

Lands causing abortion have considerably depreciated in value, practically to a sheep valuation, with a view to enabling it to be spelled by stocking with sheep. Unfortunately, some of the areas are too small as sheep-farms, and in order to help a man through for three or four seasons it has been necessary to grant remissions in full or in part. Now in regard to the staff: The experience of the Department is that there must be a staff equipped with legal and financial knowledge to undertake a work of this nature from its inception. At the commencement of the discharged-soldiers settlement work, the staff of the Department was inexperienced in this class of work. The staff to cope with the then normal activities of the Department was depleted through a large number being on war service, and by transfers to other Departments offering better inducements. It was not until 1920 that the administrative and accounting staffs were organized sufficiently to cope with the work; some broke down through overstrain. General: The position now is that approximately 80 per cent. of the settlers may be considered as being in a position to carry on successfully with favourable prices for farm products. Possibly 10 per cent. require nursing for a time and every consideration extended to them to make good. The remaining 10 per cent. are doubtful. Many realize their unfitness for farm life and voluntarily abandon their farms. By firm and sympathetic control it is possible to save some of these from leaving their farms. Where it is evident that a settler outside of the first class realizes his position and the necessity for continued effort towards improving his position, the Department is out to help him by partial remissions and postponement of arrears over a long period—say five years or ten years—the first half of the postponed period being free of additional charge to current charges, the arrears to be repaid in equal annual instalments during the remainder of the postponed period. These concessions are conditional on the properties being improved and stock given the required attention and brought to a higher standard. It might be observed that, while the Department can sustain losses, it has no opportunity of making a gain on any transaction. It is difficult to compare the position of a State Department lending money on stock with a company transacting a similar class of business. In the case of the latter, commissions are gained on the frequent turnover of stock and the sale of wool, while it is understood that a firm financing farmers, but not operating as stock auctioneers or brokers, shares the commission. The Lands Department, which has provided capital for stock, does not benefit by commissions. Further, profits are obtained by companies in the sale of farm requisites. The following are special points to be observed:—

- (1) Adequate staff with a knowledge of the business.
- (2) Margin of security in land, as well as stock, as mortgagee may force a sale resulting in loss to stock account.
- (3) Control of accounts and general sizing-up of position half-yearly.
- (4) Stock to be maintained to value of liabilities; care to be taken that culled ewes are replaced with ewe lambs, or a dairy herd with best heifers.
- (5) Watch closely returns from milk orders.
- (6) To see that the revenue over charges permits of land being maintained, and enables borrower to grow necessary green feed, &c.
- (7) Mixed ownership of stock unsatisfactory.
- (8) Advances for horses and implements not favoured unless crop returns are controlled.
- (9) Dairy farms not satisfactory under thirty cows, with at least 3 acres to the cow.
- (10) Change from one class of stock to another without proper security.
- (11) A 20-per-cent. margin in security, with 1 per cent. Reserve Fund.

I think that concludes my statement, sir.

*Mr. Forbes.*] What do you do about repaying: have there been any reductions?—So far as current accounts are concerned, there has been very little opportunity of getting a reduction up to the present.

What do you do when you make an advance: do you buy the stock for the man?—No; we do not buy the stock, except in a limited number of cases. The man buys his own stock, and the Field Inspector is required to report on the stock—as to whether it is suitable stock to be advanced against.

And then do you advance for the full amount?—Yes, we advance for the full amount in a large number of cases.

What do you do about keeping up the value of the security?—Well, I am afraid the supervision in that direction had not been quite up to what might be desired, but our instructions were in the direction of maintaining flocks or herds up to efficiency.

Can you keep the settlers up to the mark?—Well, it is a very difficult thing. We have endeavoured to do so, but we find at times that it is very difficult. We have instructions that particularly in sheep a man must submit a return of all his stock annually—say, about the end of April. We simply have to depend on his word that the return is right. It would be a pretty hard thing to go round every farm and muster the sheep, and so on. It would be a pretty costly job. But we have now got down to this position: that the majority of our settlers are a pretty capable lot; and I think we can rely upon the word of a large number of them as to the position of their stock.

*Mr. Forbes.*] You really want a bigger staff?—Yes.

How many Inspectors have you?—I could not say offhand. Some districts require more Field Inspectors than others, according to the amount of work required and the difficulties of transport.

Where is your biggest number of Field Inspectors?—North Auckland has the biggest number; Wellington comes next; then South Auckland; then, I think, Canterbury.

Are the majority of advances made on cows?—£20,000,000 have been advanced to help men purchase land, discharge mortgages, effect improvements, and to buy stock.

Is the stock mostly dairy stock?—No; we have a fair amount out on sheep—perhaps half a million.

Have you any information to offer in regard to this Bill: have you read it?—Yes, I have read it. Before making any comment I might say a few words regarding our early efforts at soldier settlement.