

The following table furnishes a comparison of cash advances made for each of the past four years :—

Year.				Current Account.	Farms.	Dwellings.	Total.
				£	£	£	£
1922-23	..	..	..	681,623	74,345	469,785	1,225,753
1923-24	..	..	..	583,633	41,727	571,727	1,196,521
1924-25	..	..	..	567,748	32,552	92,439	692,709
1925-26	..	..	..	588,412	35,965	61,245	685,622
1926-27	..	..	..	501,586	8,457	41,208	551,251

Revenue Account.—The total income of the account for the year was £844,261, which is mainly made up of accrued interest on advances and rent from properties. The net result of the operations for the year is a loss of £407,689 on the Revenue Account, while the total loss from the inception of the Act on the Revenue Account is £1,190,337, which includes losses on realization, remissions, and rebates amounting to £699,760. The accrued interest on advances is insufficient to meet the full charge for interest on capital, there being a deficit of approximately £28,000 on the year's working. The writing-down of capital by the Dominion Revaluation Board is largely responsible for the deficit in interest, as witness the fact that in the balance-sheet for the year the capital reductions by the Dominion Revaluation Board are shown at £913,553. This amount has not been debited to the Revenue Account, but it is an unproductive asset which will require to be written off Capital Account in the books. For this purpose legislation is now under consideration, and it is anticipated that when the account has been stabilized by the writing-off of the reductions in capital and interest due to the operations of the Dominion Revaluation Board, and by the writing-off of the adverse Revenue Account balance, that the interest earned will be approximately sufficient to meet the interest on the reduced capital.

Arrears and Postponements.—The total amount of interest and instalments of principal in arrears at the end of the year was £345,300, while the sum of £184,184 is outstanding on the Postponement Account, representing instalments of principal and interest which have been postponed for varying periods. The bulk of the postponements have been granted on the recommendation of the Dominion Revaluation Board.

Property Account and Realization Account.—The liability on properties which have been bought in and which are in course of realization, amount to £1,279,472, representing a decrease of £213,483 over the figures for the previous year. The Department has made a special effort to dispose of as many properties as possible, and this accounts for the reduction in the amount outstanding on account of abandoned properties.

With a view to facilitating the disposal of farms that have deteriorated through bad management and other causes special inducements have been offered to the public by way of exemption of rent or interest on condition that the properties are improved each year to the amount of the annual concession.

The following statement shows the farms disposed of by way of sale or lease :—

	Sale.	Lease.
Number of farms	187	172
Area (acres)	40,256	38,312
Price realized for Discharged Soldiers Settlement equity	£255,526	£115,629

At the close of the year the Department had on hand 428 freehold and leasehold farms comprising 189,415 acres, valued in all at £534,032.

LANDS FOR SETTLEMENT ACCOUNT.

The capital raised for the purposes of settlement under this heading is £3,222,050, while reductions in values and other concessions by way of remissions with costs of revaluation total £1,099,490. The value of properties under lease is £1,710,827, the unlet lands are valued at £270,511. Apart from the reductions made by the Revaluation Board a further reduction of £115,363 has been made on the reselection of forfeited leaseholds. After making allowances for the capital required to survey, road, fence, and develop subdivisions as well as to erect the necessary buildings, yards, &c., it has been found that although an estate may be well bought it will not stand the whole of the additional charges arising out of subdivision, the result being a much heavier writing-down than was anticipated.

Following on reductions granted by the Revaluation Board it was anticipated that settlers would have kept pace with their annual rentals, and it is somewhat unsatisfactory to record that while accrued rents during the year amounted to £85,428, the rents actually received amounted to £71,273, while arrears including previous arrears total £39,156.

The Revenue Account shows an accumulated loss of £289,352. This is exclusive of remissions and other concessions granted by the Revaluation Board, which will be dealt with by legislation. The loss in the Revenue Account largely arises through interest being charged on the full amount of loan capital, no allowance having as yet been made for the reductions granted by the Dominion Board; and, as the money was borrowed at rates of interest exceeding rentals, there has at no time been a margin to cover rebates, and administration expenses as well as remissions and other losses on properties lying unoccupied. It is obvious that unless interest is reduced to the net earning capacity of the estates after making reasonable provision for losses, the Revenue Account will continue to show a loss annually.