

The amounts advanced represent only a conservative portion of the value of the work performed, so that the Public Trustee, in advancing the money, is, in ordinary circumstances, protected at every stage. Where loans of large amounts are obtained for the erection of important blocks of buildings a further protection is secured by the insertion of a special covenant in the mortgage to the effect that if the building is not completed by the borrower the Public Trustee shall have the power to complete the building and include the cost thereof in the amount of the loan advanced on mortgage. This system applies generally to commercial buildings where the loan is advanced by progress payments and the amount of the loan exceeds £4,000.

TONGARIRO NATIONAL PARK BOARD.

98. By section 36 of the Finance Act, 1928, the Tongariro National Park Board is empowered to borrow from the Public Trustee, and the Public Trustee is empowered to lend to the Board, such sum, not exceeding £40,000, as the Minister of Finance approves, to be applied in manner authorized by the section quoted. It is stipulated that any loan approved as aforesaid shall be raised by the Board in manner provided by the Tongariro National Park Act, 1922, and shall be guaranteed by the Government. The Board is authorized, with the approval of the Minister of Finance, to lend the whole or any portion of the moneys borrowed by it in pursuance of the section to any company incorporated under the Companies Act, 1908, to which it has granted a lease or leases of any land within the Tongariro National Park for the purpose of enabling the company to erect a hostel and other facilities on the area or areas so leased to it; such loan to be secured by a mortgage over the assets of the company, with such collateral securities as the Board, with the approval of the Minister of Finance, arranges with the company. Under the provisions of the section the Public Trustee has made available to the Tongariro National Park Board a loan of £40,000.

LOCAL BODIES' LOANS SECTION.

99. The amount of business transacted with the local bodies for the year just closed has not been as extensive as usual, owing to the fact that such local bodies have been able to raise funds at a rate of interest which would not render the investment attractive to the Public Trustee in view of his obligations to his clients and beneficiaries. It has been more profitable for the Public Trustee to lend the available funds on mortgage of lands at a higher rate of interest. Notwithstanding this tendency, a fair amount of money has been made available to local bodies of various kinds, whilst the investments of this nature held by the Office reach, in total, a very large sum.

EARTHQUAKE DISASTER IN NELSON AND WEST COAST DISTRICTS.

100. It is gratifying to report that the Office has suffered no loss in connection with Common Fund securities situate in the Nelson, Murchison, and West Coast districts as a result of the recent disastrous earthquake shock, which was experienced with special severity in those districts. A considerable sum has been advanced by the Office to local bodies in the district, but inquiries made go to show that no loss is likely to occur in this regard, as the extent to which damage has been suffered is limited, and the local bodies as a whole should have no difficulty in meeting their obligations. In view of the anxiety which has been created as to the effect of any future possible earthquake shock on large buildings constructed of brick or concrete, it is satisfactory to place on record that in all the important loans granted on such securities for several years past earthquake cover to the full insurable value, or to an extent adequate to protect the Public Trustee, has been insisted upon, and this requirement should prove a great safeguard to the Office in the event of any widespread damage occurring.

OVERDUE INTEREST.

101. The collection of interest on mortgages and local-body debentures during the year has been comparatively free from difficulty. Fluctuations in overdue interest on the investments from the Common Fund afford perhaps one of the best indications of the financial position of the Dominion, particularly in regard to the