Interest-rates.

During the year a hardening tendency in interest-rates has been apparent, and this was evident in the returns obtained from Government securities as disclosed by transactions on the Stock Exchange. In accordance with the Government's policy, the Corporation's rate of interest for new loans to local authorities was maintained at $3\frac{1}{2}$ per cent., and a large portion of the local-body borrowing was met by advances by the Corporation from funds specially provided for this purpose.

Towards the end of the year the Government indicated that it proposed to issue an internal loan, which was done shortly after the close of the financial year, on attractive terms, the interest-rate being 4 per cent. and the securities having maturity dates of 1948 or 1954–58, with the price of issue fixed at 99 per cent. for the former and 96 per cent. for the latter. Redemption at par on maturity dates gives the investor a return of approximately £4 2s. 7d. on the 1948 issue and £4 6s. 2d. on the 1958 issue. It is pleasing to note that this loan was oversubscribed. As the local markets for gilt-edged securities were somewhat unsettled prior to the issue of this loan it is hoped that it will generally have a stabilizing effect on interest rates within the Dominion.

Incidental to the issue of the Government loan, an announcement was made that local authorities would in future be permitted to place their loans on the market at $4\frac{1}{4}$ per cent., which should provide a satisfactory basis for future borrowing.

The interest-rate fixed for mortgage loans made by the Corporation remained unaltered at $4\frac{1}{8}$ per cent.

In adjusting mortgages under the Mortgagors and Lessees Rehabilitation Act a maximum rate of $4\frac{3}{4}$ per cent. for first mortgages has been adopted by the Commissions, and many applicants were granted extensions of their mortgages at lower rates.

New Business.

A keen demand for loans has been experienced, and in view of the policy of giving building loans preference, particularly during the latter part of the year, advances to applicants for the erection of new dwellings have shown a steady increase and number no less than 2,120 loans, aggregating over £2,060,000, compared with 997 building loans, amounting to approximately £825,000, the previous year. Mortgage advances authorized for all purposes numbering 4,712, amounting to £4,260,391, were made, as against 3,187, amounting to £3,004,546, for the previous year.

It should be mentioned in passing that the Board has difficulty at times in reconciling the rental value with the cost of the project, which, of course, has an important bearing on the amount that can be lent in individual cases.

The total number of loans under administration is 69,833, in addition to the rental administration of the State Housing Scheme, and may be briefly classified into :—

Classification.	Total Number.	Total Amount.
Farm (including Current Account)	22,529	26,128,929
Residential	45,275	25,491,752
Local body	2,029	6,144,973

Field Organization.

It will be realized from the above volume of business that the field staff of the Corporation has been kept exceedingly busy. Valuable service has been given by these officers and their experience widened by the heavy work arising from the Mortgagors and Lessees Rehabilitation Act. Having disposed of the major portion of this work, the Board has been able to direct attention to a survey of the existing securities, which has been somewhat unavoidably delayed, and from which we consider benefits will accrue both to the Corporation and the mortgagors. This is more apparent, of course, with farm securities, where the field officers are in a position to give practical and technical advice where necessary or asked for, the