

Wellington.—Our scale of repayments is high, and this in some measure accounts for the arrears being so high. You will notice that we have already collected about 40 per cent., so that even the loans in arrear have been repaid almost in accordance with the Dominion standard. If the full amount accrued due had been paid, collections on these loans would have been just under 60 per cent., which I think is much above the Dominion average. . . . The reasons for the arrears are many, the chief ones being unemployment, sickness, and general tightness of money. It is significant that many regular payers first stopped paying about April and May of this year, when trade conditions first became bad. . . . These arrears have mostly accumulated during the past six months, and are of course a reflection of trade conditions. As a general rule this Board has required a loan of £300 to be paid off in three years, and the scale has been fairly well kept up. It is doubtful, however, whether we can expect businesses to make sufficient profits to do this for the future. Indeed, many businesses will be fortunate if they avoid loss instead of making £100 a year profit, as we expect them to do. Of course, it would not be advisable to reduce the scale, because it is better to force a man to save as much as possible during these hard times. It is my personal opinion that 1922 will be perhaps a harder period for small businesses than 1921 has been. Most of these businesses depend on the wage-earners, and hitherto wages have been at a high standard, consequently keeping up the volume of trade. Next year the purchasing-power of the people is likely to be less, and consequently small businesses will not do the same volume of trade. I can suggest nothing in the way of a general rule to meet the situation, and a great deal of work will necessarily fall on local Boards in meeting each case as it crops up.

Dunedin.—Every effort has been made during the past three months to keep the arrears within bounds, and on the whole the results can be considered fairly satisfactory, as we learn the trade generally finds it very difficult to get accounts in. . . . As with furniture, the number of business loans in arrears (including bad debts) is approximately the same as last quarter, although there is a similar increase in the total. The same reasons would apply to business loans as with furniture, and added to this it must be remembered that we have a number of country cases where loanees are passing through a particularly hard time. . . . The return showing the number of bad debts that have accumulated and are anticipated amounts in all to about £1,000. The estimate is a fairly liberal one, and as regards business loans I am of the opinion that the sum allowed will cover all losses unless anything unforeseen happens. With regard to furniture loans it is almost impossible to give an estimate; but, apart from those on the bad-debt list, the applicants are in most cases in a good position, and were it necessary to seize, the realization would in all probability prevent any further losses being incurred.

Respectfully submitted for your information.

J. R. SAMSON,
Director of Repatriation.

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