

By section 13 of the Finance Act, 1927, it is provided that advances from the Common Fund of the Public Trust Office may be made on Native land held under lease granted under the West Coast Settlement Reserves Act, 1892, of which the unexpired term (including in the computation thereof all periods for which there is a right of renewal) is for a period of not less than twenty-one years. This class of investment had hitherto been ineligible under the provisions of subsection (3) of section 97 of the Trustee Act, 1908. The West Coast Settlement Reserves Act, 1892, was formerly under the administration of the Public Trust Office, and it was for this reason that the Public Trustee was prohibited from investing the funds of the Public Trust Office on the security of the leases. Now that the administration of the West Coast Settlement Reserves has been taken over by the Native Trustee, the legal objection to the investment of Public Trust Office funds in the securities has been removed. Subsection (3) of section 97 of the Trustee Act, 1908, was repealed by the provision of the Finance Act already quoted.

87. The rate of interest charged for advances from the Common Fund has remained at 6 per cent. during the year. This rate has proved attractive to all classes of eligible borrowers, and has been a large factor in securing a steady flow of suitable applications.

88. There has been the usual variety in the types of applications received. Many are for loans of comparatively small amounts for the erection of residences in urban or suburban areas; others are for the erection of modern business blocks in the larger towns, many such loans, some for very large sums, having been made during the past year for the erection of business premises in the four chief centres of population and in some of the more important provincial towns. The demand for money for the erection of buildings, whether residential or commercial, has been most marked in Wellington, where there has been great activity in building operations. Some important loans have also been granted for the erection of modern blocks of buildings in the City of Auckland.

At the same time the needs of rural borrowers have been extensively met, loans having been granted on practically every type of farming property. The loans have varied in amount from a few hundreds to many tens of thousands, thus showing that persons of all grades of wealth in the farming community appreciate the financial assistance which the Public Trustee is in a position to render at reasonable rates of interest. In the case of by far the greater number of applications considered by the Investment Board it has been possible to grant the amount desired in full, while in other cases offers of somewhat reduced amounts have been made which have proved acceptable to the borrowers.

89. At one period of the year, when the financial position was particularly favourable, it was found possible to take over from the State Advances Office certain applications, consideration of which had been delayed in that Office owing to shortage of funds. In a number of cases loans were granted from the Public Trust Office funds which proved acceptable to the applicants.

90. Almost without exception, loans for the erection of residences have been made on the instalment or amortization system, providing for the repayment of the principal together with the interest by means of fixed half-yearly instalments throughout a given period. Many of the loans for the erection of office buildings and similar classes of commercial buildings have been granted on the same plan, and the system is now becoming increasingly availed of by rural borrowers, who welcome this opportunity of reducing their capital indebtedness by easy instalments. The wide and growing extension of the system to all classes of country securities will have a most valuable effect in improving the finances of the primary producers and stabilizing the position of the country as a whole.

Those farmers who are in a sufficiently sound position to find the principal instalments in addition to the interest have not been slow to recognize and avail themselves of the benefit of the system. The system of short-term mortgages hitherto largely in force has imposed heavy recurring charges which have added greatly to the cost of the money to the borrower, involving, as it has often done, the cost of a fresh valuation and additional legal expenses every five years, and in some cases the preparation of a fresh set of mortgage documents at the end of every term if the mortgagee has not been desirous of renewing the mortgage and