

object being to ensure the fullest co-operation between mortgagors and the Corporation. This is particularly valuable in regard to those mortgagors who are in difficulties and unable to meet the full charges, and in such cases it is the policy of the Board to have the circumstances fully investigated by the local field officer and constructive action taken where there is a reasonable prospect of recovery with the full co-operation of the mortgagor. It is pleasing to note the many cases in which re-establishment has been possible on an economic basis.

The uneconomic unit presents difficulties, but alternatives, such as amalgamation or transfers of holdings, have brought solutions. A survey is being made of group settlements in which this problem has been apparent for some time, and although there are obstacles to be overcome the Board is hopeful of much progress within the next year or so.

The Property Staff dealing with urban securities is also engaged on a similar survey, although the heavy demands relative to the erection of new houses limits this sphere to some degree. The Board is now considering proposals for the classification of reverted urban properties with a view to absorption into the State Housing Scheme of those residential properties considered to be suitable for continuous rental purposes. At present the capital involved is included for balance-sheet purposes under the heading of "Mortgages Outstanding," but will be adjusted when the transfers are made.

The plan service is in active operation for the assistance of borrowers desirous of erecting houses, and there is available a wide selection of designs suitable for different localities and sections.

We should like at this stage to pay a tribute to both urban and rural field staff for their unsparing efforts and keen desire to assist mortgagors.

MORTGAGORS AND LESSEES REHABILITATION ACT, 1936.

Reference has previously been made to the work involved in handling the the numerous applications for relief lodged by mortgagors of the Corporation, and the figures submitted hereunder will show more clearly the work involved and the financial result arising from these applications. It was inevitable that considerable sums which were owing to the Corporation would be written off, and the result of the adjustments carried into effect by the 31st March, 1939, is also shown hereunder :—

Applications withdrawn after negotiation	2,643
Applications still to be adjusted	749
Applications already adjusted	6,951
Total number of applications affecting Corporation	10,343
Total amount written off to 31st March, 1939	£1,499,701
Adjustable debts due in terms of orders of Court	£26,071

DELEGATION OF MORTGAGE ADMINISTRATION TO BRANCH OFFICES.

With a view to providing clients of the office with better business facilities and more direct contact, the Board decided to establish branch offices in various parts of the Dominion, and when the transfer of the discharged soldiers' settlement loans from the Lands and Survey Department was arranged the newly established branch offices assumed the responsibility for the local administration of these accounts. There were, however, some fifty thousand accounts administered in the Head Office which the Board considered could be more suitably handled in the branches, and steps have been taken to transfer these accounts to the district offices. This is a matter that requires to be handled gradually so that the work of the office may proceed smoothly. Delegation to branches at Dunedin and Invercargill has so far been completed. Steps were in train at the end of the year to subdivide the Auckland district into two offices, one situated in Auckland City and the other one at Hamilton, and the delegation of the Head Office accounts to both these offices will follow shortly. In handling this reorganization some delay has been occasioned through lack of suitable office space in the provincial towns, but it is anticipated that the complete delegation of Head Office accounts should be attained during the year ending 31st March, 1940, and when this is completed the accounts to be