

Some details in relation to the prices of wool are given as under:—						£	s.	d.
Weighted average price per bale for ten years ending 30th June, 1935						..	14	6 8
Price per bale, 1937–38						..	14	6 2
Price per bale, 1938–39						..	13	0 11

Turning to the question of the present level of farm expenses it is not proposed to go into detail, but such statistics as are available do not disclose any substantial increase in costs since the adjustments.

FARM LANDS (THE FUTURE).

Under the war commandeering of exports it is presumed that prices will be determined by agreement with the British Government.

If the commandeering prices are not sufficient to pay the average prices on which the adjustments were made, plus an adjustment to equal any rise in costs, then the adjusted farmers must be in difficulty and production impaired. If, however, the prices show a greater margin over costs than that on which the adjustments were based, *land-values will rise*. A small advance would afford the benefit of enabling farmer mortgagors to establish an equity, but any substantial advance would result in a desire to capitalize it, and the inevitable subsequent fall will precipitate another crisis in farm mortgages. A sound basis would be to pay a price equal to the adjusted price, plus a sum to represent any increase in costs since 1938, and to build up a fund to stabilize that price after the war.

But it must not be overlooked that the adjustments did not provide farmers with any substantial margin of equity, and if they are denied a price increase on which to create an equity they must be assured of a continued future price not less than the adjusted price, plus or less a sum to compensate for any rise or drop in outgo.

An equity could be created for adjusted farmers either—

(a) By paying a greater price than that demanded to satisfy the requirements stated above ;
or

(b) By the State assisting these farmers to increase production.

This latter course would be preferable in every way. If something of this kind is contemplated, the services of the Adjustment Commissions might be of value in advising on questions arising out of any operations necessary to the increase of production.

APPRECIATIONS.

This report would be incomplete without my paying a respectful and appreciative tribute to the courtesy of the Court of Review, whose exceedingly helpful and co-operative attitude throughout greatly contributed to the successful and smooth administration of this complex and uncharted field of legislation ; also without my acknowledging the valuable services rendered by the various Adjustment Commissions, the members of which, without exception, approached their task with a high sense of public duty and a readiness to help the country in a time of acute difficulty.

I should also like to place on record the Department's appreciation of the capable and courteous manner in which Registrars of the Courts, Secretaries of Adjustment Commissions, and others associated with them, undertook the heavy extra burden of work that arose out of the mortgage-relief legislation. Without wishing to make invidious distinctions, I feel I should make special mention of the zealous and able assistance rendered to me by Messrs. P. H. Wyld and N. C. O. Butcher, of Head Office.

B. L. DALLARD, Under-Secretary.

Memorandum for the Hon. the Minister.

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