

The assets of most of the companies have now all been realized, and there is little remaining to be done to complete the winding-up. In six cases all the assets have been realized, the proceeds distributed, and orders of the Court obtained releasing the Public Trustee as liquidator and finally dissolving the companies. In regard to two other companies, steps are now being taken to have them wound up and dissolved.

INVESTMENTS FROM THE COMMON FUND.

14. *Lending Operations.*—Towards the end of the year the demand for loans increased substantially, and many first-class securities were forthcoming for the investment of available funds. A noticeable feature of recent applications has been the desire on the part of farmers, businessmen, and others to replace “on demand” liabilities with loans for fixed terms secured by mortgages of land.

The growing popularity of flats as dwellings in the large centres has resulted in an increasing number of applications for loans on buildings designed for this class of residence, and loans to a considerable number have been granted on securities of this nature. As a rule, the loans have been placed on a table basis, to ensure that full provision is made for any decline in value of the security through depreciation of the building or easing of the demand for accommodation of this type. The loans on these and other urban securities were slightly in excess of loans on farms.

The advantages of a loan on a long-term basis with half-yearly repayments of principal have been brought under notice in previous reports. The objection of some borrowers in the past to a loan of this class that they did not feel justified in contracting to pay interest at a fixed rate over a long period has been met by a provision in the mortgage documents that the rate of interest shall be reviewed at five-yearly intervals; and the mortgagor is granted the right to repay the loan without premium interest if the rate fixed for the succeeding period of five years is not acceptable to him. It is interesting to note that a substantial proportion of the borrowers on rural securities have preferred their loans to proceed on this basis; while it is the policy of the Public Trustee to require that loans on urban properties (particularly where the main portion of the security is a wooden building, and it is desirable to provide against depreciation) shall be on an instalment-table basis unless it is clear that there is more than the usual margin of security for the amount advanced.

Arrangements have been made with the Valuer-General under which all special Government valuations required in respect of applications for loans are to be ordered direct by the District Public Trustee administering the loan-work in the district in which the security is situated. It is anticipated that this arrangement will make for increased promptitude in the consideration of applications, through the shortening of the time within which the valuations are made available.

Loans to a total of over £500,000 were renewed during the year. Where the valuation figures available to the Public Trustee show that there is a good margin of security, it is the practice to consider an application for renewal on the existing Government-valuation figures, supplemented by an up-to-date report on the property by the Public Trust Office Farm Inspector or Property Inspector, as the case may be. This course reduces to a minimum the expenses incurred by the mortgagor on renewal, and at the same time ensures that the Public Trustee is kept closely advised of the condition of the property.

15. *Collection of Interest.*—Although some mortgagors experienced difficulty in meeting current interest owing to the outbreak of facial eczema in their flocks and adverse weather conditions, payment of current interest, on the whole, has been satisfactory; and where loans are on an instalment-table basis it has not been necessary to afford many mortgagors relief by postponing principal repayments. It should be mentioned, however, that during the last quarter of the year the effect of the prolonged drought on stock-prices and of increased working-costs caused mortgagors in certain districts to experience difficulty in meeting interest in full.