

Considering the fact that the land is settled by a first-class body of settlers who have valuable experience, mostly dearly paid for, we consider the mortgagees will be ill advised not to make terms with those in occupation, either by substantially writing down existing mortgages or, where possible, finding capital for further development. Should the present occupiers give up their holdings we consider it would in many cases be very difficult to replace them. A great many mortgages have already been substantially written down, but much of the land is still mortgaged for a great deal more than it is worth. Mortgagees who know their business will face the position promptly and make adjustments on the basis of true values. Those who do not do this will, in the end, lose far more than they will do if they face the position now.

Having briefly dealt with the inquiry as a whole, we now beg to reply specifically to the questions set before us in the order of reference.

*(1.) The causes of the financial difficulties now being experienced by settlers in the district set apart for the purposes of the Rangitaiki Land Drainage Act, 1910.*

The financial difficulties now being experienced by most of the settlers on the Rangitaiki Swamp lands are, in our opinion, attributable wholly or in part to one or more of the following causes:—

- (a.) The almost universal overestimate of the quality of the land, which was expected to be rich when drained, whereas the great bulk of it has proved to be poor.
- (b.) The almost universal underestimate of the time and the monetary expenditure required to bring the lands into profitable occupation.
- (c.) Insufficient unwatering due—(i) To much of the land being from the outset too low to permit of sufficient freeboard being obtained; (ii) to much of the land of a peaty nature having sunk concurrently with drainage operations until it is now too low to allow sufficient fall; (iii) to insufficient internal drainage on the farms by the settlers themselves.
- (d.) Payment of prices for the land which under almost any circumstances would have proved excessive, but which, in view of (a), (b), and (c), have proved quite beyond any possible earning-capacity of the land.
- (e.) The unavoidable delays, due to war conditions, in completing the drainage-works.
- (f.) The overestimate of the possibilities of the land having caused taxation values to be much too high, and these high values having, in turn, made county rates and land-taxation much higher than they should be.
- (g.) The fact of the drainage operations having cost so much more than was expected has made the drainage rate an excessive burden. As this heavy rate has largely remained unpaid, and for the three years ending 31st March, 1924, has been entirely remitted, the drainage rate has not been a direct contributor to the financial difficulties of settlers. It has, however, contributed indirectly, because the rate has been a prospective burden that had to be dealt with in some way, and the uncertainty as to the manner in which it would ultimately be dealt with has created a want of confidence in the minds of both the settlers themselves and their financial backers which has delayed the development work necessary to enable the lands to produce properly.

Of the above attributed causes, we place the poorness of the land as being the principal one.

*(2.) The capacity of the lands in the said district to bear the charges leviable against them under the Rangitaiki Land Drainage Act, 1910, having regard to the value of the said lands at the time the drainage operations were undertaken.*

We are of opinion that, for the reasons already set out in the body of our report, the lands in the Rangitaiki Land Drainage District are unable to bear the whole of the charges now being levied against them. The amount that we think the lands should be asked to bear we have set out in the body of our report, and have answered this specifically under reference No. (5).