

OFFICE RESERVES.

32. The reserves totalled £541,473 on the 31st March, 1924, made up as follows :—

| | £ |
|---|----------|
| Assurance and Reserve Fund | 403,637 |
| Investment fluctuation | 95,143 |
| Reserve for loss on securities acquired | 20,790 |
| Special reserve for securities | 15,000 |
| General Legal Expenses Account | 6,903 |
| | <hr/> |
| | £541,473 |
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COLLECTION OF OVERDUE INTEREST.

33. During the year the collection of overdue interest has required a great deal of attention. The financial position of many mortgagors of the Office has shown a marked improvement during the last twelve months.

There has been a considerable falling-off in the number of applications made by mortgagors for extensions of time to meet their interest payments on the due dates. Owing to the enhanced prices ruling for wool, fat lambs, and mutton, the stock and station agents and other financial institutions have been more ready to finance their clients than they were during the worst period of depression. It is still necessary, however, to grant many mortgagors concessions in regard to time for the payment of their interest.

This applies particularly to farmers in the backblock districts where the land is only of second-rate quality. The effect of unstable prices in regard to dairy-produce has necessitated many mortgagors paying their interest by monthly instalments, and in many cases the Public Trustee has received a portion of their milk cheques each month in reduction of their overdue interest.

While the position of the great majority of mortgagors of the Office has recovered sufficiently to enable them to meet their interest payments immediately they fall due, the position in regard to mortgagors in those districts where the land is not of good quality and only suited for cattle-grazing is exceedingly difficult. This is more particularly the case in regard to mortgagors in the King-country, where many farmers are having considerable difficulty in carrying on successfully.

Interest at the higher rate has only been enforced in a few isolated instances where it is evident that the mortgagors have been endeavouring to evade their responsibilities for payment of interest, and interest when overdue has been in all other cases accepted at the lower rate, together with 7 per cent. on the interest for the period in arrear.

The liberal policy adopted by the Office in not enforcing the higher rate of interest has been greatly appreciated by clients, and has been of material assistance to them during the difficult period they have experienced since the heavy fall in prices of all primary produce three years ago.

The interest overdue each month has shown a substantial reduction except during a very short period in the winter months, when mortgagors had very little revenue coming to their credit. The highest point in the overdue interest was reached in November, 1922, when the amount in arrear was 5 per cent. of the annual interest, and there has since been a steady decline in the amount overdue.

The amount of interest collected for the year in respect to Common Fund investments amounted to £859,374, and the proportion overdue, amounting to 2·7 per cent., is relatively very small.

The effect of the enhanced prices of wool this last season has been most marked in the prompt payment of interest due to the Public Trustee.

In the case of many mortgagors in the districts where the land is only suitable for grazing cattle and which runs quickly to fern if left unstocked, it was necessary before the financial depression for mortgagors to expend all the profits made in good years on improvements and manures, and the heavy fall in the price of beef three years ago left them no money for manure and improvements so absolutely essential to farm this class of country successfully.