men with some finance of their own, there should be a more assured outlook for the administration of the Discharged Soldiers Settlement Account. The reductions made by the Dominion Revaluation Board, and the elimination of the whole or part of the past arrears, places a large number of men on a 90 per cent. to 100 per cent. liability. With the exception of a small percentage who have been granted a further try-out, the soldier settlers should, with low interest charges—viz., 5 per cent.—meet their obligations, provided primary products bring reasonable prices. Two or three seasons with good prices should place them in a satisfactory position. Unfortunately, there are some on poor-quality lands, carrying a very limited number of stock, who will not be in a position to pay much more than interest on stock advances and support themselves. With regard to dairy-farming, it is considered that to ensure success a settler must be able to milk at least thirty to thirty-five cows. Allowing 3 acres to a cow, butterfat at 1s. 3d. per pound, average butterfat yield 200 lb. per cow, and that the farm carries thirty cows, the following briefly summarizes the annual income and expenditure:—

Income.	£
6,000 lb. butterfat at 1s. 3d.	375
Sale of cull cows—five at £4	20
Pigs, say	50
	£445
Expenditure.	
Living	150
Rates, insurance, &c.	30
Top-dressing	50
Interest on purchase-money—£2,100 at 6 per cent.	126
Interest on stock—£300 at 5 per cent.	15
Purchase of five fresh cows at £9 each	45
Cultivation	15
	£431

Mr. Elliot.] That is his total expenses?—Yes. He would only have a surplus of about £14.

On how many cows?—On thirty cows averaging 200 lb. of butterfat.

Is there any allowance for wages?—No, there is no allowance for wages. An increase of 1d. per pound would improve the revenue by £15 per annum, when it would be possible to gradually reduce the stock-mortgage. A settler has, however, the advantage of raising his own poultry, vegetables, &c. With continued top-dressing it may be possible to bring the acreage per cow down to 2–2½ acres. Stock advances outstanding total approximately £1,500,000, interest being at 5 per cent. Probably one-half of the settlers show little or no margin of security. Owing to the inclusion of advances for improvements with stock in the one account, it is possible only to furnish an estimate of the total losses in stock. I will now give the losses on the Discharged Soldiers Settlement Account, as follows: Balance-sheet at 31st March, 1927, £1,190,000.

The Chairman.] Is that the total loss?—Yes, exclusive of the Dominion Board's writing-down. Most of our losses are really for stock, but it is difficult to class stock separately. Principal items making up loss: Loss on realization of all assets (property and stock), £677,000; remissions, £16,000; rebates, £275,000; expenses of raising loans, £89,000: total, £1,057,000. These figures exclude reductions and remissions granted by the Dominion Revaluation Board, totalling £1,335,000. Real estate on land transferred to Crown but not disposed of, £814,000; Properties in course of realization (including stock, £21,000), £465,000: total, £1,279,000. These figures represent the debits to the various accounts closed down at the 31st March, 1927. As a number of these properties are in the deteriorated area, the loss may reach 60 per cent. of liabilities thereon. Decrease on previous year's figures of £215,000: Current account advances on stock (approximate), £2,000,000; adjustments by Dominion Revaluation Board, and re-establishing settlers by Department, estimated at £500,000: leaving an estimate of £1,500,000, being a loss all round of 25 per cent. As stated elsewhere, losses on closed accounts are estimated at 60 per cent. of the capital advanced in respect of those accounts, but with land charges and stock reduced to fair values future losses on stock should be considerably reduced. If the Department had a margin of 20 per cent. in each stock security, with 1 per cent. Reserve Fund, it would be in a very safe position. Forced sales by mortgagees frequently necessitate realization of stock at unfavourable periods of the year, and in regard to dairy stock little assurance as to probability of cows coming into profit can be given in many cases. Costs: Administrative costs approximately £40,700; percentage on mortgage and other securities—book values, £17,500,000, ¼ per cent.; percentage of gross income of £811,000, 5 per cent.; salaries and other expenses of Field Inspectors, £14,100. Proportion estimated against stock, say, £8,000; accounts staff—estimated charge to Stock Account, £4,000; general administration, say, £3,000: total, £15,000. Average on £1,500,000—say, £1 per cent. of capital. Income per cent., £5, less expenses, £1, leaving £4. Average rate of interest, £4 10s.; estimated administrative loss, 10s., leaving £4. To place accounts on a paying position interest on stock loans should not be less than 6½ per cent. interest on capital being at 4½ per cent. Administration, say, £1; Reserve Fund, £1; interest, £4 10s.: total, £6 10s. By distributing administrative costs over the whole of the assets the position so far as concerns stock would appear as follows: Administration, 5s.; Reserve Fund, £1; interest, £4 10s.: total, £5 15s. The necessity for the administration of stock securities is more costly than other matters, and until accounts are established on a firm footing by the elimination of the unfit and by the gradual building-up of equities in land it must continue to be expensive. The greatest risk seems to be in dairy stock, which so frequently contracts mammitis or abortion. The Agriculture Department have now a remedy for the former, but the latter trouble seems to be in the soil, and it is probably due to overstocking with cows, and not spelling paddocks.