

1945
NEW ZEALAND

STATE ADVANCES CORPORATION OF NEW ZEALAND

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1945

Laid before both Houses of the General Assembly of New Zealand pursuant to Subsection (2) of Section 43 of the State Advances Corporation Act, 1934-35, and Subsection (2) of Section 42 of the State Advances Corporation Act, 1936.

The Hon. the MINISTER OF FINANCE, Wellington.

We have pleasure in submitting the Balance-sheet and Revenue Accounts for the year ended 31st March, 1945, together with a report on the administration for the year, as required by subsection (1) of section 43 of the State Advances Corporation Act, 1934-35.

PART I.—GENERAL

1. In the early years of the war the Board decided, as a matter of wartime policy, to restrict its lending activities by discontinuing the granting of loans for the sole purpose of enabling applicants to refinance existing mortgages held by private lenders or other lending institutions. This step was taken for two main reasons—firstly, with a view to conserving and building up funds to meet the inevitable post-war demands for rehabilitation purposes, and secondly, for the purpose of assisting to some extent the wartime stabilization policy by taking no action which would tend to increase the volume of money in the hands of other investors, for which an alternative outlet would need to be found if the Corporation provided funds for the repayment of existing private mortgages. The result of this policy has been reflected in a gradual reduction in the mortgage assets of the Corporation by close on £7,000,000, as shown by the following table :—

Year ended 31st March,	Principal Outstanding. £
1938	46,988,331
1939	47,440,875
1940	47,288,078
1941	45,667,628
1942	44,238,018
1943	42,027,142
1944	40,252,311
1945	40,294,980

The Board confined its new lending to the provision of finance for those who were desirous of purchasing farm properties, developing farm properties with a view to increased production, and purchasing or erecting houses. Added facilities under the special loans scheme for those who required assistance beyond the usual lending for the erection of homes were also provided as in the past. The latter function has always been in the forefront of Corporation policy, although during the war years, with the diversion of men and materials to purposes connected with the war, the demand for loans for home building was inevitably very much reduced. The gradual reduction in the volume of mortgage assets held by the Corporation resulted in a corresponding accumulation of liquid cash which was made available to the