

867. It is impossible to state what the position of the Land for Settlements Account would have been had it not been for the provision of free capital mentioned above.

868. There have also been some other factors which have enabled the account to remain solvent. For instance, fairly large areas of Crown lands have from time to time been declared to be settlement lands, and the rental from these blocks, which cost the Land for Settlements Account nothing, has been credited to that account. It was only in recent years that any charge was made against the revenues of the Land for Settlements Account in respect of this land, and the sum of £8,405 was paid to the Consolidated Fund during 1930–31 in respect of Crown lands included in settlement estates. Also, in respect of early purchases of estates liberal provision was made for contingencies, but under the present policy an entirely inadequate provision is made. Finally, the account has received considerable capital profit in respect of appreciation in values resulting from the conversion of renewable leases into freehold.

869. The fact remains, however, that the account is now rapidly approaching the time when the income will be insufficient to meet interest on loans and administration costs.

870. **We accordingly recommend—**

- (1) **That the purchase of estates be more rigidly controlled, and that no further land be purchased unless it can be reasonably proved that it can be subdivided and settled without loss :**
- (2) **That the law be amended so that the basis upon which rent is calculated shall be fixed by the Minister of Finance, having regard to the rate of interest payable in respect of moneys borrowed for land-settlement purposes and other contingent costs.**

871. The foregoing deals wholly with the acquisition and settlement of land, but before passing to other phases of land-settlement financed from this account it should be mentioned that the cost of placing settlers on the land appears to be unduly high, and it is questionable whether a closer settlement policy should be proceeded with at such a high individual cost.

872. For a period of approximately two years past the average cost per subdivision has been £2,810. This means that under the present policy the State must find capital to the extent of £2,810 for each settler placed on the land; and, indeed, in many cases the cost has been over £4,000 per settler.

873. These high average figures are accounted for by the fact that the properties purchased include grazing and mixed-farming propositions, where subdivision into more or less large farms is essential. It seems clear that the State cannot afford to provide capital to the extent of almost £3,000 in order to place one additional man on the land.

LAND DEVELOPMENT.

874. The Land for Settlements Account also provides funds for (a) the development of waste lands of the Crown, and (b) loans to settlers for improvements and purchase of stock. The Land Laws Amendment Act, 1929, provided authority for these activities, and set up a Lands Development Board to consider developmental activities and applications from settlers for loans. Up to the present a sum in excess of £300,000 has been authorized for the development and survey of various blocks of Crown and settlement land, and advances exceeding £120,000 have been approved in favour of 293 tenants. Local Advisory Committees have been set up in all districts to report on areas suitable for development, and the District Land Boards deal with applications for loans from settlers. **We are of opinion that the administration could be very much simplified without affecting its efficiency. There seems to be no real necessity for the Local Advisory Committees, the existence of which entails needless expense. Also, it is questionable whether the special Development Board is necessary in Wellington, as the Dominion Land Purchase Board, strengthened perhaps by an independent member, should be capable of passing judgment on development schemes. The Department of Lands and Survey has many Boards and committees connected with it, and the sooner these can be reduced in number and cost, the better. We therefore recommend that the Dominion Land Purchase Board be charged with the duty of considering applications under the Land Laws Amendment Act, 1929, and that the Local Advisory Committees and the Lands Development Board be dispensed with.**

875. In regard to land development, the history of State enterprise in connection with these projects generally is such that it appears to be certain the losses will accrue therefrom, and it is questionable whether the national benefit by way of increased production will compensate for the additional charges which must be thrown on taxation.

876. There is the aspect, also, that the Land for Settlements Account is funded from borrowed money, and any deficiencies which result from the development of lands must be capitalized, and interest and sinking fund met over a period of sixty years. **This leads us to recommend that the funds required for the development of land—or, at least, that portion representing the estimated loss on development—should be provided from taxation.** It is perhaps too early at the present stage to pass judgment on any of the schemes that have been financed from this account, but it will be conceded that very few, if any, of them can be self-supporting.

877. In regard to the making of advances to settlers for improvements and stock, the extent to which Departments of State are lending money on the security of land is surprising. The State Advances Office was constituted for this purpose, and has all the machinery necessary to enable it to deal in a comprehensive manner with applications from all classes of the community. **The granting of special powers to many other Departments to enable them to make special classes of investment cannot be justified in view of the existence of the State Advances Office. It is uneconomical to maintain administrative machinery for the investment of public money in so**