

Since the date of last report the provisions contained in "The Government Valuation of Land Act, 1896," affecting this office have been given effect to, and valuations of securities offered are now obtained from the Valuation Department instead of being obtained as heretofore from local valuers direct. The permanent valuers of the Valuation Department are also instructed to make periodical inspections of the securities held by the Advances to Settlers Office.

The contribution payable to the Valuation Department for these services has, after careful consideration, been fixed at £3,000 a year, the Advances to Settlers Office retaining the valuation-fees payable by applicants for loans.

The contribution to the Post Office for assistance rendered by that department and for postages is increased by £200 a year under arrangement between the two departments. The collection of the moneys of the Advances to Settlers Office, and the distribution of forms and affording information, have led to an increase in the postal staff, and the contribution is paid to the department, not to individual officers.

The amount outstanding on the 31st March, 1898, in respect of instalments was £3,942 5s. 9d., a little more than double the amount of last year. Of this amount, £2,329 11s. 3d. was due in March, £694 10s. in February, £310 18s. in January, and the balance, £607 6s. 6d., prior to that month. The increase is accounted for by the fact that the department had, at the 30th September, 1897 (the latest date upon which loans could be issued for the instalments to have become overdue at the 31st March last), lent out 50 per cent. more money than was the case at the 30th September of the previous year, and by the fact that a large number of the small loans have been advanced to persons living in remote districts—the larger volume of business necessarily meaning a larger sum being uncollected on a given date. There is no change to report in the manner in which instalments are met. Of those outstanding on the 31st March, 1897, only £3 3s. was unpaid on the 31st March, 1898. This amount has since been received. So that, in respect of the period ending on the former date, nothing remains unpaid. Of the amount outstanding at 31st March, 1898, the sum of £1,422 7s. 9d. was unpaid at 30th April last, thus reducing the amount in one month by £2,519 18s. The instalments over one month in arrear on the 31st March, 1898, amounted to £922.

The department has again enjoyed wonderful immunity from losses in connection with the extensive bush-fires which occurred in the Wairarapa, Pahiatua, and other districts during the summer. About twenty buildings under mortgage to this office were destroyed by the fires, and in all but three cases the money received from the insurance companies has been used in rebuilding. In one of the cases referred to the amount was, with the concurrence of the mortgagor, used to repay the mortgage. In the other two the re-erection of the buildings was postponed, and the money used for buying grass-seed. In five or six instances applications were received for an extension of time in which to pay instalments, and in all but one an extension was granted by the Board, in no case exceeding three months. In several cases small additional loans have been granted, where there has been a margin of security, to help settlers to repair damages.

The severe drought in North Otago, and in Canterbury and Nelson, has depreciated for a time some securities in these localities; but, so far as I am aware, no loss need be apprehended.

I repeat my reference of last year as to the manner in which instalments are met by mortgagors: the punctuality must be considered most satisfactory to the department, and evidence of the settlers' desire to fulfil their engagements. A small percentage pay before the due dates; 90 per cent. pay within fourteen days after the due date; of the remainder, part are dilatory, the balance troublesome.

One hundred and two mortgagors were in arrear one month on the 31st March, 1898, and owed, as previously stated, £922 out of a total amount collectable for the year of £71,545. Twelve of the number owed balances short-paid, so that only ninety mortgagors out of about 4,500 were more than a month late in paying their instalments.

The result of the year's transactions must be regarded as satisfactory, seeing that the position of the department is better by nearly £24,000 than it was at the beginning of the year. It is as well, however, to mention that this net profit includes the profits arising from the sale of debentures before alluded to, and also the refund of the mortgage-tax for 1896–97 (which the Land Tax Department refunded under advice from the Crown Law Officers). The expenses of such an institution as the Advances to Settlers Office at its inception were, it is needless to state, necessarily heavier than now.

The moneys in the hands of the Public Trustee in respect of loans repaid were not drawn upon prior to the 31st March, but will very soon have to be utilised in accordance with section 55 of the Act of 1894; and the full amount representing loans repaid will be reinvested before any fresh funds are drawn upon. The 1 per cent. sinking fund will, of course, be left with the Public Trustee.

The inspection of securities mentioned in last year's report has been begun by District Valuers, the reports pointing to the fact that great care has been exercised in making advances upon the securities inspected.

Up to the present time no actual losses on investments have been made, although in the case of a loan granted in the Waitotara district the statutory margin of security does not apparently exist judging by recent valuations. It is possible that this transaction may turn out unfavourably to the department; but it is premature at this stage to predict what may be the result, as negotiations are still in progress with regard to it.

The regulations issued since last year are appended.

JOHN MCGOWAN,
Superintendent.

Government Advances to Settlers Office,
Wellington, 10th June, 1898.