

Revenue Account.—As foreshadowed in the report of last year, Treasury has been approached in the matter of reducing capital by the large balance on the Revenue Account brought forward at the 1st April, 1928, and as a consequence reduction of capital in addition to the amount of £2,670,757 7s. 3d. already disposed of under the authority of section 22 of the Finance Act, 1927 (No. 2), has been effected, thus clearing the balance of £1,212,106 11s. 5d. referred to. This balance included a sum of £750,000 transferred to Reserve Account to meet future losses on revaluation and realization of properties.

Coming to the operations for the year under review it will be seen that the loss on the Revenue Account is £413,527 13s. 5d. There is unfortunately a considerable amount of capital locked up in vacant properties, and losses on resale of these are anticipated; in fact, as shown below, the main items composing the losses relate to these properties :—

Capital losses on realization of securities	..	..	..	..	£ 294,485
Expenses incidental to sale	..	..	..	..	3,082
Capital reductions on revaluations, including expenses	..	..	..	..	69,666
Remissions of interest and rents by Revaluation and Land Boards	..	..	..	..	37,787
					£405,020

Were it not for the above items the account would be much nearer self-supporting, and the main obstacle to a permanently improved position is the depreciation in connection with the properties falling on the Department's hands through default and abandonment and the inability to realize book value for them. The majority of these properties are within the deteriorated areas.

Balance-sheet.—In the last report the manner in which the accumulated losses to the 31st March, 1927 (£2,670,757 7s. 3d.), had been dealt with was revealed, and this figure has been increased by the addition of further irrecoverable charges on account of reductions authorized by the Dominion Revaluation Board during the year 1927–28 (£86,895 12s. 3d.), and the balance on the Revenue Account brought forward on the 1st April, 1928 (£1,212,106 11s. 5d.). With these additions liabilities have now been reduced by the total amount of £3,969,759 10s. 11d., as per the details shown in the balance-sheet. The amount of loan capital upon which interest is payable is now £16,106,765 16s. 8d.

Turning to the assets, it may be observed that the mortgage investments are less by some £585,000. This reduction has been caused chiefly by the usual process of repayment under the table-mortgage system, which is in operation in regard to the advances for farms and dwellings. Decreases are apparent under the headings of "Current Account" and "Dwellings, &c.," but an increase is observable in the figures against "Farms." This is due to conversions to table mortgages of Current Account loans to the extent of some £223,000, this having the effect of offsetting the reduction which ordinarily might have taken place through instalment repayments.

One of the great problems in connection with the account is properties on hand, and it will be seen under the two headings of "Realization" and "Properties" Accounts there is an aggregate value of £855,762. Though appearing as assets, these properties represent unproductive capital, and are something of a handicap in that they are for the most part unoccupied and so do not contribute their fair proportion of revenue to meet the interest bill. The figures given represent book value only; but the properties involved have generally been reoffered, and are available for sale at bedrock prices, and the Department will give consideration to any fair offer which may be made in individual cases. It may be admitted that many of the farms on hand are not of an attractive nature, and they are offered for sale on the easiest terms possible.

At the close of the year there were on hand 167 freehold and leasehold farms, containing 87,078 acres, a total value of £146,922, and the undermentioned were disposed of by sale and lease :—

	Sale.	Lease.
Number of farms disposed of during year 1928–29	135	81
Area (acres)	37,095	30,119
Price realized for Discharged Soldiers Settlement equity	£158,575	£60,168

Sundry Debtors.—The total debtors' accounts (including postponements) amounts to £398,616, which is over £84,000 less than shown in the previous year's balance-sheet. Remissions, reductions, and rearrangement of finances have largely contributed to this result, but considering the vicissitudes which most of the settlers have passed through it is something to be able to say that the cash receipts for interest approximately equal the yearly charge for interest accrued.

LAND FOR SETTLEMENTS (DISCHARGED SOLDIERS SETTLEMENT) ACCOUNT.

The capital of this account was raised under the authority of the Discharged Soldiers Settlement Loans Act, 1919, in order to provide money for the acquisition of estates under the Land for Settlements Act for allotment to discharged soldiers. The account is really subsidiary to the ordinary Land for Settlements Account; and, as the necessity for a separate account has now passed, the two, as from the 1st April, 1929, will be amalgamated. Notwithstanding the writing-down of capital, it would seem that the account is still not in a position to meet the full amount of the interest bill on loan capital. The total revenue accrued during the year was £83,697 19s. 5d.; the amount of revenue received in cash was £82,419 15s. 7d.; while the interest falling due on loans raised for the purposes of the account was £79,242 1s. 7d. It will therefore be seen that there is very little margin in the Revenue and Cash Accounts to provide for expenses of administration and management, to say nothing of rebates and other debit charges and losses of a special nature arising from time to time. There was an adverse Revenue Account balance for the year of £16,406 7s. 1d.