

“Competent farmers will in future be assured of a reasonable income for the work they do on their farms and, so far as the dairy industry is concerned, the guaranteed price is inextricably linked up with the adjustment of the dairyfarmers’ debts. The mortgage legislation will provide that his liabilities will be adjusted so that he may receive a decent standard of living for himself and his wife and family. With stability of farm income will come an assessment of charges against that income, and the mortgage legislation will ensure to every reasonably efficient farmer that the charges will be so adjusted as to give sufficient return to maintain the standard of living referred to.

“A procedure has also been worked out for the adjustment of urban mortgages.”

The following quotation from the preamble of the Primary Products Marketing Act, 1936, illustrates the objects of that Act:—

“Whereas it is considered essential in the public interest that producers of primary products should, as far as possible, be protected from the effect of fluctuations in the market-prices thereof: And whereas it is thought that the most effective and appropriate way of affording such protection, so far as relates to primary products intended for export, is to provide that the Government, on behalf of the Crown, shall acquire the ownership of such products at prices to be fixed and promulgated from time to time, and, so far as relates to primary products intended for consumption in New Zealand, is to empower the Government in its discretion either to acquire the ownership thereof at fixed prices or to control the sale and distribution thereof: And whereas it is not feasible to put into operation forthwith any plan or plans to deal effectively with all classes of primary products, and it is considered desirable that in the meantime a plan should be inaugurated in respect of dairy-produce (including certain other products usually associated with dairy-farming).”

To achieve these objects a new Department was set up (called the Primary Products Marketing Department) to make all necessary arrangements for the acquisition by the Crown and the marketing in New Zealand or overseas of any primary products in accordance with the Act. The Act contained definite provision for the marketing of dairy-produce, and this industry came within its scope on the 1st August, 1936.

Having provided the machinery for stabilizing farm incomes (it was contemplated that the Act would be extended beyond the dairy industry), Government had to face the question of farm finance. This fell under two heads: (1) The provision of finance, and (2) the adjustment of liabilities. To achieve the first object the State Advances Corporation Act, 1936, restored to the State the machinery for making advances to provide homes and farms. To secure the second object the Mortgagors and Lessees Rehabilitation Act, 1936, was passed.

THE MORTGAGORS AND LESSEES REHABILITATION ACT, 1936.

The Act provided for an immediate and final adjustment of mortgage liabilities, both as to capital and as to interest, and also the adjustment of outstanding rents and rental rates payable under leases. It applied to both rural and urban properties and to all contracts entered into up to the date of its enactment.

PURPOSE OF ACT.

The general purpose of the Act in respect of the three classes of applicant to which it applied was set out as follows:—

A. *Farmer Applicants.*

- (a) To retain them in the use and occupation of their farms as efficient producers.
- (b) To make such adjustments of their liabilities as would ensure—
 - (i) That the liabilities secured on any property did not exceed its value;
 - (ii) That the rent of any leasehold property did not exceed the rental value of that property; and
 - (iii) That the total amount and terms of payment of all their liabilities (whether secured or unsecured) were such that, after allowing for all normal current expenditure and providing for the maintenance of themselves and their families in a reasonable standard of comfort, the applicants might reasonably be expected to meet their liabilities as they fell due either out of their own moneys or by borrowing on reasonable terms.

B. *Home Applicants.*

- (a) To retain them in the occupation of their homes.
- (b) To make such adjustment of their liabilities as would ensure—
 - (i) That the liabilities secured on any property did not exceed its value;
 - (ii) That the rent of any leasehold property did not exceed the rental value of that property; and
 - (iii) That the total amount and terms of payment of their liabilities that were secured by adjustable securities (that is, secured on other property to which the Act applied) or were adjustable debts (debts incurred in the acquisition, extension, improvement, or maintenance of his home) were such that the applicant might reasonably be expected to meet them as they became due, either out of his own moneys or by borrowing on reasonable terms.