Adjustments effected to date.

Thirty-three Adjustment Commissions have been set up to exercise jurisdiction throughout the various districts. The Commissions have been functioning for several months past, and steady progress is being made. Up to the end of August 1937, some 6,000 applications have been disposed of either by way of voluntary adjustments, withdrawals, or hearing before Commissions. Of approximately 4,300 orders made by the Commissions, some 1,900 had at the above date been actually sealed, involving the writing-off of a total amount of approximately £446,000, this amount representing mortgage-moneys in excess of the values of the securities as ascertained by the Commissions in accordance with the Act. Some 1,650 mortgages the terms of which had expired have been extended. An amount of approximately £147,000 arrears of interest on mortgages has been remitted. As regards leases, a sum of £14,000-odd arrears of rent has been remitted, and in many cases the rate of rent payable has been reduced.

Uneconomic areas.

The Government have not overlooked the problems of men who are endeavouring to farm uneconomic areas under land for settlement leases and other titles associated with the Crown, and are considering methods of dealing with the matter.

New loan-moneys.

Apart from stabilizing the position in so far as existing mortgages are concerned, the Government have provided adequate finance on reasonable terms for new borrowers.

State Advances Corporation.

In this connection it is appropriate that I should refer to the operations of the State Advances Corporation as a major factor in the provision of adequate mortgage finance on reasonable terms and based on the "table" principle.

The extent to which the facilities of the Corporation have been availed of is shown by the loans authorized from 1st April, 1936, to 31st July last.

	Number.	Amount. £
Urban—		
Erection of dwellings	1,411	1,012,820
Refinancing	1,735	995,609
Other purposes	548	370,470
	3,694	2,378,899
Rural—		
Refinancing	1,188	2,607,690
Other purposes	287	450,430
	1,475	3,058,120
Total authorizations	5,169	£5,437,019

The process of transferring to the Corporation the whole of the discharged-soldier-settlement mortgages, totalling £11,525,000, is now complete, and Corporation stock amounting to £8,760,000, bearing interest at $3\frac{3}{8}$ per cent. per annum, has been issued to the Crown in settlement, the balance of £2,765,000 constituting a contingent liability of the Corporation. The Corporation has now on its books mortgages totalling over £51,000,000.

Lending-rates.

The Government policy is to provide ample funds for sound securities at low interest-rates, which is the most important factor both in lightening the burden of fixed charges and in encouraging the development of trade and industry. The lending-rate of the State Advances Corporation has been held at $4\frac{1}{8}$ per cent., and the rate for local authorities' loans at $3\frac{1}{2}$ per cent.

Local authorities.

During the past year some local authorities have experienced difficulty in raising loans at $3\frac{1}{2}$ per cent., and the Government have been urged to allow a higher rate. Low interest-rates, however, have proved an important element in promoting prosperity and it is an integral part of the economic policy of most countries to maintain rates at a low level.