

The advances granted during the year ended the 31st March, 1906, are as follows:—

	Number.	Amount.		
		£	s.	d.
Not exceeding £500	1,367	283,517	13	6
Exceeding £500, but not exceeding £1,000 ...	225	166,500	0	0
Exceeding £1,000, but not exceeding £2,000	102	147,485	0	0
Exceeding £2,000, but not exceeding £3,000	13	35,950	0	0
Total	1,707	£633,452	13	6

The average amount of the advances granted for the year is £371.

	Number.	Amount.		
		£	s.	d.
On freeholds	810	418,781	6	11
On leaseholds	876	205,082	10	8
On freeholds and leaseholds (combined) ...	21	9,588	15	11
Total	1,707	£633,452	13	6

The average freehold advance is £517; the average leasehold advance is £234; and the average freehold and leasehold (combined) advance is £456.

Eighty per cent. of the advances made during the year was for loans not exceeding £500. These facts show that it is the small pioneer settlers who are receiving the greatest benefits by the Act, and that the special object for which the Act was designed is being effectuated.

The total sum raised by the Government on debentures for investment on mortgage is £3,410,000. 9,986 mortgagors are now indebted to the Department to the extent of £3,126,987 10s. in respect of principal moneys, an increase during the year of 952 mortgagors, amounting to £372,071 10s. 7d.

The gross profits for the year ended the 31st March, 1906, were £38,634 17s. 8d., and the total cost of management and expenses of the Department, £4,438 12s. 9d., being 0·13 per cent., or 2s. 7d. per £100, on the capital employed. (The cost for the previous year was 0·16 per cent., or 3s. 2d. per £100.) The net profits amounted to £34,047 9s. 2d., notwithstanding the additional expenses connected with the concessions granted to mortgagors.

The loan-flotation charges have—after leaving the substantial sum of £50,000 to the credit of the Reserve Fund—been further written down out of accumulated profits by the sum of £111,724 15s. 6d., bringing the extinction of this item within measurable distance.

Advantage has been taken of the authority given to the Department under the Act passed last session to reinvest on mortgage the greater portion of the funds of the office held by the Public Trustee. It is now an established fact that the withdrawal and reinvestment of this money, which has assisted the Department materially, was a move in the right direction. This has enabled the office to meet the growing requirements of settlers during the year practically without recourse to borrowing, and will in the future prove to be a large contributing factor to the yearly profits.

The whole cost of providing cover indemnifying the Department as mortgagee against claims which may arise under "The Workers' Compensation for Accidents Act, 1900," is now borne by the Department. Hitherto the premiums payable in respect of mortgagee's accident indemnity insurance have been a charge against mortgagors. Arrangements have been made by which additional advances are now indorsed on the original mortgage and completed through the simple medium of the Postmasters free of charge to the mortgagor (except the payment to the Deeds Office of a small fee of 10s. for registration) instead of a new mortgage being executed for every additional advance, which is a large saving in law-costs to mortgagors. The fee for the mortgage form is eliminated from solicitors' bill of costs, and the form is now supplied to the mortgagor by the Department free of charge. These concessions, which help to attain the object designed by the Act, cannot be regarded otherwise than eminently satisfactory to borrowers, and the Department has received from settlers letters expressing their appreciation of the great amount of trouble and expense which they have been saved by these important concessions.

Sixteen freehold and five leasehold securities have for various reasons been realised by the Department up to the present time. In most cases fairly good surpluses over and above the advances owing to the Department have been obtained and refunded. In no case has a loss been made, and the Department has at the present time no securities on its hands.

Mortgagors continue to meet their half-yearly payments of interest and principal in a manner creditable to themselves and highly satisfactory to the Department.

P. HEYES, F.S.A.A., Eng.,
Superintendent.

Advances to Settlers Office, Wellington, 8th June, 1906.