

The total loans raised for each branch up to 31st March last was—

	£
Settlers	7,747,881*
Workers	1,315,933*
Local authorities	1,597,000

Loans raised during the past year for the different branches were—

	£
Settlers	652,946
Workers	471,168
Local authorities	222,000

The business of the present year will not be nearly so great as that of last. As the number of applications made exceeded the funds available the Board gave preference to loans of £500 or under, as required by the Act, and to loans to settlers for improvements or for purchasing property for personal occupation rather than for paying off mortgages or buying property for speculation purposes.

* Does not include the following moneys received too late for inclusion in balance: on account of advances to settlers, £20,000; to workers, £120,000.

Repayments of mortgages and instalments of principal during the year were as follows:—

Advances to Settlers Branch	£1,018,286.
Advances to Workers Branch	£78,852.

The whole of the repayments were reinvested, the interest on loans being paid out of Interest Account.

Local Authorities Branch	£10,283.
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These moneys were reinvested, but capital moneys had to be resorted to to provide a sum of £10,578 to make up the net loss of this Branch on the year's working.

The large sums in repayments now being received will enable the more pressing applications for loans to be met with but little borrowed money. If loans are confined, as they have been since last April, to applicants who desire to improve their properties, or to build or acquire homes for themselves, and the limit of £500 is retained, there will probably not be any necessity to borrow in London for the office during the present financial year.

In the course of, say, ten years the office should, with its large repayments and the contributions of sinking funds, for which there is of course no interest to pay, do without loans altogether.

LOANS TO LOCAL AUTHORITIES.

THE OLD SYSTEM.

In order to understand the present position a review of the past is necessary.

In 1886, by the Government Loans to Local Bodies Act, authority was given to borrow up to £200,000 per annum and to lend to local bodies under certain restrictions. The local bodies were to pay for this money 5 per cent. for twenty-six years. Authority was given for Parliament to appropriate 2 per cent. from the consolidated revenue as a sinking fund for repayment of the amounts borrowed, but no amount was ever set aside for this purpose under that Act. By the Amendment Act of 1892 this provision was repealed, and £1 10s. per cent. was to be paid out of the Consolidated Fund, and 10s. per cent. out of the Land Transfer Assurance Fund in the hands of the Public Trustee. This 2 per cent. was to be invested by the Public Trustee as a sinking fund, and applied to the repayment of the moneys borrowed for lending to local bodies. It was then believed that the Land Transfer Assurance Fund would never be required for its original purpose; and, as by accumulation the amount of it was becoming unnecessarily large, it was considered that it would be a desirable thing to use some of it in this way.

By the amending Act of 1899 the term of loans to local bodies was made optional; it might be twenty-six, thirty-two, or forty-one years. Previously it was twenty-six years only. The rate of interest was to be $4\frac{1}{2}$, 4, or $3\frac{1}{2}$ per cent. according to the term. The sinking fund to be paid to the Public Trustee out