

1898.

NEW ZEALAND.

GOVERNMENT ADVANCES TO SETTLERS OFFICE

(REPORT BY THE SUPERINTENDENT OF THE, FOR THE YEAR ENDING 31st MARCH, 1898).

Presented to both Houses of the General Assembly by Command of His Excellency.

THE scheme to provide country settlers with money at a reasonable rate of interest, combined with facilities for repayment, was embodied in "The Government Advances to Settlers Act, 1894." For the purposes of this Act a loan of £1,500,000 was raised in London, discount and flotation charges reducing the amount available for investment to £1,394,102. A large amount of this was not remunerative for some time. In explanation of this it may again be necessary to state that at the commencement of lending operations some months elapsed before the department was by law empowered to invest any portion of the loan in temporary securities, and in consequence a large portion of the loan lay in the bank totally unproductive. It then became necessary to borrow from the Consolidated Fund for the purpose of meeting the half-yearly payments of interest, and upon these advances interest has been regularly paid.

During the last financial year some 3-per-cent. and 3½-per-cent. securities held in London were sold at a premium, realising a profit of £5,646. This was applied to the reduction of the indebtedness to the Consolidated Fund, which on the 31st March, 1898, stood at £24,500—viz., the half-year's interest (£22,500), and £2,000 balance of previous advances. From the statement of that account furnished herewith it will be seen that the department, in addition to having made provision for payment of the year's interest (£45,000) on the loan, has reduced its indebtedness to the Consolidated Fund, which stood at £46,500 on the 31st March, 1897, by £22,000. On the 18th April last the old debit balance of £2,000 above referred to was cleared off, and the amount owing now is for the half-year's interest alone. Before the end of the current financial year the present liability to the Treasury will be wiped off, and the department will at the close of the year have in hand a considerable amount towards meeting the half-year's interest falling due at that date, so that, instead of having to ask for the full amount (£22,500) from the Treasury as at present, it will be necessary to apply for only a portion of that sum, and it is anticipated that from the 31st March, 1901, the department will always have sufficient funds in hand to meet each half-yearly payment of interest without assistance.

The proportion of applications declined or loans refused by applicants remains about the same. The exact figures will be gathered from the tables attached.

The first meeting of the General Board for the purpose of considering applications for loans was held on the 23rd February, 1895, and up to the 31st March, 1898, the Board had authorised 5,837 advances, amounting to £1,736,205, and declined 1,341 applications for £419,433. The total amount asked for by the 5,837 applications granted in full and partially was £2,028,445; 698 applicants declined the grants offered them, amounting to £330,240; so that the net advances authorised to the 31st March, 1898, numbered 5,139, and amounted to £1,405,965. The securities for the net authorised advances were valued at £3,151,771; and these are being enhanced by the expenditure in improvements of part of the money borrowed, as well as by the periodical repayments of principal. The number of applications received to the 31st March, 1898, was 7,433, for an aggregate amount of £2,512,648. Sixty-three per cent. of the amount applied for was for the purpose of paying off existing mortgages at rates of interest higher than 5 per cent.

The number of applications for fixed loans has not been large, the amount being less than 1½ per cent. of the total advances.