

C. Other Applicants.

- (a) To enable them to retain possession of their mortgaged or leasehold property.
- (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 applicants might reasonably be expected to meet them as they became due, either out of their own moneys or by borrowing on reasonable terms.

APPLICATION OF ACT.

Administration.

The administration of the Act was entrusted to the Court of Review and to the Adjustment Commissions. The Court of Review consisted of one Judge and two other members, and the personnel which had acted under the previous Act remained in office. The Adjustment Commissions consisted of either two or three members.

The Adjustment Commissions heard all applications and made orders thereon. Their orders were filed in, and became orders of, the Court of Review. There was a general right of appeal by any party to the Court of Review, which Court determined such appeals and exercised a general power to issue administrative directions to the Commissions.

All applications had to be filed by the 31st January, 1937, but the Court of Review had power to extend the date in particular cases to the 28th February, 1937.

Every application was referred in the first instance to an Adjustment Commission, and the Commission appointed a day for hearing.

The Commission had first to determine—

- (a) To what class the applicant belonged—that is, whether he was a farmer applicant, a home applicant, or neither a farm applicant nor a home applicant ;
- (b) The value of any property of an applicant other than his interest in farm lands ;
- (c) The basic value of the applicant's interest in any farm lands ;
- (d) The basic rent of any property held by any applicant as lessee under a lease ;
- (e) Whether the applicant was entitled to retain any property subject to an adjustable security or comprised in an adjustable lease, or any part of such property ;
- (f) The amount of the principal and other moneys secured on any property of the applicant after allowing for remission.

Before fixing the amount of principal and interest secured on a property the Commission was authorized to remit the whole or any part of any interest (whether capitalized or not) accruing due before the date of the order and the whole or any part of any penalty added to rates, and amounts claimed against mortgagors for costs.

Basis of Value of Property.

(a) *Property other than Farm Lands.*—The value of all property other than farm lands was taken at the value as at the passing of the Act (1st October, 1936) : this included town properties, chattels, and also farm stock and plant.

(b) *Farm Lands.*—The basic value of farm lands was the productive value increased or reduced by such sum as the Commission thought fit.

The productive value was an amount equal to the net annual income *that would be derived from the lands by an average efficient farmer* capitalized at the rate of 5 per cent. per annum. The net annual increase was assessed by deducting from the gross income all the expenses of production, including rates and taxes, reasonable remuneration for the work performed by the applicant and any other person in the production of the income, and interest on the value of the stock and chattels computed at 5 per cent.

The gross income was calculated on the basis that the products were sold at a rate fixed by the Court, this rate being fixed after taking into consideration the prices received for products of the same kind, grade, and quality produced in New Zealand during a period of from eight to ten years immediately prior to the 31st July, 1935.

The Court fixed these prices by order dated the 19th day of January, 1937. In respect of most items the average of ten years was taken, but in other cases either a nine-year or a eight-year period was used. It is important to note that the period was for the eight, nine, or ten years ending 31st July, 1935. This kept the average price lower than it would have been had it been for the period ending 31st July, 1936, as the year 1935–36 was one of comparatively high prices. It is important to note that, although income was calculated at the basis of the average of the eight to ten years prior to July, 1935, expenditure was the actual expenditure—that is, the expenditure necessary to produce the income—but calculated at the costs ruling at the date of hearing.