

settled on Crown lands under lease. Only in a small percentage of cases soldiers possessed cash or stock worth mentioning, and, in the majority of cases the Department was obliged to find 100 per cent. of the advances. With the passing of the 1917 Amendment Act the Department was able to finance soldiers towards the purchase of land. Advances up to a limit of £2,500 were common; and, in addition, there was power to advance for improvements and stock. In a number of cases the purchasers had, on the then valuations, some margin as part security for further advances for improvements and stock. Depreciation in land-valuation completely wiped out most of the then margins, which were partially restored on revision of land-values and reductions in mortgages. As the advances in the majority of cases covered advances for improvements and stock, the securities taken in each case was a mortgage securing the first advance and further advances maturing in seven years' time from the date of the first advance. A bill of sale was executed to cover advances over stock. The securities are held by the Commissioner of each land district. A small percentage of the loans granted relate exclusively to stock, the security being a bill of sale, with collateral mortgage. Now, with regard to procedure, the Head Office generally controls matters, but the detailed administration and management of accounts is with the District Offices. The Head Office arranges finance and directs on matters of policy. It is in a position to obtain information from the whole of the District Offices on problems confronting each Commissioner, and by this means is able to draw the attention of Commissioners to irregular transactions or other matters requiring specific attention in any one district. By these means each Commissioner is familiarized with the problems confronting Commissioners in all districts. As a preliminary to a loan being granted, application is made by the soldier to the local Commissioner of Crown Lands, specifying the purpose of the loan. His application is reported on by the Field Inspector, who is required to report as follows:—

- (1) The condition of the land; area in grass, and condition of pasture; the area in bush, swamp, &c.
- (2) The possibility of development of the unprofitable area, and cost of development, and the period over which development should take place.
- (3) Stock and class of stock that the land will carry in its present condition; the stock that the land will carry when fully improved.
- (4) The total credit that should be allowed for (a) further development, (b) stock, and (c) the amount that is necessary for immediate requirements.
- (5) The experience of the applicant. If the required accommodation is in respect of land already held, report as to the manner in which the property is being farmed and the ability of the applicant to successfully carry on with increased liabilities.

In cases where a man has already had a reasonable amount of finance from the Department but who applies for more money, the Field Inspector is required to report on whether the further development and stocking cannot be done out of the farm revenues. On the receipt of the Field Inspector's report the application is considered by the Land Board, and the Commissioner of Crown Lands then submits the Board's recommendation to the Head Office. A statement of assets and liabilities, together with an estimated statement of the revenue and expenditure for the season under consideration, is forwarded to Head Office. The recommendations are carefully examined by the Head Office Advisory Board before being recommended to the Minister for approval. In some cases it is necessary for recommendations to be referred back for further information justifying the granting of loans. With regard to financial arrangements, the Discharged Soldiers Settlement Account has been financed as follows: Savings Bank Funds, £1,500,000; Consolidated Fund surplus, £13,500,000; other loans, £5,000,000: total, £20,000,000. Interest on £15,000,000 is at 4 per cent., and interest on £5,000,000 varies from  $5\frac{1}{4}$  per cent. to 6 per cent., the average rate of interest being approximately  $4\frac{1}{2}$  per cent. The Commissioners, on requisition, are impressed monthly with sufficient to carry out their requirements. Receipts are paid into the Public Account for credit to the Discharged Soldiers Settlement Account. There is no separate bank account under the control of the Commissioner beyond the Imprest Account. Advances are made by the Commissioners on the report of the Field Inspector, who must be satisfied as to the utility value of work done on a farm, and of the value and utility of the stock on the farm. The foregoing covers generally the machinery relating to advances. Now, with regard to stock transactions, before advancing on the security of stock it is essential that the land is in a condition to carry the stock for which the loan is applied. Overstocking of land is disastrous. Where advances have been made exclusively on stock it is a condition of an advance being granted that the property is not overburdened with mortgages, and that on a clear-cut statement there would seem to be reasonable chance of the applicant being successful. A property overencumbered with mortgages detrimentally affects the stock security, inasmuch as the settler is frequently embarrassed in providing out of his revenue sufficient to build up good herds or maintain his flocks to an efficient standard. Finding his financial prospects not too good, he may be attracted by high prices ruling for lambs, instead of selling his cull ewes and maintaining a portion of his ewe lambs to replace the culled ewes. To give that attention to the stock that is desirable there must be a margin of revenue to provide green feed, top-dressing, &c.; and, where there is not such stock suffers. This applies more particularly to dairying herds and sheep in parts of the country subject to periodical drought. Long winters followed by a short spring and high dry winds has been responsible for seasonal diminished returns. Loans on the security of stock have not for the past few years been granted unless the settler has a margin of security in the land and is in a position to finance portion of the stock required, or, should he have previous advances for stock, the security for the previous advances should show a margin. In some cases, however, it has been necessary to stock up without a margin, to enable a man to recover a position created through adverse conditions rather than through the fault of the settler. A good man can be allowed credit within reason. Sales of stock legally require the consent of the Commissioner; but in practice men fully capable of handling their farms and with a full knowledge of their requirements may sell and purchase, provided the proceeds and outgoing go through the books of the