

SESS. II.—1897.
NEW ZEALAND.

GOVERNMENT ADVANCES TO SETTLERS OFFICE

(REPORT BY THE SUPERINTENDENT OF THE, FOR THE YEAR ENDING 31ST MARCH, 1897.)

Presented to both Houses of the General Assembly by Command of His Excellency.

THE scheme for providing the country settlers of the colony with money at a reasonable rate of interest, combined with certain facilities for repayment, with which to improve their holdings at a minimum cost, was embodied in "The Government Advances to Settlers Act, 1894." Under that Act a loan of £1,500,000 was raised in London, and of the proceeds of this loan a sum of £1,112,775 had been authorised to be lent on mortgages of land in the colony at 31st March last. Although the amount raised in London was, as stated, £1,500,000, the discount and flotation charges amounted to £105,897, the sum available for lending to settlers being £1,394,102. The balance uninvested in mortgages after the passing of the Act of 1895 was temporarily invested in readily realisable securities bearing about $3\frac{1}{2}$ per cent. interest, which are sold from week to week as funds are required.

It will be seen by the attached list of these temporary investments what securities were held at the 31st March last. Since that date a portion of the $3\frac{1}{2}$ -per-cents held in London has been sold at a considerable premium, and it is hoped that, when the balance of these securities is realised, the premium received will enable the indebtedness to the Consolidated Fund to be largely reduced. This indebtedness, it will be noted by reference to the statement of accounts attached, stood at £46,500 on the 31st March. In explanation of this it may be necessary to state that at the commencement of lending operations some months elapsed before the department was by law empowered to invest any portion of the loan in temporary securities, and in consequence a large portion of the loan lay in the bank totally unproductive. It then became necessary to borrow from the Consolidated Fund for the purpose of meeting the half-yearly payments of interest. These advances are not in any sense to make good losses, and will ere long be entirely repaid, the interest receivable now being much more than the amount payable each half-year. It will be some years, however, before it can be hoped that the initial flotation and discount charges can be recouped out of profits; but the department recognises this as a liability to be provided for, and it will be taken in hand when the Consolidated Fund advances are cleared off.

As will be seen from the tables attached hereto, a considerable number of applications were declined by the General Board, and in many instances also the amounts which the Board offered were not accepted by the applicants, through being insufficient for their requirements. This explains the large difference between the amount lent and the amount applied for. Taking the last year by itself, 2,687 applications for loans were received and considered by the General Board, representing a sum of £862,179. Of this amount the Board granted £681,638, the balance being represented by securities which the Board did not consider it advisable to accept.

The first meeting of the General Board for the purpose of considering applications for loans was held on the 23rd February, 1895, and up to the 31st March, 1897, the Board had authorised 4,501 advances, amounting to £1,404,065, and declined 1,112 applications for £360,268. The total amount applied for by the 4,501 applications granted in full and partially was £1,654,002. Five hundred and eighty-one applicants declined the partial grants offered them, amounting to £291,290; so that the net advances authorised at 31st March, 1897, numbered 3,920, and amounted to £1,112,775. The security for the net authorised advances was valued at £2,566,756. The number of applications received up to the 31st March, 1897, was 5,809, for an aggregate amount of £2,081,633. Sixty-five per cent. of the total amount applied for was wanted for the purpose of paying off existing mortgages at rates of interest higher than 5 per cent.

The number of applications for "fixed" loans has, so far, been inconsiderable. They are, however, increasing, though great preference is shown for the instalment loans.

The transactions of the year can be gleaned from the accounts attached hereto. It will be observed that these are compiled somewhat differently from those of last year.

Attention has been given during the year to the question of reducing the cost of administration. The Chief Valuers, whose salaries have hitherto been a charge on the Advances to Settlers Account, will in future be paid by the Valuation Department, as their services will be almost exclusively used in the administration of the Government Valuation of Land Act. The Advances to Settlers Office