

1899.  
NEW ZEALAND.

# THE ASSETS REALISATION BOARD

(COPY OF GENERAL MANAGER'S REPORT FOR THE YEAR ENDING 31st MARCH, 1899).

*Laid on the Table of the House of Representatives by Leave.*

GENERAL MANAGER'S REPORT FOR THE YEAR ENDING 31st MARCH, 1899.

(No. 5/4.)

Wellington, 26th June, 1899. Meeting held, 28th June, 1899.

I HAVE the honour to submit the Board's annual balance-sheet and supporting statements as at the 31st March, 1899. The transactions of the past year in the working and management of the Board's assets show a net surplus as under:—

Station properties	...	...	...	...	...	...	£42,841
Sundry properties	...	...	...	...	...	...	7,031
							£49,872

As compared with 1896, £64,788; 1897, £63,233; 1898, £49,955.

The year's working of the station properties has been attended with very good results as compared with previous years, considering that provision had to be made for £8,186 5s. 3d., reclamations on last year's shipments of wool and frozen meat, when it is remembered that the course of markets has been so adverse, especially in regard to our staple product wool, the decline in value of which during the period of the Board's control is shown as follows, viz.:—

	Greasy.	Scoured.	Greasy.	Scoured.	Greasy.	Scoured.
	1896.	1896.	1897.	1897.	1898.	1898.
Merino ...	6·79	11·49	6·03	11·06	6·95	12·85
Crossbred ...	7·75	8·50	7·19	7·26	5·79	6·31
	7·60	9·78	6·94	9·06	6·05	9·22

The net surplus outcome for four years' working is:—

		1896.	1897.	1898.	1899.
		£	£	£	£
Station properties	...	58,493	56,336	43,296	42,841
Sundry properties	...	6,295	6,897	6,659	7,031

showing approximately an average net earning for the period 1895-99 as follows:—

		On	On	For Year to 31st March, 1899, on latest Government Valuation (1898) plus Stock.
		Book Cost.	my Valuation.	
Station properties	...	2·97 per cent.	4·23 per cent.	4·43 per cent.
Sundry properties	...	1·3 per cent.	On Land-tax ÷ 10 per cent. 1·54 per cent.	2·76 per cent.

(2.) STATUTORY PAYMENT BY BANK OF NEW ZEALAND.

The bank has fully complied with the provision of the statute in this connection up to the 31st March, 1898, and we are informed that it has made provision for payment in due course of the £50,000 accrued due on the 31st March last. The amounts received to the 31st March last total £150,000, and, with the £50,000 receivable shortly, will total £200,000 towards payment of debenture interest.

## (3.) DEBENTURES AND DEBENTURE INTEREST.

*Debentures.*—Amount redeemed to the 31st March, 1899, is £125,000, and funds are available for the payment of a further £25,000.

*Debenture Interest.*—£90,075 0s. 10d. has been paid for the year to the 31st March, 1899, and was provided for as under, viz. :—

	£	s.	d.
From surplus for 1898 ... ..	7,697	0	0
From surplus of operations ... ..	37,064	0	0
From statutory payment by bank ... ..	50,000	0	0
	<hr/>		
	£94,761	0	0

Leaving a surplus of £4,686 to carry forward to next year.

## (4.) REALISATIONS.

The sales for the period 1895 to 1898, totalling £309,907 (including Rangiatea and Okauia, sold 1898, but paid for and included in realisations for 1899), were the subject of inquiry in the House of Representatives last session in respect of deficiencies on book cost, and it was desired for this year that a return should accompany the balance-sheet which would show this detail. Statement for 1898-99 is attached to the balance-sheet :—

	£	Deficiency on Book Cost (including Realisation Expenses, &c.).	Book Cost. £
Sales of properties finally closed March, 1895-98 (including Rangiatea and sales of stock)	247,160	106,953	354,113
Properties partially sold, 1895- 98 (including Okauia) ...	62,747		
	<hr/>		
	£309,907		

The sales for the year ending 31st March last, totalling £105,318 (including stock on properties finally closed, and omitting Rangiatea and Okauia referred to above), must, I consider, be looked upon as satisfactory when the condition of market is taken into account. The proportion of sales to book cost (£2,731,706) is 15·20 per cent., and to land-tax valuation *plus* 10 per cent. for sundry properties, and my valuation for station properties, which together total £1,895,179, it is 21·91 per cent.

Notwithstanding adverse criticism in the public prints, I consider that good progress has been made in the realisation, and no opportunities of placing properties at fair times values have been missed. Cases have been quoted where we are said to have refused good offers. In some instances the properties referred to were not ours—some confusion existing in the public mind as between our and the Estates Company's properties. In others the so-called good prices have been very considerably exceeded in the subsequent sale. I am not aware of one instance in which an offer having been refused we have failed to do better.

It has been urged by many that we are not selling fast enough. Comment, however, page 182, 2nd August, 1898, in *Hansard*, would convey that in some quarters it is considered the Board is too precipitate. I can, however, only refer to my evidence before the Parliamentary Commission of 1895 and say that the course of realisation is up to my expressed opinions on the subject. It must be borne in mind that the assets handed to the Board were not of the description most speedily realisable or it is probable that they would not have remained so long on the books of the Estates Company, and consequently buyers for this class of property are more limited than for those of a more readily saleable nature. It must also be remembered that the Board only took office three years since, viz., 31st March, 1896.

The Board's conduct of sales has been guided by the desire to realise as speedily as possible, consistent with fair and proper considerations for the inseparable interests of the bank and the colony. The localities of sales and amounts are shown as follows, viz. :—

	Estates.	Farms.	Town Sections.	Suburban Properties.	£
Auckland ... ..	3	62	507	45	99,557
Canterbury ... ..	2	34	15	62	155,621
Hawke's Bay ... ..	...	...	9	...	2,304
Otago ... ..	2	5	466	90	56,067
Marlborough ... ..	...	2	62	4	7,869
Wellington ... ..	...	16	20	1	65,350
					<hr/>
					£386,768
Sundry proceeds: Sale of iron and furniture, fire insurance recovered, &c.					5,304
Stock sales on properties finally closed ... ..					23,153
					<hr/>
					£415,225

## (5.) TOWN AND SUBURBAN LANDS.

There has been good demand for town and suburban properties during the year, and we have held auction sales to suit the demand.

## (6.) COUNTRY LANDS

Have not, for the properties we hold, had the same attention, but we have placed a fair proportion notwithstanding, viz., 25,325 acres, aggregating £85,783, or an average of £3 7s. 9d. per acre.

## (7.) STATION PROPERTIES.

Notwithstanding the low prices ruling for our produce, I have pleasure in reporting a good year's results, the actual net surplus being £51,028 4s. 7d., equal to £3.25 per cent. on book cost and £4.67 per cent. on my valuation. The following statement gives comparison of the period during which the Board has controlled, viz. :—

*Comparison of Surpluses for Four Years, omitting Stations Sold since the Board assumed Control.*

	Actual Profit. £	Per Cent. on Book Cost.	Per Cent. on my Valuation.
1896 ... ..	36,408	2.29	2.79
1897 ... ..	53,187	3.30	4.49
1898 ... ..	33,322	2.08	2.89
1899 ... ..	51,029	3.25	4.67
Average return for four years	43,489	2.73	3.71

Showing average net return for the period of 2.73 per cent. on book cost, and 3.71 per cent. on my valuation. That the year past has been so favourable is largely due to the more generous treatment and lighter stocking of our country, which has been attended by better lambing, less mortality, and a speedier maturity and marketing of our surplus stock, &c.

Since the 31st March, 1898, we have sold and given possession of 23,243 acres—viz., Rangiatea, Karapiro, Okauia, Retreat, and parts of Eskbank, Glentui, and Rangiuru—by which area our carrying capacity has been reduced; but, notwithstanding this loss of area, the better condition and vigour of our pastures has kept our returns above the average of previous years.

## (8.) WORKING EXPENSES.

A comparison of working expenses for the two years ending 31st March, 1899, omitting stations sold, is as follows :—

	1898.	1899.
Renewing pastures (20 per cent. of which is charged to Profit and Loss each year) ... ..	£9,633	£9,401
Depreciation—implements, saddlery, and furniture ... ..	1,043	1,260
Cost of turningip ... ..	15,473	17,708
General expenses, wages, repairs, rates and taxes, including feed	37,654	38,612
Rent and interest ... ..	3,059	3,967
Rabbiting ... ..	1,199	1,490
Grain-growing for sale ... ..	567	857
Actual working expenses ... ..	£68,628	£73,295

The statement as above shows an increase of expenditure over preceding year of £4,667. The largest item in this increase is turningip, and is attributable for the most part to the enhanced cost of manures and to the resowing of areas which missed. Other items are necessarily of a more or less variable nature, and do not call for comment. Expense of every description has been kept at the lowest economical point, but the condition of our properties warrants me in stating that nothing has been spared to put and maintain them in the best possible order for returns and sale.

## (9.) SALES OF STOCK.

The following is a comparison of sales for the two years ending 31st March, 1899 :—

Year.	Number sold.	Net Proceeds.	Average.	Number frozen.	Net Proceeds.	Average.	Total disposed of.	Net Proceeds.	Average.
<i>Sheep.</i>									
1898 ...	67,104	£ 24,037	£ s. d. 0 7 2	23,200	£ 10,341	£ s. d. 0 8 11	90,304	£ 34,378	£ s. d. 0 7 7
1899* ...	93,699	34,511	0 7 4	22,828	11,548	0 10 1	116,527	46,059	0 7 10
<i>Cattle.</i>									
1898 ...	3,814	21,002	5 10 1	22	154	7 0 0	3,836	21,156	5 10 4
1899 ...	4,206	24,624	5 17 1	...	...	...	4,206	24,624	5 17 1

\* NOTE.—1899. Value of frozen meat is estimated.

## (10.) SHEEP.

Sales of sheep have aggregated 93,699, considerably more than preceding year, and at an average advance of 2d. per head, or £780. Those frozen are somewhat less than last year, but the average is 1s. 2d. per head better, or £1,331. A proportion (3,929) of the sheep sales was the result of the sales of the properties on which they were grazing.

## (11.) CATTLE.

These have also been sold in greater numbers at an average advance on last year's prices of 6s. 9d. per head, or £1,419.

## (12.) STOCK ON HAND AND VALUATION AT 31ST MARCH, 1899.

	1898.			1899.		
	No. on Hand.	Valuation.	Average.	No. on Hand.	Valuation.	Average.
<i>Sheep.</i>						
		£	£ s. d.		£	£ s. d.
North Island—						
Waikato ...	131,888	60,875	0 9 2	126,872	60,272	0 9 6
Other estates ...	60,566	22,200	0 7 4	65,252	27,947	0 8 6
	192,454	83,075	0 8 7	192,124	88,219	0 9 2
South Island ...	141,543	45,556	0 6 5	100,437	37,887	0 7 6
	333,997	128,631	0 7 8·43	292,561	126,106	0 8 7·45

*Cattle.*

North Island—						
Waikato ...	14,906	45,912	3 1 7	14,589	44,416	3 0 10
Other estates ...	7,077	24,025	3 7 10	5,966	19,195	3 4 4
	21,983	69,937	3 3 7	20,555	63,611	3 1 10
South Island ...	128	347	2 14 2	84	239	2 16 11
	22,111	70,284	3 3 7	20,639	63,850	3 1 10

*Sheep.*—The valuation of sheep at the 31st March shows an all-round advance on previous year of 11d. per head, but since that date a further substantial rise has taken place, and to such an extent that may lead some to conclude that we have either very much under-valued or that our stock is inferior. The valuations were made on the basis of market valuations current at the time.

*Cattle* show a decline in valuation at the 31st March of 1s. 9d. per head, or £1,805.

## (13.) WOOL-CLIP (including all Stations working during the Two Years).

	1898.			1899.	
	Number Shorn.	Average Weight of Fleece.		Number Shorn.	Average Weight of Fleece.
Sheep shorn ...	298,187	lb. oz. 7 14	Sheep shorn ...	280,514	lb. oz. 7 12
Lambs shorn ...	20,727	2 4	Lambs shorn ...	43,152	2 13

*Net Return for Two Years.*

	1898.			1899.		
	Net Weight.	Net Return at Port of Shipment (excluding Insurance).	Average per lb.	Net Weight.	Estimated Net Return at Port of Shipment (excluding Insurance).	Average per lb.
	lb.	£	d.	lb.	£	d.
Greasy ...	1,933,682	48,784	6·05	1,978,845	50,282	6·09
Scoured ...	275,134	10,574	9·22	206,076	7,345	8·55
	2,208,816	59,358	6·45	2,184,921	57,627	6·33

For our balance-sheet at the 31st March, 1898, I estimated our wool-clip, which was at the time afloat and unrealised, to net approximately on a level with the ascertained results of the previous year. A decline in London, however, caused a deficiency on estimate of £7,365 18s. 8d., which has had to be provided for at 31st March last. This, with reclamations on frozen meat, &c., £820 6s. 7d., has reduced our surplus on the year's working of the stations from £51,028 4s. 7d. to £42,841 19s. 4d. Reference to paragraph 1 (page 1) will show the downward course of the London market during the years ending 31st March, 1896, 1897, 1898.

## (14.) LAMBING.

Ewes to Ram.	Lambs Cut and Tailed.	Percentage.	Ewes to Rams.	Lambs Cut and Tailed.	Percentage.
1898. 113,712	1898. 94,239	1898. 83	1899. 110,485	1899. 87,337	1899. 79

## (15.) MORTALITY.

Sheep.				Cattle.			
Dead or Missing.	Per cent.	Dead or Missing.	Per cent.	Dead or Missing.	Per cent.	Dead or Missing.	Per cent.
1898. 19,809	1898. 5·79	1899. 19,392	1899. 5·80	1898. 699	1898. 3·30	1899. 1,158	1899. 5·24

## (16.) COMPARISON OF OPERATIONS, 1898 WITH 1899.

Year.	Rape.	Turnips.	Grassing.		Oats.		Oaten Hay.		Draining.	Bush-felling.	Clearing.	Fencing.
			With Plough.	Surface-sown.	Acres.	Bush. per Acre.	Acres.	Tons per Acre.				
1898 ...	Acres. 2,979	Acres. 10,487	11,178	4,299	950	26	1,935	$\frac{3}{4}$	Chains. 814	Acres. 1,151	Acres. 3,876	Chains. 1,507
1899 ...	3,047	11,615	11,484	5,085	2,094	26	2,047	1	1,157	1,603	3,654	1,949
Increase ...	68	1,128	306	786	1,144	...	112	$\frac{1}{4}$	343	452	...	442
Decrease ...	...	...	...	...	...	...	...	...	...	...	222	...

## (17.) GENERAL.

The past year has been favoured with fine, open seasons. Feed has been plentiful throughout the colony, and to this to a large extent is attributable the increased number of stock put off as compared with previous years.

Wool has had a bad time in London, but the improvement experienced since close of our financial year will be well appreciated in the current year's finance. Our clips are now coming into the market in London, 3,792 bales being available at this date; and, as I valued our clips in profit and loss account on the basis of last year's realisations, I anticipate a very substantial surplus.

The large area lately offering by the Government has affected demand for all classes of country lands for sale, and has retarded business in this direction. There are, however, prospects of sale of some of our blocks to the Land-purchase Board at fair prices. My object has been to bring them into the best condition for sale, and this object is gradually being effected, the Waikato properties especially showing marked improvement.

WALTER G. FOSTER, General Manager.

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