back into the land if stability of occupation is to be secured.

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