

In these cases every endeavour was made to apply a pooling scheme, to ensure that the Public Trustee received an equitable share of the season's income after provision had been made for reasonable living and working expenses and the payment of rates and taxes.

The arrears of interest under mortgages representing investments of the Common Fund have shown a decrease during the year, but this is attributable in part to remissions granted by Adjustment Commissions or the Court of Review under the provisions of the Mortgagors and Lessees Rehabilitation Act.

16. *Mortgagors and Lessees Rehabilitation Act, 1936, and Amendments.*—All applications in respect of Common Fund or special fund mortgages have now been heard by the Adjustment Commissions, and with the exception of a few applications, regarding which appeals to the Court of Review are pending, final orders have been sealed. The results have fully justified the policy adopted by the Public Trustee of granting loans on mortgage only on a conservative basis. A factor which assisted in keeping down capital losses was the adoption, a number of years ago, of the policy of encouraging borrowers to take up loans on an instalment-table basis. By this means the indebtedness of the borrowers has been in many instances substantially reduced since the date of the granting of the loans.

It has been necessary for the Public Trustee on occasion to appeal against the decisions of the Adjustment Commissions. The circumstances of each mortgage have been fully considered before an appeal has been lodged; and the fact that the Court of Review has modified in favour of the Public Trustee the terms of certain orders made by Commissions shows that he would have been failing in his duty if he had not availed himself of the provisions for appeal contained in the Act.

The Public Trustee has made every effort consistent with his duty as a trustee to effect satisfactory arrangements with mortgagors without resorting to a hearing before the Adjustment Commission or the Court. As evidence of this attitude it may be mentioned that a substantial proportion of the applications made against the Public Trustee for adjustment of mortgages of the Common Fund or special funds administered by him were settled voluntarily between the parties. In many other instances where it was necessary for the applications to proceed to hearing, since they were directed primarily against subsequent mortgagees, voluntary arrangements were entered into with the mortgagor so far as the Public Trustee's mortgages were concerned; and these voluntary arrangements were subsequently embodied in the Commission's orders. It has been the endeavour of the Public Trustee to ensure that adjustments of mortgagors' liabilities were as far as possible made in accordance with the terms and spirit of the legislation.

17. *Local-body Loans.*—Payments made by local bodies under loans obtained from the Public Trustee have been met very satisfactorily, and difficulty has been experienced in obtaining payment from only three small local bodies. Only two of these are now in arrear, the default being due to difficulties in the collection of rates, caused in one case by a reclassification of the rating area, which required statutory amendment. Arrangements for a voluntary conversion of this local body's loans, with capitalization of portion of the arrears, are now in train.

It is pleasing to report, also, that the improvement in the position of the Thames Borough mentioned in my last report is being maintained. During the year Mr. C. L. Grange, the original Commissioner, resigned in order to take up a position with another local body, and Mr. A. L. Burk, formerly Town Clerk for the Borough of Green Island, was appointed Commissioner in his place. There is every indication that the present negotiations for the voluntary conversion of the Borough's indebtedness, at a rate of interest and on terms which will be acceptable to the debenture-holders and at the same time afford relief to the borough, will be brought to a successful conclusion, and that it will not be necessary for the Government to set up the proposed Commission of inquiry to investigate the affairs of the borough.

The control by a Commissioner of the affairs of the Matakaoa County continues to give satisfactory results.