

Great Britain has received a certain portion of the cost of her Army of Occupation, and of this amount this Dominion has been paid the sum of £507,000 to cover the cost of the New Zealand Army of Occupation from the Armistice to the date of withdrawal of our Forces, but this payment is apart from ordinary reparation claims. No other payment has been received by New Zealand.

LOCAL BODIES' FINANCE.

The Finance Act, 1920, provided facilities to local authorities whereby their unexpended balances in Loan Accounts might be temporarily transferred to General Account, but a banking difficulty rendered the section inoperative. A declaratory judgment of the Supreme Court made it appear that to give full effect to the intention of the relative section, the concurrence of the local bodies' bankers to the retransfer of the balances is necessary.

In the interests of sound finance it was found necessary to introduce legislation to restrict the excessive use that was being made by local bodies of the power to borrow money by way of overdraft. In the legislation of last session local bodies were required to pay off their overdrafts and afterwards to live within their income. To enable this to be done authority was given for discharging the antecedent liability either by borrowing, or by seven yearly instalments; future overdrafts being limited to three-fourths of the revenue of the antecedent year. From reports furnished to the Hon. Minister of Internal Affairs it is evident that this important reform is being achieved without any serious inconvenience. With a few small returns to come in it appears that of the total antecedent liability of £2,317,000 more than £2,000,000 has been arranged for, and no great difficulty is anticipated regarding the balance.

The question of overdrafts and their treatment as "antecedent liability" directs attention to the large increase in the debt of local authorities during the past few years. The increased annual charges for interest and sinking funds are affecting the ability of local bodies to finance their ordinary needs out of revenue, and before undertaking further extensions of works they should carefully consider the likelihood of their productive capacity.

During the war period honourable members were asked on several occasions to pass special legislation enabling local authorities to raise loans for certain purposes without taking a poll by the ratepayers, but the consent of the Government to such legislation should not be looked for after this session. The important principle at present embodied in the Local Bodies' Loans Act, 1908—namely, that money for new works should be obtained only with the approval of the ratepayers—should be adhered to.

DAIRY-FARMERS' MORTGAGES.

In February, 1922, the Valuer-General was appointed to inquire into the financial difficulties of dairy-farmers in different parts of New Zealand, and, *inter alia*, to mediate as opportunities occurred. He acted in the capacity of intermediary in cases where there appeared to be possibilities of effecting satisfactory arrangements by the mutual consent of mortgagees and mortgagors. In sixty-nine cases mortgagees were induced to grant more or less substantial measures of relief to mortgagors who were unable to fulfil their obligations. The nature and extent of the relief varied considerably. In some cases mortgagees wrote off arrears of interest wholly or in part, or reduced the rates of interest. In other cases mortgagees surrendered the whole or portion of the principal sums of the mortgages where these sums represented balances of unpaid purchase-moneys. In a case where three mortgagees are interested in the same property the total principal sums surrendered amounted to £15,000, and the total arrears of interest written off amounted to £1,287. Undoubtedly the success attained through mediation has had the effect of inducing a very large number of mortgagees to grant relief to mortgagors.