

The extent to which the Department is committed in connection with loans authorized, but not fully drawn on, by settlers is shown by the following table.—

	Loans authorized but not yet availed of. £
Section 6, Discharged Soldiers Settlement Act, 1915—Advances on Current Account	449,776
Section 2, Discharged Soldiers Settlement Amendment Act, 1917—Advances towards purchase of farms, market-gardens, orchards, and discharge of mortgages	1,413
Section 2, Discharged Soldiers Settlement Amendment Act, 1917—Erection of dwellings, &c.	8,215
	£459,404

Curtailment of Advances.—As in previous years, applications to assist in the purchase of farms and for the purchase and erection of dwellings have only been made in a few special cases of T.B. and other disabled men who did not have an opportunity of obtaining loans in the early stages of repatriation.

The Department is still accepting applications for advances on Current Account to assist in the purchase of stock and for development purposes, in fulfilment of its duty to those discharged soldiers who have already been placed on the land on the understanding that loans would be forthcoming for these purposes. It will doubtless be realized that the privilege of obtaining loans under this heading cannot be summarily withdrawn.

Current Account Advances.—As already indicated, loans under this heading are granted for the development of farms and stocking same. The balance outstanding at the end of the year was £2,801,152. Some progress has been made in the direction of converting development loans on Current Account to table mortgages in order to separate trading operations from development loans and provide for the gradual redemption of the advances for improvements.

It is felt that the time has now arrived when many settlers should, in a greater degree than hitherto, co-operate with the Department in the development of their properties. There is ample evidence that many expect the Department to provide the whole of the finance necessary for this purpose, but this spirit of dependence cannot be fostered. Where farms have been developed to a paying-point with capital provided by the Department, settlers are expected to shoulder the burden of further development out of farm revenues and to create equities in their own interests. Advances on Current Account, both as regards loans authorized and actually paid out, show a decrease as compared with the previous year, indicating that a number of properties have reached a point that enables the settlers to carry out additional development work without further encumbering their properties.

A matter which is causing some concern is the failure of many settlers to maintain pastures in a proper manner. The Department is continually being requested to provide finance for manures and top-dressing of pastures. While it is sometimes necessary to accede to such requests in order to preserve the securities for former advances and ensure more profitable farming, in the future the Department will not provide further capital of this nature unless it is fully satisfied that the revenues are not at present sufficient for the purpose, and the settler's business and farming methods ensure success. A condition will also be made that the Department control wholly or partially the farm revenues from which subsequent payments are made for top-dressing. The growing of green crops for stock and fattening purposes should receive every attention. Settlers should recognize that, compared with the general run of farmers, they are being assisted at a very cheap rate.

Dwellings.—Only a few additional loans are now being made under this heading to badly-wounded or T.B. men, and the loans authorized during the year to forty-one applicants, amounted to £37,972.

The amount provided for the housing of discharged soldiers from the inception of the Act is as follows:—

	Number.	Amount. £
Erection of dwellings on farms, urban and suburban ..	4,867	1,498,787
Erection of dwellings	4,450	3,751,156
Purchase of dwellings	7,546	4,946,822
	16,863	£10,196,765

Receipts and Payments.—The Receipts and Payments Account shows that the total receipts for the year amounted to £1,653,684, which constitutes a record. Of this amount £934,374 represents repayments of principal by mortgagors and capital derived from the sale of abandoned properties and sales of stock, while £719,310 represents receipts on account of interest and sundries. The average monthly receipts amounted to £137,807, as against £135,813, during the previous year. The following statement shows the position as compared with previous years:—

	1921-22. £	1922-23. £	1923-24. £	1924-25. £	1925-26. £	1926-27. £
Principal	553,345	716,667	795,841	882,977	940,596	934,374
Interest, &c.	556,301	649,463	627,921	726,674	689,167	719,310

Cash advances on Current Account during the year show a decrease of approximately £86,826 over the previous year, which indicates a gradual tapering-off of advances as properties are reaching a more advanced stage of development.