

1907.
NEW ZEALAND.

GOVERNMENT ADVANCES TO SETTLERS OFFICE

(REPORT BY THE SUPERINTENDENT OF THE), FOR THE YEAR ENDING 31st MARCH, 1907.

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

THIRTEENTH ANNUAL REPORT AND BALANCE-SHEET.

THIS year has again proved a record year for the amount of business transacted, the applications numbering 2,420, amounting to £999,461, as against 2,288 applications, amounting to £949,432, for the previous year, an increase of 132 applications for £50,029. The advances actually granted during the year numbered 1,929, for £767,730 4s. 7d., which exceeds those of the previous year (also a record) by 222, for £134,277 11s. 1d. The Board had up to the 31st March, 1907, authorised 19,501 advances, amounting to £6,648,480. Applicants to the number of 2,169 declined the grants offered them, amounting to £938,860, so that the net advances authorised to the 31st March, 1907, numbered 17,332, and amounted to £5,714,620.

Classified according to provincial districts, the total advances authorised to date are :—

Provincial District.	Number of Applications.	Amount of Advances authorised. £
Auckland	4,599	1,385,773
Taranaki	2,920	1,228,619
Hawke's Bay	1,051	295,315
Wellington	4,833	1,661,078
Marlborough	589	226,605
Nelson	242	71,200
Westland	346	79,575
Canterbury	1,608	467,385
Otago and Southland	3,313	1,232,930
Total	19,501	£6,648,480

Classified according to provincial districts, the advances authorised during the year ended 31st March, 1907, are :—

Provincial District.	Number of Applications.	Amount of Advances authorised. £
Auckland	700	232,690
Taranaki	319	163,315
Hawke's Bay	59	16,300
Wellington	475	192,085
Marlborough	42	21,020
Nelson	15	5,360
Westland	78	19,185
Canterbury	216	84,425
Otago and Southland	194	84,810
Total	2,098	£819,190

The advances outstanding are as follows :—

	Number.	Amount.		
		£	s.	d.
Not exceeding £1,000	10,330	2,497,853	0	11
Exceeding £1,000, but not exceeding £2,000 ...	596	804,108	13	2
Exceeding £2,000, but not exceeding £3,000 ...	111	252,645	9	2
Total	11,037	£3,554,607	3	3

The average amount of the advances now outstanding is £322.

	Number.	Amount.		
		£	s.	d.
On freeholds	6,670	2,740,747	5	6
On leaseholds	4,206	738,441	11	6
On freeholds and leaseholds (combined) ...	161	75,418	6	3
Total	11,037	£3,554,607	3	3

The average freehold advance is £411; the average leasehold advance is £175; and the average freehold and leasehold (combined) is £468.

The advances granted during the year ended the 31st March, 1907, are as follows :—

	Number.	Amount.		
		£	s.	d.
Not exceeding £500	1,476	319,925	4	7
Exceeding £500, but not exceeding £1,000 ...	303	220,390	0	0
Exceeding £1,000, but not exceeding £2,000 ...	135	186,805	0	0
Exceeding £2,000, but not exceeding £3,000 ...	15	40,610	0	0
Total	1,929	£767,730	4	7

The average amount of the advances granted for the year is £398.

	Number.	Amount.		
		£	s.	d.
On freeholds	1,044	511,355	2	7
On leaseholds	869	246,165	2	0
On freeholds and leaseholds (combined) ...	16	10,210	0	0
Total	1,929	£767,730	4	7

For the year the average freehold advance is £490; the average leasehold advance is £283; and the average freehold and leasehold (combined) advance is £638.

Seventy-six per cent. of the advances made during the year was for loans not exceeding £500.

The total sum raised by the Government on debentures for investment on mortgage is £3,560,000. Eleven thousand and thirty-seven mortgagors are now indebted to the Department to the extent of £3,554,607 3s. 3d. in respect of principal moneys, an increase during the year of 1,051 mortgagors, amounting to £427,619 13s. 3d.

The gross profits for the year ended 31st March, 1907, were £49,836 7s., and the total cost of management and expenses of the Department £4,864 14s. 5d., being 0·14 per cent., or 2s. 8d. per £100 on the capital employed. (The cost of the previous year was 0·13 per cent., or 2s. 7d. per £100.) The net profits amounted to £44,971 12s. 7d., an increase on the previous year of £10,924 3s. 5d., notwithstanding the additional expenses connected with the concessions granted to the mortgagors.

The loan-flotation charges have been further written down out of profits by the sum of £40,000. Next year this item will disappear altogether.

These eminently satisfactory results have been largely contributed to by the stoppage of the leakages in the shape of loss of interest on portion of the funds of the office, and consequently reaping the full benefit of all the funds of the office being employed in its own business; so that, notwithstanding the large amount—exceeding three-quarters of a million—of new business transacted during the year, the office has only had to resort to borrowing to the comparatively very small amount of £150,000.

Additional advances are now secured by further-charge mortgages prepared in accordance with the Act of last session, free of charge to the mortgagors, except the payment to the Deeds Office of the necessary 10s. registration fee. Four hundred and fifty of these mortgages were prepared and completed during the past year very satisfactorily and without difficulty.

Arrangements have now been made also whereby all mortgage-deeds securing loans will be prepared and completed free of charge to mortgagors, except the payment to the Deeds Office of a small fee of 10s. for registration. It is estimated that by this change a saving to mortgagors of fully £10,000 per annum in legal costs and fees will be effected. In addition to much time and trouble saved, far greater expedition will be given to the completion of loans, and much labour and expense saved to the Department.

Sixteen freehold and nine leasehold securities have for various reasons been realised by the Department up to the present time. In most cases fairly good surpluses over and above the advances owing to the Department have been obtained and refunded. In no case has a loss been

Mortgagors continue to meet their half-yearly payments of interest and principal in a manner creditable to themselves and highly satisfactory to the Department.

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The increase in the volume of business transacted during the year has been very large; and the staff of the office have worked well, and deserve commendation for the efficient and expeditious manner in which the work has been carried out.

REPORT AND BALANCE-SHEET.

Classified according to provincial districts, the advances authorised are as under :—

In accordance with the provisions of the Act all mortgages are prepared in the office free of cost to mortgagors, and the work has been carried out most satisfactorily and without difficulty.

P. HEYES, F.S.A.A., Eng.,
Superintendent.

BALANCE-SHEET.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1907.

[illegible]

Audited and certified, subject to the following remarks:—

The balance-sheet does not show how the undermentioned moneys received by the Superintendent from the Public Trustee are accounted for,—

(1.) The moneys amounting to £159,980 2s. 5d., which the Public Trustee received as an Assurance Fund under section 53 of the Act of 1894, and paid over during the previous year to the Superintendent for investment in mortgages as part of the Debenture Fund in accordance with the provisions of section 2 of the Amendment Act of 1905.

(2.) The moneys amounting to £1,824,227 12s. 5d., which the Public Trustee received under section 55 of the same Act for the Debenture Sinking Fund, and from time to time paid over to the Superintendent for investment in mortgages as part of the Debenture Fund in accordance with subsection (3).

The Act of 1894, by which provision was made for the Assurance Fund and the Debenture Sinking Fund, is the Act under which the loans were raised. It was repealed by the Act of 1906, which, though making no provision for such funds, does not provide what shall become of the moneys previously paid to them, or that such moneys shall cease to belong to them.

In the previous year's balance-sheet there was entered as for the Assurance Fund a liability of £50,000. It should have been £159,980 2s. 5d., the difference of £109,980 2s. 5d. having been applied directly and indirectly towards writing-down the loan-flotation charges. In the present balance-sheet no Assurance Fund appears; but a sum of £50,000 is entered as a liability for the Reserve Fund established by section 26 of the Act of 1906, though the Governor has not directed by Order in Council, as the section requires, the sum of which such Reserve Fund shall consist. Thus, the amount of £50,000 previously entered as a liability for the Assurance Fund seems to have been converted into the liability for the Reserve Fund.

There was no payment made by the Superintendent to the Public Trustee on account of the Assurance Fund between the 1st April and the 29th October, 1906—the date of the passing of the Act of 1906—of one-tenth of all moneys received in respect of interest on investments, as required by section 53 of the Act of 1894.

The balance at credit of the Suspense Account at the close of the year was £20,100 6s. 3d., of which £18,644 5s. 11d. consisted of moneys retained for a time out of loans granted to mortgagors, while the balance of cash in hand and in the Public Account amounted only to £12,268 15s. 6d.

The amount of £6,453 appearing as the liability for the moneys required to be applied in establishing the Sinking Fund under section 27 of the Act of 1906 was not "paid out of" the Advances to Settlers Account, as section 22 requires. This amount forms, by book-entry, part of the allocation of the balance of £49,389 1s. 1d. of the Profit and Loss Account, a balance of which £45,392 2s. 10d. is derived from entries in the Interest Account in respect of interest overdue and accrued interest.

J. K. WARBURTON,

16th July, 1907.

Controller and Auditor-General.

The balance-sheet has been prepared strictly in accordance with the provisions contained in "The Advances to Settlers Act, 1906," so far as I understand them. It was hoped that these provisions, which were made in pursuance of the recommendations of the Public Accounts Committee, would have enabled the Controller and Auditor-General to give a clear certificate to the balance-sheet, which has been prepared in the form adopted in previous years, and several times approved by the Public Accounts Committee.

It appears, however, impossible to comply with the requirements of the Controller and Auditor-General, and at the same time to keep true, clear, and intelligible accounts, and there is no alternative but to accept the perennial tag.

18th July, 1907.

P. HEYES, F.S.A.A., Eng.,
Superintendent.

WORKERS' BRANCH.—BALANCE-SHEET.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1907.

Liabilities.			Assets.		
	£	s. d.		£	s. d.
Advances on account of loan ..	20,000	0 0	Advances on mortgage ..	5,490	0 0
Suspense Account ..	1,216	1 0	Interest receivable accrued ..	17	4 6
Accrued interest payable ..	168	15 4	Profit and Loss Account ..	433	11 2
			Cash in hand and in Public Account ..	15,444	0 8
	<u>£21,384</u>	<u>16 4</u>		<u>£21,384</u>	<u>16 4</u>

STATEMENT of PROFIT AND LOSS ACCOUNT for the Three Months ended 31st March, 1907.

Dr.			Cr.		
	£	s. d.		£	s. d.
To Management Expenses Account ..	282	0 4	By Balance ..	433	11 2
Interest Account ..	151	10 10			
	<u>£433</u>	<u>11 2</u>		<u>£433</u>	<u>11 2</u>

STATEMENT of INTEREST ACCOUNT for the Three Months ended 31st March, 1907.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Accrued interest payable on loan at 31st March, 1907	168	15	4	By Interest receivable accrued at 31st March, 1907	17	4	6
				Balance transferred to Profit and Loss Account	151	10	10
	<u>£168</u>	<u>15</u>	<u>4</u>		<u>£168</u>	<u>15</u>	<u>4</u>

STATEMENT of MANAGEMENT EXPENSES ACCOUNT for the Three Months ended 31st March, 1907.

Dr.	Receipts.	£	s.	d.	Cr.	Expenditure.	£	s.	d.
To Advertising	..	81	15	0	By Valuation fees	..	64	17	6
Postages and telegrams	..	25	0	0	Balance transferred to Profit and Loss Account	..	282	0	4
Printing and stationery	..	81	12	10					
Salaries	..	150	0	0					
Valuation Department	..	58	10	0					
		<u>£346</u>	<u>17</u>	<u>10</u>			<u>£346</u>	<u>17</u>	<u>10</u>

STATEMENT of RECEIPTS and EXPENDITURE for the Three Months ended 31st March, 1907.

Dr.	Receipts.	£	s.	d.	Cr.	Expenditure.	£	s.	d.
To Suspense Account	..	1,786	1	0	By Advertising	..	81	15	0
Temporary advance on account of loan 20,000	0	0			Advances on mortgage	..	5,490	0	0
Valuation fees	..	65	12	6	Postages and telegrams	..	25	0	0
					Printing and stationery	..	81	12	10
					Salaries	..	150	0	0
					Suspense Account	..	570	0	0
					Valuation Department	..	58	10	0
					Valuation fees refunded	..	0	15	0
					Cash in hand and in Public Account	..	15,444	0	8
		<u>£21,851</u>	<u>13</u>	<u>6</u>			<u>£21,851</u>	<u>13</u>	<u>6</u>

Government Advances to Settlers Office,
Wellington, 27th May, 1907.
W. N. HINCHLIFFE, Accountant.

P. HEYES, F.S.A.A., Eng., Superintendent.

Examined and found correct.—J. K. WARBURTON, Controller and Auditor-General.

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