1908.
NEW ZEALAND.

GOVERNMENT ADVANCES TO SETTLERS OFFICE

(REPORT BY THE SUPERINTENDENT OF THE) FOR THE YEAR ENDING 31ST MARCH, 1908.

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

FOURTEENTH ANNUAL REPORT AND BALANCE-SHEET.

THIS year has again proved a record greatly in excess of any previous year for the amount of business transacted, the applications numbering 3,183, amounting to £1,668,135, as against 2,420 applications, amounting to £999,461, for the previous year, an increase of 763 applications, for £668,674. The advances actually granted during the year numbered 2,371, for £1,197,416 9s. 11d., which exceeds those of the previous year by 442, for £429,686 5s. 4d. The Board had up to the 31st March, 1908, authorised 22,456 advances, amounting to £8,003,930. Applicants to the number of 2,573 declined the grants offered them, amounting to £1,065,980, so that the net advances authorised to the 31st March, 1908, numbered 19,883, and amounted to £6,937,950.

Classified according to provincial districts, the total advances authorised to date are:—

Provincial District.	Number of Applications.	Amount of Advances authorised. £
Auckland	5,482	1,707,283
Taranaki	3,301	1,450,549
Hawke's Bay	1,113	320,275
Wellington	5,659	2,085,678
Marlborough	676	279,860
Nelson	284	90,415
Westland	468	115,280
Canterbury	1,911	603,115
Otago and Southland	3,562	1,351,435
Total	22,456	£8,003,930

Classified according to provincial districts, the advances authorised during the year ended 31st March, 1908, are:—

Provincial District.	Number of Applications.	Amount of Advances authorised. £
Auckland	883	321,510
Taranaki	381	221,930
Hawke's Bay	62	24,960
Wellington	826	424,600
Marlborough	87	53,255
Nelson	42	19,215
Westland	122	35,705
Canterbury	303	135,770
Otago and Southland	249	118,505
Total	2,955	£1,355,450

The advances outstanding are as follows:—

	Number.	Amount. £	s.	d.
Not exceeding £1,000	10,822	2,842,227	13	7
Exceeding £1,000 but not exceeding £2,000 ...	764	1,052,595	5	3
Exceeding £2,000 but not exceeding £3,000 ...	127	291,197	3	10
Total	11,713	£4,186,020	2	8

The average amount of the advances now outstanding is £357.

	Number.	Amount. £	s.	d.
On freeholds	7,010	3,154,546	16	4
On leaseholds	4,528	938,151	3	11
On freeholds and leaseholds (combined) ...	175	93,322	2	5
Total	11,713	£4,186,020	2	8

The average freehold advance is £450, the average leasehold advance is £207, and the average freehold and leasehold (combined) is £533.

The advances granted during the year ended 31st March, 1908, are as follows:—

	Number.	Amount. £	s.	d.
Not exceeding £500	1,587	404,595	4	11
Exceeding £500 but not exceeding £1,000 ...	504	366,567	4	6
Exceeding £1,000 but not exceeding £2,000 ...	250	349,760	0	6
Exceeding £2,000 but not exceeding £3,000 ...	30	76,494	0	0
Total	2,371	£1,197,416	9	11

The average amount of the advances granted for the year is £505.

	Number.	Amount. £	s.	d.
On freeholds	1,465	818,485	5	7
On leaseholds	883	357,431	3	4
On freeholds and leaseholds (combined) ...	23	21,500	1	0
Total	2,371	£1,197,416	9	11

For the year the average freehold advance is £558, the average leasehold advance is £405, and the average freehold and leasehold (combined) is £935.

Sixty-seven per cent. of the advances made during the year was for loans not exceeding £500.

The total sum raised by the Government on debentures for investment on mortgage is £4,110,000. Eleven thousand seven hundred and thirteen mortgagors are now indebted to the Department to the extent of £4,186,020 2s. 8d. in respect of principal moneys, an increase during the year of 676 mortgagors, amounting to £631,412 19s. 5d.

The gross profits for the year ended 31st March, 1908, were £55,772 7s. 4d., and the cost of management and expenses of the Department £7,323 6s. 1d., being 0·18 per cent., or 3s. 7d. per £100 on capital employed (the cost of the previous year was 0·14 per cent., or 2s. 8d. per £100). This increase is owing to the mortgages being completed by the office practically free of cost. The net profits amounted to £51,385 2s. 4d., an increase on the previous year of £6,413 9s. 9d., notwithstanding the large concessions granted to the mortgagors.

As predicted in last year's report, the item "Loan-flotation Charges" has been cleared from the balance-sheet, the amount having been written off out of profits.

A sum of £17,206 has been added to the sinking fund established under section 27 of "The Government Advances to Settlers Act, 1906," bringing the total amount standing to the credit of that account to £23,659 appropriated out of profits.

Mortgages under "The Land Transfer Act, 1885," and further charge mortgages are prepared and completed in the office at a nominal cost, including disbursements, of 5s. About 1,650 mortgages have been so completed. It is estimated that by this change a saving to mortgagors of fully £10,000 per annum in legal costs and fees will be effected. In addition to much time and trouble saved, far greater expedition will be given to the completion of loans, and much labour and expense saved to the Department.

Sixteen freehold and eleven 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. There is, however, one small loan which is not satisfactory and may ultimately result in a loss for the first time, but it is premature as yet to predict what may be the result. Negotiations are now proceeding with a view to the property being taken over by another person.

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

The total amount of interest collected for the year amounted to £172,060 6s. 11d., an increase on the previous year of £26,988 16s. 5d. The total amount of interest collected to the 31st March, 1908, amounts to the sum of £1,215,931, in addition to the repayments of principal £2,571,335, making a grand total of £3,787,266, besides a large sum for insurance premiums, fees, &c., without any loss having been incurred, at the same time the average amounts collected being only about £9 10s. of principal and interest combined.

Compared with former years the increase in the volume of business transacted has during the last twelve months been very marked, and the staff are to be commended for the efficient and expeditious manner in which they have carried through the extra pressure of work involved.

P. Heyes,
Superintendent.

Government Advances to Settlers Office, Wellington, 28th March, 1908.

ADVANCES TO WORKERS BRANCH.

First Annual Report and Balance-sheet.

The Government Advances to Workers Act was passed on the 29th October, 1906. Applications for loans were first considered by the Board at its meeting on the 8th January, 1907, and up to the 31st March applications for loans to the number of 1,310, and amounting to £351,610, were received. Up to the 31st March, 1908, the Board had authorised 1,179 advances, amounting to £296,305. Applicants to the number of forty-five declined the grants offered them, amounting to £10,545, so that the net advances authorised to the 31st March, 1908, numbered 1,134, and amounted to £285,760.

Classified according to provincial districts, the advances authorised are as under:—

Provincial District.	Number of Applications.	Amount of Advances authorised. £
Auckland	289	71,270
Taranaki	36	8,570
Hawke's Bay	69	17,435
Wellington	268	69,280
Marlborough	39	8,900
Nelson	22	4,785
Westland	71	14,580
Canterbury	258	71,160
Otago and Southland	127	30,325
Total	1,179	£296,305

The advances outstanding are as follows:—

	Number.	Amount. £	s.	d.
On freeholds	729	198,285	15	8
On leaseholds	28	4,870	0	0
Total	757	£203,155	15	8

The average freehold advance is £272, and the average leasehold advance is £174.

The advances granted during the year ended 31st March, 1908, are as follows:—

	Number.	Amount. £	s.	d.
On freeholds	750	198,848	2	2
On leaseholds	30	5,130	0	0
Total	780	£203,978	2	2

For the year the average freehold advance is £265, and the average leasehold advance is £171.

The total sum raised by the Government in debentures for investment on mortgage is £205,000.

Seven hundred and fifty-seven mortgagors are now indebted to the Department, to the extent of £203,155 15s. 8d., in respect of principal moneys.

As provided by the Act, all mortgages are prepared in the office free of cost to mortgagors, and the work has been done in a most satisfactory manner and without difficulty.

The Profit and Loss Account shows a debit balance of £661 18s. 9d., an increase on the previous year of £228 7s. 7d. The explanation of this increase is due to the fact that of the money advanced on mortgage during the year 67½ per cent. was issued during the last six months, with the result that the source from which the Department looks for revenue was considerably curtailed, whilst the interest payable on the loan-money received for investment had to be provided for. At the end of the financial year the Department will, in addition to the interest received and accrued from investments made during the ensuing twelve months, have received a full year's interest on the sum (£203,155 15s. 8d.) advanced as at the 31st March, 1908, and at the same time the management and office expenses will not be increased. The time will then have arrived when the income will be sufficient to cover the expenditure and to yield a profit. The debit balance may, therefore, be considered to be in the nature of preliminary expenses necessarily incidental to the initiation of what is practically a new business.

P. Heyes,
Superintendent.

Government Advances to Settlers Office, Wellington, 28th March, 1908.

BALANCE-SHEET.

Statement of Liabilities and Assets at 31st March, 1908.

Liabilities.	£	s.	d.	£	s.	d.
3-per-cent. loan, redeemable 1st April, 1945, "A" ..	1,500,000	0	0			
3-per-cent. loan, redeemable 1st April, 1945, "B" ..	500,000	0	0			
Sundry loans ..	1,130,000	0	0			
Advances on account of loans	880,000	0	0	4,110,000	0	0
Accrued interest payable on deposits ..				20	3	8
Accrued interest payable on account of loans				11,210	1	8
Reserve Fund				50,000	0	0
Sinking Fund				23,659	0	0
Suspense Account				35,108	19	8
Profit and Loss Account				7,437	14	10
				£4,237,435	19	10

Assets.	£	s.	d.	£	s.	d.
Investment Account—						
Advances on mortgage	6,754,704	8	0			
Less repayments ..	2,574,088	5	9	4,180,616	2	3
Mortgage instalments receivable—overdue				2,753	0	0
Interest receivable—overdue				10,517	5	9
Interest receivable—accrued				42,121	8	10
Bill receivable				234	9	1
Office Furniture Account				67	4	4
Cash in hand and in bank	4,149	8	8			
Less cheques not presented	3,022	19	1	1,126	9	7
				£4,237,435	19	10

Government Advances to Settlers Office,
Wellington, 2nd June, 1908.

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

W. N. Hinchliffe, Accountant.

Examined and found correct, subject to the remark that the Sinking Fund shown as a liability has not been established by being set apart from the moneys of the Advances to Settlers Account and accounted for as a separate fund, the moneys required for such Sinking Fund not having been paid out of the Advances to Settlers Account, as directed by section 22 (*e*) of the Act.

J. K. Warburton,
Controller and Auditor-General.

Statement of Profit and Loss Account for the Year ended 31st March, 1908.

Dr.	£	s.	d.	£	s.	d.
To Management Expenses Account ..				7,323	6	1
Balance at 31st March, 1907 ..	2,936	1	1			
Net profits for the year ended 31st March, 1908 ..	48,449	1	3	51,385	2	4
				£58,708	8	5
Transfer to sinking fund				17,206	0	0
Balance loan-flotation charges written off				26,741	7	6
Balance net profits carried forward ..				7,437	14	10
				£51,385	2	4

Cr.	£	s.	d.
By Balance at 31st March, 1907 ..	2,936	1	1
Interest Account, gross profits ..	55,772	7	4
	£58,708	8	5
Balance down	51,385	2	4
	£51,385	2	4

Statement of Interest Account for the Year ended 31st March, 1908.

Dr.	£	s.	d.	£	s.	d.
To Interest paid on loans	112,313	11	0			
Less accrued interest at 31st March, 1907 ..	5,706	5	6	106,607	5	6
Interest paid on deposits	47	18	8			
Less accrued interest at 31st March, 1907 ..	20	4	7	27	14	1
Accrued interest payable on deposits at 31st March, 1908				20	3	8
Accrued interest payable on loans at 31st March, 1908				11,210	1	8
Interest refunded to mortgagor				1	10	0
Balance of interest gross profits transferred to Profit and Loss Account ..				55,772	7	4
				£173,639	2	3

Cr.	£	s.	d.	£	s.	d.
By Interest received on mortgages ..	172,060	6	11			
Interest received on bank balances ..	70	0	10	172,130	7	9
Less interest overdue and accrued at 31st March, 1907				51,130	0	1
				121,000	7	8
Interest receivable—						
Overdue at 31st March, 1908 ..	10,517	5	9			
Accrued at 31st March, 1908 ..	42,121	8	10	52,638	14	7
				£173,639	2	3

STATEMENT of MANAGEMENT EXPENSES ACCOUNT for the Year ended 31st March, 1908.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Advertising	4	10	0	By Consent fees	21	11	6
Audit Department	200	0	0	Production fees	268	18	6
Insurance premiums paid by Department	45	5	1	Release fees	325	19	8
Postages and telegrams	449	8	3	Valuation fees	4,852	11	7
Post Office services	625	0	0	Balance transferred to Profit and Loss Account	7,323	6	1
Printing and stationery	447	4	4				
Registration and search fees, &c.	160	13	5				
Salaries	3,655	0	0				
Clerical assistance	1,434	10	8				
Sundries	111	11	1				
Valuation Department— (£ s. d.)							
Fees 4,659 4 6							
Agency work 1,000 0 0							
	5,659	4	6				
	£12,792	7	4		£12,792	7	4

STATEMENT of RECEIPTS and EXPENDITURE for the Year ended 31st March, 1908.

Dr. *Receipts.*	£	s.	d.	Cr. *Expenditure.*	£	s.	d.
To Cash in hand and in bank at 31st March, 1907	12,268	15	6	By Advances on mortgage	1,197,416	9	11
Bills Receivable Account	234	2	0	Advertising	4	10	0
Consent fees	21	11	6	Audit Department	200	0	0
Insurance premiums refunded	485	7	3	Insurance premiums paid	530	12	4
Interest on bank balances	70	0	10	Interest on loans	112,313	11	0
Interest on mortgages	172,060	6	11	Interest on deposits	47	18	8
Mortgages and instalments repaid	568,654	10	11	Interest refunded	1	10	0
Production fees	269	15	0	Office furniture account	67	4	4
Registration and search fees, &c.	1,050	2	7	Postages and telegrams	549	8	3
Release fees	325	19	8	Printing and stationery	447	4	4
Sundries	80	14	4	Post Office services	625	0	0
Suspense Account	62,657	0	3	Production fees refunded	0	16	6
Temporary advances on account of loans	550,000	0	0	Registration and search fees, &c.	1,210	16	0
Valuation fees	5,064	16	7	Salaries	4,255	0	0
Workers branch refunds—proportion of charges	700	0	0	Clerical assistance	1,434	10	8
				Sundries	192	5	5
				Suspense Account	47,648	6	10
				Valuation Department— (£ s. d.)			
				Fees 4,659 4 6			
				Agency work 1,000 0 0			
					5,659	4	6
				Valuation fees refunded	212	5	0
				Cash in hand and in Bank at 31st March, 1908	1,126	9	7
	£1,373,943	3	4		£1,373,943	3	4

Government Advances to Settlers Office,
Wellington, 2nd June, 1908.

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

W. N. HINCHLIFFE, Accountant.

Examined and found correct.—J. K. WARBURTON, Controller and Auditor-General.

WORKERS BRANCH.—BALANCE-SHEET.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1908.

Liabilities.	£	s.	d.	*Assets.*	£	s.	d.
Advances on account of loan	205,000	0	0	Investment Account— (£ s. d.)			
Accrued interest payable on account of loan	1,524	13	2	Advances on mortgage 209,468 2 2			
Suspense Account	8,743	0	7	Less repayments 6,325 4 4			
					203,142	17	10
				Mortgage instalments receivable overdue	12	17	10
				Interest receivable overdue	51	14	11
				Interest receivable accrued	1,390	15	0
				Cash in hand and in bank 10,262 3 3			
				Less cheques not presented 254 13 10			
					10,007	9	5
				Profit and Loss Account	661	18	9
	£215,267	13	9		£215,267	13	9

Government Advances to Settlers Office,
Wellington, 2nd June, 1908.

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

W. N. HINCHLIFFE, Accountant.

Examined and found correct.—J. K. WARBURTON, Controller and Auditor-General.

Statement of Profit and Loss Account for the Year ended 31st March, 1908.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance at 31st March, 1907	433	11	2	By Interest Account gross profits	597	6	8
Management Expenses Account ..	825	14	3	Balance	661	18	9
	£1,259	5	5		£1,259	5	5

Statement of Interest Account for the Year ended 31st March, 1908.

Dr.	£	s.	d.	£	s.	d.
To Interest paid on loans ..	1,875	12	1			
Less accrued interest at 31st March, 1907	168	15	4			
				1,706	16	9
Accrued interest payable on loans at 31st March, 1908				1,524	13	2
Balance of interest—gross profits transferred to Profit and Loss Account ..				597	6	8
				£3,828	16	7

Cr.	£	s.	d.	£	s.	d.
By Interest on mortgages ..	2,375	12	10			
Interest on bank balances	27	18	4			
				2,403	11	2
Less interest accrued at 31st March, 1907				17	4	6
				2,386	6	8
Interest receivable overdue at 31st March, 1908				51	14	11
Interest receivable accrued at 31st March, 1908				1,390	15	0
				£3,828	16	7

Statement of Management Expenses Account for the Year ended 31st March, 1908.

Dr. *Receipts.*	£	s.	d.
To Advertising	85	18	3
Printing and stationery	53	19	0
Postages and telegrams	100	0	0
Salaries	600	0	0
Solicitors' costs	4	19	8
Sundries	0	14	4
Valuation Department	681	7	6
	£1,526	18	9

Cr. *Expenditure.*	£	s.	d.
By Consent fees	1	1	0
Production fees	4	13	6
Release fees	2	7	6
Valuation fees	693	2	6
Balance transferred to Profit and Loss Account	825	14	3
	£1,526	18	9

Statement of Receipts and Expenditure for the Year ended 31st March, 1908.

Dr. *Receipts.*	£	s.	d.
To cash in hand and in bank 31st March, 1907	15,444	0	8
Consent fees	1	1	0
Insurance premiums refunded ..	0	19	11
Interest on bank balances	27	18	4
Interest on mortgages	2,375	12	10
Mortgages and instalments repaid ..	6,312	6	6
Production fees	4	13	6
Registration and search fees, &c., refunded	398	1	7
Release fees	2	7	6
Solicitors' costs	1	2	6
Sundries..	0	6	2
Suspense Account	33,354	12	1
Temporary advances on account of loan	185,000	0	0
Valuation fees	721	18	6
	£243,645	1	1

Cr. *Expenditure.*	£	s.	d.
By Advertising	85	18	3
Advances on mortgage	203,978	2	2
Insurance premiums paid	0	19	11
Interest on loans	1,875	12	1
Printing and stationery	53	19	0
Postages and telegrams	100	0	0
Registration and search fees, &c., paid	398	1	7
Salaries	600	0	0
Solicitors' costs	6	2	2
Sundries	1	0	6
Suspense Account	25,827	12	6
Valuation Department	681	7	6
Valuation fees refunded	28	16	0
Cash in hand and in bank 31st March, 1908	10,007	9	5
	£243,645	1	1

Government Advances to Settlers Office,
Wellington, 2nd June, 1908.

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

W. N. Hinchliffe, Accountant.

Examined and found correct.—J. K. Warburton, Controller and Auditor-General

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