

1885.  
NEW ZEALAND.

# ADVANCES ON LAND COMMITTEE

(REPORT OF THE).

*Brought up 3rd September, 1885, and ordered to be printed.*

## ORDER OF REFERENCE.

*Extract from the Journals of the House of Representatives.*

THURSDAY, THE 25TH DAY OF JUNE, 1885.

*Ordered*, "That a Select Committee be appointed to consider and report as to how far it is expedient that the credit of the colony should be applied towards making advances, at a low rate of interest, to settlers on the security of their land, and also as to the best mode in which such credit may be so applied. Committee to have power to call for papers and persons, and to confer with any Committee of the Legislative Council that may be appointed with a similar object. Committee to consist of Mr. Dargaville, Mr. Smith, Mr. Bruce, Mr. Holmes, Hon. Sir Julius Vogel, Mr. J. B. Whyte, Mr. Bevan, Mr. Cowan, Mr. J. W. Thomson, and the mover; five to form a quorum; and to report in three weeks."—(*Mr. Macandrew.*)

## REPORT.

THE Select Committee appointed to consider and report as to how far it is expedient that the credit of the colony should be applied towards making advances, at a low rate of interest, to settlers on the security of their land, and also as to the best mode in which such credit may be so applied, has the honour to report as follows:—

That one of the chief drawbacks to the full and successful development of the agricultural and pastoral resources of New Zealand, by men of limited means, is the high rate of interest on mortgage, and the extent to which such interest is withdrawn from the colony by absentee mortgagees.

From the statement appended hereto it will be seen that the number of mortgages in New Zealand for sums ranging from £100 to £1,000 each is 32,788, representing a total amount of £10,449,676. The number of mortgages over £1,000 and under £2,000 is 6,634, the value of which the Committee were unable to ascertain.

A very large proportion of these mortgages is held on the security of land, and probably it would not be beyond the mark to estimate the average rate of interest on such loans (inclusive of costs) at not less than 8 per cent., and often much higher rates have to be paid.

These figures will serve to indicate the large extent to which relief would be afforded if the rate of interest could be reduced to 4 or even to 5 per cent.

From the information before your Committee it is evident that great benefit has been derived in various countries from loan advances by the State on the security of land, notably in Prussia, where a system of making advances on land, at a moderate rate of interest, by means of State notes, which are legal tender, was initiated about the commencement of the century.

Loans on a similar principle have been provided for by statute in several of the North American States, among which may be mentioned New York, Pennsylvania, and Massachusetts.

Without further preface, your Committee is of opinion—

That the public credit of New Zealand might with advantage be applied towards enabling settlers, on the security of their land, to acquire advances at a comparatively low rate of interest. Such advances might be made through the Land Transfer Department, in sums not exceeding £2,000, to any one individual, for any period not exceeding ten years; rate of interest,  $4\frac{1}{2}$  per cent. per annum; amount of such advance not to exceed one-half of the value as fixed under the Property Assessment Act. Mortgagor to be entitled to cancel mortgage at any time on payment of the principal and interest to date of cancellation.

The sole instrument of mortgage should be the indorsation thereof on the certificate of title, and its registration in the Land Transfer Office books.

The amount advanced should be paid in New Zealand Government debentures of not less than £100 each, bearing interest at the rate of 4 per cent. per annum, with a currency of fifteen years. Principal and interest to be payable either at the Colonial Treasury or the Bank of England.

Seeing that the session is now so far advanced, the House may probably be unable to consider or discuss the foregoing proposals at the present time; and, even were it otherwise, the subject is one of such vast importance in its bearing upon the future prosperity of New Zealand, that it may perhaps be well to afford public opinion throughout the colony an opportunity of expressing itself upon the question before any definite action be taken thereon.

This report will serve, so far, to ventilate the proposal; and your Committee would express a hope that the Executive Government may, during the recess, prepare a Bill dealing with the question upon the lines embodied in the foregoing suggestions: such Bill to be submitted to Parliament at the commencement of its next session.

3rd September, 1885.

J. MACANDREW,  
Chairman, Advances on Land Committee.

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*Mortgages outstanding, 31st March, 1885.*

MORTGAGES.—£100 and under £500: Number, 24,922; amount, £5,421,793. £500 and under £1,000: Number, 7,866; amount, £5,027,883. £1,000 and under £2,000: Number, 6,634. Above £100 and under £1,000: Number, 32,788; amount, £10,449,676.