

will, however, be called upon to pay a contribution to the Valuation Department, which, it is believed, will not exceed the fees received from applicants for the valuations required. This alone will mean a reduction in expense of over £2,000 a year. The charges for rent and a variety of other items will be much reduced, as accommodation will shortly be provided in the Government Buildings for the Head Office staff, and the Valuation Department will bear part of the cost of the rent in the various centres.

A reduction in the staff has also been effected, through the simplification of the work as the result of experience, and the diminution of much work inseparable from the initiation of such an undertaking.

The only new expense will be a contribution to the Post Office for assistance rendered by that department, and for postages. Hitherto nothing has been paid, although the correspondence has been carried free of charge, and valuable assistance has been rendered by the Postal Department in every part of the colony in receiving the instalments from mortgagors, thus saving them the cost of remitting to Wellington.

The year ending the 31st March last was free from loss of any kind, and of the amount outstanding at the 31st March for instalments of principal and interest—£1,891 2s.—a considerable sum had been paid, but could not be received from the Post Office till after the 31st March, and the sum of £1,701 3s. 6d. has since been received, leaving the amount now outstanding in respect of sums due at the 31st March £189 18s. 6d. Of this sum, the amount at that date overdue one month was £58 5s. 6d.; overdue two months, £20 3s.; three months, £13 12s.; and four months, £4.

The department has had wonderful immunity from losses in connection with the extensive bush-fires which occurred in the Wairarapa and Pahiatua districts during the summer, and the floods which occurred in Hawke's Bay and Rangitikei recently. Only one of the Wairarapa securities was affected in any way by the fires, and that to an inconsiderable extent, the loan being, moreover, a small one; and in the case of the flooded districts there are only a few properties which have suffered. I believe that permanent injury will not result, and that a little consideration in the matter of payment of instalments will be the only action necessary by the Board.

The partial failure of the harvest in some places in Central Otago and Southland through drought has led to the time for paying instalments being extended in a few instances, but in no case beyond a month or two.

It may not be out of place to refer to the way in which instalments are met by mortgagors, and it cannot be considered otherwise than highly creditable to the settlers (the great bulk of whom are small farmers), and satisfactory to the department. A considerable percentage pay before the due dates, 90 per cent. pay within a fortnight of the due date; of the remainder, the greater number are dilatory, and the balance may be classed as troublesome.

It may be that losses will fall on the department in the course of time; but, considering that the average loan granted is under £300, and that a large number of the loans have been for the purpose of improvements, thus adding to the value of the securities, and, further, that the liability in each case is being steadily reduced, I do not think that, with care and vigilance in preventing the accumulation of arrears, losses, if they do fall upon the office, will ever be heavy.

In conclusion, I venture to say that, by means of a scheme which will shortly be perfected, the accumulation of arrears to any great extent will be prevented, and the necessity for so much correspondence (which is perplexing and therefore somewhat distasteful to most country settlers) removed.

An inspection of securities, upon which advances have been made for buildings, fences, bush-felling, or other improvements, will be made at an early date.

Recognising that the moneys issued to solicitors for payment to mortgagors are essentially public moneys until they reach those who are entitled to receive them, regulations have been framed for the guidance of solicitors in dealing with these funds, and apprising the department as to their disposal, in a manner somewhat analogous to the mode of accounting by Treasury imprestees. A copy of these regulations is appended to this report.

Rigid economy, inspection of securities, prevention of arrears, and consolidation of work and effort will, it is hoped, bring about the success of the scheme which the Government and the Legislature are entitled to expect.

Government Advances to Settlers Office,
31st May, 1897.

JOHN MCGOWAN,
Superintendent.

[Extract from *New Zealand Gazette*, 20th May, 1897.]

Additional Regulations under "The Government Advances to Settlers Act, 1894."

JAMES PRENDERGAST, Administrator of the Government.

ORDER IN COUNCIL.

At the Government House, at Wellington, this twenty-second day of May, 1897.

Present: HIS EXCELLENCY THE ADMINISTRATOR OF THE GOVERNMENT IN COUNCIL.

In pursuance and exercise of the powers and authority vested in him in and by "The Government Advances to Settlers Act, 1894," and of all other powers and authorities enabling him in this behalf, His Excellency the Administrator of the Government of the Colony of New Zealand, acting by and with the advice and consent of the Executive Council of the said colony, doth hereby make the several regulations set forth in the Schedule hereto, and doth declare that such regulations shall come into force and take effect on the date of the publication thereof in the *New Zealand Gazette*.