

Soon after the passing of the legislation consideration was given to the procedure to be adopted in connection with rural applications, most of which presented special problems, and discussions took place with the Under-Secretary for Lands and the Valuer-General with a view to formulating a policy to govern the valuation of securities and the presentation of evidence to the Adjustment Commissions. It appeared that the Corporation and the Lands Department would between them be affected to a much greater extent than any other single institution in New Zealand, and in view of the capital involved it was felt that the utmost care should be taken from the point of view of the Crown as landlord and mortgagee to ensure an equitable balance as between the interests of the Crown on the one hand and those of the lessees and mortgagors on the other. It appeared unfair to either party to rely wholly upon valuations made by individual officers where a writing-down of the mortgage debt or rent was likely to occur. A suggestion was made to the Government that, as a policy measure, in respect of rural applications affecting either the Lands Department or the Corporation, special valuation committees constituted somewhat on the lines of revaluation committees set up under section 216 of the Land Act, 1924, for the revaluation of Crown leaseholds should be appointed to undertake rural valuations on the basis of earning-capacity as required by the Act.

It is worthy of mention here that a somewhat similar position arose as a result of the passing of the Discharged Soldiers Settlement Amendment Act of 1923, which provided for the revaluation of discharged soldiers settlement properties, and a special tribunal was set up to consider applications under that Act. District revaluation committees consisting of three persons were specially constituted to consider these applications in the field and to report to the Dominion Revaluation Board.

As a policy measure the Government agreed to this suggestion, and special committees consisting of the Commissioner of Crown Lands for the respective land district, a representative of the Valuer-General, and the District Appraiser of the State Advances Corporation, or the respective nominees of the officers specified, have been constituted and are now operating.

Somewhat similar arrangements have also been made in connection with the valuation of urban and suburban securities in the principal centres.

It was anticipated in the early stages of the operation of the Mortgagors and Lessees Rehabilitation Act that it would be possible in many cases to reach voluntary settlements without recourse to hearings before the Adjustment Commissions. It is regretted that the anticipations of the Board in this regard have not as yet been realized, as there is a reluctance on the part of applicants and their advisors to negotiate for settlement on an acceptable basis. It is hoped, however, that as the principles upon which the Adjustment Commissions are working become more clearly established it may yet prove to be possible to effect an increased number of voluntary settlements.

I would like to stress the volume of work resulting from the passing of the legislation under review. Each application has to be investigated in the field and the relative security valued, the line of action determined upon in the light of the reports obtained and the case framed for presentation to the Adjustment Commissions by officers of the Corporation who must be present at each hearing to produce evidence in support of the Corporation's case. There are now thirty-three Adjustment Commissions operating throughout New Zealand, and it is only by unrelaxing efforts that the Corporation is able to keep abreast of the fixtures arranged by the Commissions.

It is too early yet to forecast what the final result will be when the whole of these applications have been disposed of by the respective Adjustment Commissions and the decisions confirmed by the Court of Review.

15. *Field Staff*.—The transfer of the mortgage assets from the Lands Department was not completed until 31st March, 1937, and this delayed the recruitment of a field staff although the need for direct field representation which was referred to by my predecessor in his report for the previous period became increasingly apparent as new business expanded. The ultimate requirements in the matter