

1911.
NEW ZEALAND.

STATE-GUARANTEED ADVANCES OFFICE

(REPORT BY THE SUPERINTENDENT OF THE) FOR THE YEAR ENDED 31st MARCH, 1911.

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

ADVANCES TO SETTLERS BRANCH.

SEVENTEENTH ANNUAL REPORT AND BALANCE-SHEET.

FOUR thousand nine hundred and fifty-seven applications for loans, amounting to £2,122,749, were received during the year. The advances actually granted numbered 3,183, amounting to £1,204,310, which exceeds those of the previous year by 438, and the amount by £109,190. The Board had from the commencement of its business up to the 31st March, 1911, authorized 32,306 advances, amounting to £11,528,145. Applicants to the number of 3,415 declined the grants offered them, amounting to £1,347,910, making the advances authorized to the 31st March, 1911, 28,891, and the amount £10,180,235 net. The total amount of advances actually paid over during the year for both the Advances to Settlers and Advances to Workers Branches was £1,612,070.

Classified according to provincial districts, the total number and amount of advances, including repayments advanced again, authorized to date are,—

Provincial District.	Number of Applications.	Amount of Advances authorized. £
Auckland	8,853	2,801,268
Taranaki	4,261	1,898,469
Hawke's Bay	1,558	468,465
Wellington	8,314	3,118,868
Marlborough	936	382,800
Nelson	489	148,515
Westland	677	162,770
Canterbury	2,903	944,435
Otago	1,933	743,370
Southland	2,382	859,185
Total	32,306	£11,528,145

Classified according to provincial districts, the advances authorized during the year ended 31st March, 1911, were,—

Provincial District.	Number of Applications.	Amount of Advances authorized. £
Auckland	1,297	458,165
Taranaki	319	147,700
Hawke's Bay	172	56,075
Wellington	895	345,075
Marlborough	74	27,870
Nelson	59	17,200
Westland	69	17,685
Canterbury	408	124,125
Otago	136	41,240
Southland	142	47,745
Total	3,571	£1,282,880

The advances now outstanding are as follows :—

	Number.	Amount. £	s.	d.
Not exceeding £500	12,591	2,533,274	15	4
Exceeding £500 but not exceeding £1,000	2,238	1,777,496	19	1
Exceeding £1,000 but not exceeding £2,000	1,014	1,403,048	6	3
Exceeding £2,000 but not exceeding £3,000	162	431,409	0	7
Total	16,005	£6,145,229	1	3

The average amount of the advances now outstanding is £384.

Number and amounts advanced on freehold and leasehold :—

	Number.	Amount. £	s.	d.
On freeholds	9,747	4,541,571	19	9
On leaseholds	6,036	1,473,401	14	5
On freeholds and leaseholds (combined)	222	130,255	7	1
Total	16,005	£6,145,229	1	3

The average freehold advance is £466, the average leasehold advance is £244, and the average freehold and leasehold combined is £586.

Number and amounts advanced on rural and urban and suburban land :—

	Number.	Amount. £	s.	d.
On rural land	10,048	3,996,481	19	5
On urban and suburban land	5,957	2,148,747	1	10
Total	16,005	6,145,229	1	3

The average rural advance is £398, and the average urban and suburban advance is £361.

The amounts of the advances granted during the year ended 31st March, 1911, are as follows :—

	Number.	Amount. £	s.	d.
Not exceeding £500	2,730	794,365	0	0
Exceeding £500 but not exceeding £1,000	352	261,915	0	0
Exceeding £1,000 but not exceeding £2,000	92	126,380	0	0
Exceeding £2,000 but not exceeding £3,000	9	21,650	0	0
Total	3,183	£1,204,310	0	0

The average amount of the advances granted for the year is £378, and the tenure of the securities is,—

	Number.	Amount. £	s.	d.
On freeholds	2,019	762,705	0	0
On leaseholds	1,139	431,465	0	0
On freeholds and leaseholds combined	25	10,140	0	0
Total	3,183	£1,204,310	0	0

For the year the average freehold advance was £377, the average leasehold advance £379, and the average freehold and leasehold combined £405.

The total sum raised by the Government on debentures for investment on mortgage since the Department was started is £7,094,935. Sixteen thousand and five mortgagors are now indebted to the Department to the extent of £6,145,229 1s. 3d. in respect of principal moneys, an increase during the year of 1,497 mortgagors, owing £477,595 13s. 4d.

The gross profits for the year ended 31st March, 1911, were £71,324 10s. 5d., and the cost of management and expenses of the Department £10,830 18s. 8d., being 0.15 per cent., or 3s. per £100 on capital employed—the same as the previous year.

The net profits amounted to £60,440 10s.

A sum of £70,949 7s. has been added to the sinking fund established under section 30 of the State-guaranteed Advances Act, 1909, which, with £3,734 9s. interest earned and added to the fund held by the Public Trustee, brings the total amount standing to the credit of that account to £176,311 14s. 8d.

Nineteen freehold and thirteen leasehold securities have for various reasons, during its existence, been realized by the Department. This year losses to the extent of £53 1s. 9d. have been made. There are, however, on the Department's hands two securities which are not satisfactory. At present they are leased at a nominal rental, awaiting a favourable opportunity for realization. Mortgagors continue to meet their half-yearly payments of interest and principal in a manner satisfactory to the Department.

The total amount of interest collected for the year amounted to £272,320 6s. 8d., an increase on the previous year of £30,855 4s. 9d. The total amount of interest collected from the time advances were first made up to the 31st March, 1911, amounted to the sum of £1,936,104, in addition to the repayments of principal £4,402,740, making a grand total of £6,338,844.

Applications are now being carefully examined when first received before a valuation is ordered. If the grant of a loan is considered doubtful, the facts are submitted to the Board for preliminary con-

sideration. When the property offered is not considered satisfactory for a loan, the application is declined and the valuation fee returned. In this way delays are avoided, and loss of the fee—which to a poor man is considerable—prevented.

The term for repayment of small loans has been found to be too long, and short-term loans have now been provided for. Advances are granted on first-class securities for a term of thirty-six years and a half, on second-class securities for a term of thirty years, and on third-class securities for a term of twenty years. These terms have found favour with borrowers, and there have been few complaints about the change. In some instances borrowers have asked that the loans be granted for terms not exceeding twenty years, although entitled to the loans for longer terms.

An Inspector of Securities has been appointed to the staff of the office, and has now taken up his duties. Already good work is being done by him, and as time goes on a considerable benefit must accrue to the Department from his periodical inspection of securities and districts.

The volume of business transacted during the year has again been very large, and thanks are due to the staff for the zeal shown in the discharge of their duties and their devotion to the Department's interests.

J. W. POYNTON, Superintendent.

State-guaranteed Advances Office, Wellington, 8th July, 1911.

ADVANCES TO WORKERS BRANCH.

FOURTH ANNUAL REPORT AND BALANCE-SHEET.

The Government Advances to Workers Act was passed on the 29th October, 1906. Applications for loans were first considered by the Board at its meeting on the 8th January, 1907.

For the year ended 31st March, 1911, the applications received numbered 2,125, amounting to £660,892, as against 2,028 applications, amounting to £550,651, for the previous year—an increase of 97 applications, in amount £110,241. The advances actually granted during the year numbered 1,296, for £407,760, being an increase in amount over the previous year of £45,408. From the 8th January, 1907, up to the 31st March the Board had authorized 5,774 advances, amounting to £1,547,755. Applicants to the number of 322 declined the grants offered them, amounting to £84,965, so that the net advances authorized to the 31st March, 1911, numbered 5,452, and amounted to £1,462,790.

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

Provincial District.	Number of Applications.	Amount of Advances authorized. £
Auckland	1,465	360,735
Taranaki	162	40,635
Hawke's Bay	336	90,230
Wellington	1 470	420,330
Marlborough	187	51,370
Nelson	126	29,370
Westland	161	34,585
Canterbury	1,240	358,485
Otago	427	113,890
Southland	200	48,125
Total	5,774	£1,547,755

Classified according to provincial districts, the advances authorized during the year ended 31st March, 1911, were,—

Provincial District.	Number of Applications.	Amount of Advances authorized. £
Auckland	355	104,460
Taranaki	48	13,590
Hawke's Bay	102	30,475
Wellington	444	144,455
Marlborough	51	16,910
Nelson	15	4,375
Westland	26	6,320
Canterbury	340	111,705
Otago	89	26,605
Southland	51	14,635
Total	1,521	£473,530

The tenure of the advances outstanding is as follows:—

	Number.	Amount. £ s. d.
On freeholds	3,928	1,118,105 11 9
On leaseholds	354	60,335 0 0
Total	4,282	£1,178,440 11 9

The average freehold advance is £285, and the average leasehold advance is £170.

The advances granted during the year ended 31st March, 1911, on freehold and leasehold are as follows :—

					Number.	Amount.		
						£	s.	d.
On freeholds	..	..	..	..	1,208	390,700	0	0
On leaseholds	..	..	..	..	88	17,060	0	0
Total	..	..	..	..	1,296	£407,760	0	0

For the year the average freehold advance was £323, and the average leasehold advance £194.

The total sum raised by the Government on debentures for investment on mortgage to workers is £1,169,765.

Four thousand two hundred and eighty-two mortgagors are now indebted to the Department to the extent of £1,178,440 11s. 9d. in respect of principal moneys, an increase during the year of 1,247 mortgagors, amounting to £359,834 17s. 3d.

The gross profits for the year ended 31st March, 1911, were £8,598 6s. 11d., and the cost of management and expenses of the Department £1,645 9s. 4d., being 0·14 per cent., or 2s. 10d. per £100 on the capital employed. The net profits amounted to £5,912 1s. 2d.

A sum of £8,447 13s. has been added to the sinking fund established under section 30 of the State-guaranteed Advances Act, 1909, which, with £311 17s. 1d. interest earned and added to the fund by the Public Trustee, brings the total amount standing to the credit of that account to £16,597 7s. 1d.

Three freehold securities have since 1907 for various reasons been realized by the Department.

Losses for the year amount to £88 8s. 4d.

The plans and specifications of various types of buildings referred to in my last report have been prepared, and are now available to borrowers. They include eighteen different kinds of dwellings of from two to seven rooms, costing from £120 to £750 to build. They can be inspected at the chief post-offices throughout the Dominion, and are supplied to borrowers free of charge.

Provision has now been made for short-term loans. Advances are granted on three classes of securities—viz., first class for a term of thirty-six years and a half, second class for a term of thirty years, and third class for a term of twenty years.

The power given to the Board to grant loans for a shorter term than thirty-six years and a half has enabled owners of sections of little value to obtain loans which would be unsafe to grant for so long a period. It is obvious that when a security consists very largely of improvements which quickly deteriorate, the term of the loan should not be so long as thirty-six years and a half.

J. W. POYNTON, Superintendent.

State-guaranteed Advances Office, Wellington, 8th July, 1911.

ADVANCES TO LOCAL AUTHORITIES BRANCH.

The number of applications dealt with during the year totalled 429. Of these, 44 were declined, 376 were provisionally approved—that is, agreed to be granted subject to sufficiency and validity of the security offered—and 9 were either postponed or withdrawn.

The applications from the different provincial districts were,—

Provincial District.					Number of Applications.	Amount of Advances authorized. £
Auckland	..	..	..	..	139	732,599
Taranaki	..	..	..	..	52	188,236
Hawke's Bay	..	..	..	..	27	709,670
Wellington	..	..	..	..	129	826,890
Marlborough	..	..	..	..	9	75,625
Nelson	..	..	..	..	6	31,225
Westland	..	..	..	..	11	83,660
Canterbury	..	..	..	..	31	373,380
Otago	..	..	..	..	14	381,800
Southland	..	..	..	..	11	169,500
Total	..	..	..	..	429	£3,572,585

The number of applications finally approved was 193; the amount of the loans fully approved, £947,770. The number of loans finally completed was 186; the amount of cash paid over, £405,195.

The complicated procedure formerly necessary before a loan could be obtained has now been greatly simplified. After the ratepayers have sanctioned the loan the Department does all that is necessary, thus saving much time and expense to borrowers.

J. W. POYNTON, Superintendent.

State-guaranteed Advances Office, Wellington, 8th July, 1911.

STATEMENT OF MANAGEMENT EXPENSES ACCOUNT for the Year ended 31st March, 1911.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Advertising	20	0	0	By Consent fees	21	15	0
Audit Department	200	0	0	Mortgage fees	9	12	0
Clerical assistance	133	11	6	Production fees	458	5	9
Court costs	5	14	4	Rates	44	8	10
Petty general expenses	25	8	2	Release fees	381	3	8
Postages and telegrams	598	11	10	Balance transferred to Profit and Loss			
Post Office services	500	0	0	Account	10,830	18	8
Printing and stationery	965	11	1				
Rent of offices	85	0	11				
Salaries	8,574	15	10				
Solicitors' costs	13	11	2				
Sundries	27	7	9				
Telephones	58	17	7				
Travelling expenses	37	13	4				
Valuation Department—agency work	500	0	0				
	<u>£11,746</u>	<u>3</u>	<u>6</u>		<u>£11,746</u>	<u>3</u>	<u>6</u>

STATEMENT OF RECEIPTS AND EXPENDITURE for the Year ended 31st March, 1911.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
To Cash in hand and in bank at 31st March, 1910	87,873	12	7	By Advances on mortgage	1,204,810	0	0
Advances Suspense Account	35,127	1	7	Advertising	20	0	0
Bills Receivable Account	25	10	7	Advances Suspense Account	47,699	3	8
Consent fees	22	0	0	Consent fee refunded	0	5	0
Court costs	70	11	8	Audit Department	200	0	0
Fire Loss Suspense Account	10,629	19	3	Clerical assistance	133	11	6
Insurance Premiums Account	606	15	8	Court costs	76	6	0
Interest on bank balances	564	5	7	Fire Loss Suspense Account	8,586	4	7
Interest on mortgages	264,776	3	10	Insurance Premiums Account	852	1	8
Interest on amounts transferred to Workers Branch	6,979	17	3	Interest on deposits	37	5	4
Loan-flotation charges refunded	0	4	6	Interest on loans	190,629	4	4
Mortgages and instalments of principal repaid	726,714	6	8	Interest on amounts transferred from Local Authorities Branch	7,359	16	8
Mortgage fees	9	12	0	Interest refunded	118	3	6
Petty cash recredited by Receiver	2	11	10	Loan-flotation charges	0	4	6
Production fees	462	4	9	Office Furniture Account	225	18	3
Postages refunded	1	14	8	Petty general expenses	28	0	0
Rates	44	8	10	Postages and telegrams	900	6	6
Registration and search fees	610	15	10	Post Office services	500	0	0
Registration and search fees transferred	31	1	8	Printing and stationery	1,085	11	1
Release fees	383	18	3	Profit and Loss Account—losses on realization of securities	53	1	9
Salary refunded	75	0	0	Production fees refunded	3	19	0
Solicitors' costs	9	18	6	Release fees refunded	2	15	0
Sundries	20	11	4	Registration and search fees	641	17	6
Suspense Account	14,696	7	11	Rent of offices	85	0	11
Sundry advances on account of loan	1,351,135	0	0	Sinking fund	115,139	5	8
Temporary advances from Local Authorities Branch	470,000	0	0	Salaries	9,805	15	10
Temporary Advances to Workers Branch refunded	50,000	0	0	Solicitors' costs	23	9	8
Valuation fees	8,242	9	11	Suspense Account	12,844	18	3
Local Authorities Branch refunds—Salary	156	0	0	Sundries	47	19	1
Postages and telegrams	150	0	0	Telephones	58	17	7
Printing and stationery	100	0	0	Temporary advances from Local Authorities Branch refunded	470,000	0	0
Workers Branch refunds—Salaries	1,000	0	0	Temporary advances to Workers Branch	255,000	0	0
Postages and telegrams	150	0	0	Travelling-expenses	37	13	4
Printing and stationery	20	0	0	Valuation Department—Agency work	500	0	0
	<u>£3,030,692</u>	<u>4</u>	<u>8</u>	Fees	6,183	10	9
				Valuation fees refunded	1,498	7	2
				Valuation fees transferred	560	12	0
				Cash in hand and in bank at 31st March, 1911	695,442	18	7
					<u>£3,030,692</u>	<u>4</u>	<u>8</u>

J. W. POYNTON, Superintendent.
W. N. HINCHLIFFE, Accountant.

New Zealand State-guaranteed Advances Office, Wellington, 27th May, 1911.

Examined and found correct.—ROBERT J. COLLINS, Controller and Auditor-General.

ADVANCES TO WORKERS BRANCH.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1911.

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J. W. POYNTON, Superintendent.

W. N. HINCHLIFFE, Accountant.

New Zealand State-guaranteed Advances Office, Wellington, 27th May, 1911.

Examined and found correct.—ROBERT J. COLLINS, Controller and Auditor-General.

STATEMENT of PROFIT AND LOSS ACCOUNT for the Year ended 31st March, 1911.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Management Expenses Account ..	1,645	9	4	By Interest Account—gross profits ..	8,598	6	11
Loan flotation charges for the year ended 31st March, 1911—written off ..	952	8	1				
Losses on realization of securities ..	88	8	4				
Balance—net profits for the year ..	5,912	1	2				
	<u>£8,598</u>	<u>6</u>	<u>11</u>		<u>£8,598</u>	<u>6</u>	<u>11</u>
Balance transferred to Reserve Fund ..	7,464	18	2	Net profits for the year ..	5,912	1	2
	<u>£7,464</u>	<u>18</u>	<u>2</u>	Sinking fund set up under the provisions of the Government Advances to Settlers Act, 1908—transferred ..	1,552	17	0
					<u>£7,464</u>	<u>18</u>	<u>2</u>

STATEMENT of INTEREST ACCOUNT for the Year ended 31st March, 1911.

Dr.	£	s.	d.		£	s.	d.		£	s.	d.
To Interest paid on loans ..	25,906	13	8		By Interest on mortgages ..	39,825	2	6			
Less accrued interest at 31st March, 1910 ..	5,988	8	9		Less interest overdue and accrued at 31st March, 1910 ..	6,297	13	11			
				19,918	4	6			38,527	8	7
Accrued interest payable on loans at 31st March, 1911 ..				9,473	17	4			33	4	0
Interest paid on amounts transferred from Settlers Branch ..				6,979	17	3			311	17	1
Balance Interest Account—gross profits transferred to Profit and Loss Account	8,598	6	11		Interest on bank balances ..						
					Interest on sinking fund (Public Trustee) ..						
					Interest receivable— Overdue at 31st March, 1911 ..	2,805	12	9			
					Accrued at 31st March, 1911 ..	8,792	8	7			
									11,097	16	4
				<u>£44,970</u>	<u>6</u>	<u>0</u>			<u>£44,970</u>	<u>6</u>	<u>0</u>

STATEMENT of MANAGEMENT EXPENSES ACCOUNT for the Year ended 31st March, 1911.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Court costs	3	1	0	By Production fees	10	16	9
Postages and telegrams	150	0	0	Release fees	28	10	0
Printing and stationery	100	19	3	Balance transferred to Profit and Loss Account	1,645	9	4
Salaries	1,000	0	0				
Solicitors' costs	81	2	10				
Sundries	98	17	8				
Travelling expenses	0	15	4				
Valuation Department—agency work	250	0	0				
	£1,684	16	1		£1,684	16	1

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance as at 31st March, 1910 ..	636	3	3	By Management Expenses Account ..	1,205	4	4
Balance Interest Account ..	12,547	14	8	Balance	11,978	13	7
	£13,183	17	11		£13,183	17	11

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Dr.		£	s.	d.	Cr.		£	s.	d.
To Postages and telegrams	..	150	0	0	By Commission fees	..	2,040	19	6
Printing and stationery	..	100	0	0					
Salaries	..	371	0	0					
Sundries	..	214	15	2					
Balance transferred to Profit and Loss Account	..	1,205	4	4					
		<u>£2,040</u>	<u>19</u>	<u>6</u>			<u>£2,040</u>	<u>19</u>	<u>6</u>

<i>Receipts.</i>		£	s.	d.	<i>Expenditure.</i>		£	s.	d.
To Cash in hand and in bank at 31st					By Advances on mortgage	524,460	0	0	
March, 1910	386,257	10	6		Cost of telegraphing money	0	6	0	
Commission fees	2,040	19	6		Interest on loans	12,542	8	10	
Cost of telegraphing money	0	6	0		Postages and telegrams	150	0	0	
Interest on amounts transferred to					Printing and stationery	100	0	0	
Settlers Branch	7,359	16	8		Salaries	371	0	0	
Interest on bank balances	1,707	11	2		Sinking fund	13,750	0	0	
Interest on mortgages	3,995	12	2		Stamp duty	0	5	0	
Stamp duty	0	5	0		Sundries	214	15	2	
Sundry loans	975,000	0	0		Temporary advances to Settlers				
Temporary advances to Settlers					Branch	470,000	0	0	
Branch refunded	470,000	0	0		Temporary advances to Native Land				
Temporary advances to Native Land					Settlement Branch	161,600	0	0	
Settlement Branch refunded	161,600	0	0		Temporary investment	100,000	0	0	
Temporary investment refunded	100,000	0	0		Cash in hand and in bank at 31st				
Mortgages and instalments of principal repaid	4,041	7	10		March, 1911	829,380	8	10	
Interest on temporary investment...	565	15	0						
	£2,112,569	3	10			£2,112,569	3	10	

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LAND FOR SETTLEMENTS BRANCH.

Capital liabilities transferred from		Sinking fund held by Public Trustee—	£	s.	d.
Treasury, 31st March, 1910	.. £5,874,938 0 0	Amount as at 31st March, 1910	..	232,793	17 8
		Amount paid to Public Trustee, 31st March, 1911	..	59,079	7 7
		Interest for year ended 31st March, 1911	..	9,184	1 1
				<u>£301,057</u>	<u>5 11</u>

TRANSACTIONS for the Year ended 31st March, 1911.

	£	s.	d.		£	s.	d.
To Amount of loan	33,000	0	0	By Advance made in accordance with section 89 of the New Zealand State-guaranteed Advances Act, 1909	33,000	0	0
Amount of sinking fund received from Treasury	59,079	7	7	Sinking fund paid to Public Trustee	59,079	7	7
	<u>£92,079</u>	<u>7</u>	<u>7</u>		<u>£92,079</u>	<u>7</u>	<u>7</u>

NATIVE LAND SETTLEMENT BRANCH.

TRANSACTIONS for the Year ended 31st March, 1911.

	£	s.	d.		£	s.	d.
To Amount of sundry loans	181,600	0	0	By Advances made in accordance with section 94 of the New Zealand State-guaranteed Advances Act, 1909	181,600	0	0
Temporary advances from Local Authorities Branch	161,600	0	0	Temporary advances from Local Authorities Branch refunded ..	161,600	0	0
Interest received on advances ..	245	9	7	Interest paid on loans	245	9	7
Accrued interest receivable on advances	1,714	16	6	Accrued interest payable on amounts transferred from Local Authorities Branch	1,304	15	3
Sinking fund received from Treasury	1,816	0	0	Sinking fund paid to Public Trustee	1,816	0	0
	<u>£346,976</u>	<u>6</u>	<u>1</u>		<u>£346,976</u>	<u>6</u>	<u>1</u>

GUARANTEED MINING ADVANCES BRANCH.

TRANSACTIONS for the Year ended 31st March, 1911: Nil.

J. W. POYNTON, Superintendent.
W. N. HINCHLIFFE, Accountant.

New Zealand State-guaranteed Advances Office, Wellington, 27th May, 1911.

Examined and found correct.—ROBERT J. COLLINS, Controller and Auditor-General.

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