

is practically confined to such institutions, since the tying-up of the moneys for so long a period and the difficulty of finding suitable investments for the small instalments of principal as they fall due and are paid make the system quite inapplicable to the circumstances of the ordinary trustee or investor. The adoption of the long-term system by borrowers must have a valuable effect on the position of the farming industry, not only in the saving of the recurring costs of renewal as under the short-term system, and the inducement to the frugal farmer to reduce his principal liabilities out of income over a long period, but also in the tendency of the system to assist in the stabilization of the value of land on a reasonable basis. Farmers who adopt the long-term system when deciding on the purchase of land are inclined to fix the price at an amount which will permit not only of their meeting the interest on the purchase price, but also of their liquidating the indebtedness over a period of years by easy instalments of principal out of the annual produce of the farm.

LOANS ON BUSINESS BLOCKS.

141. Though somewhat detailed reference has been made to the lending of moneys on farming-lands by the Public Trustee, it must not be understood that the investments of the Office are confined to this type of security. As in previous years, the Office has endeavoured to meet the needs of all classes of borrowers on real property. Sums have been made available for the erection, acquisition, or refinancing of business blocks in the main towns and cities of the Dominion. The provision of modern buildings for the conduct of business in our cities on the most efficient lines, eliminating unhygienic and inefficient conditions under which office-work has often been carried on in the past, is important in assisting to ensure the welfare and prosperity of the Dominion. As I have shown elsewhere, the position in this regard has, however, called for careful consideration owing to the fact that rapid expansion has led to temporary overbuilding in certain cities and towns, and has resulted in a surplusage of office accommodation. In some cases this is shown by difficulty in letting portions of new buildings, but the chief effect has been in creating vacancies in the older types of buildings, with a consequent tendency for rents to decline. In no case, however, has the Public Trustee been caused any anxiety in connection with his investments. Where moneys have been advanced for the erection of new buildings the selection of the securities has been carefully made, and conservative amounts have been advanced, whilst in the case of the older types of buildings the loans have usually been in existence for a considerable time and have already been substantially reduced under the amortization system.

LOANS ON RESIDENTIAL PROPERTIES.

142. The third principal type of loan made by the Office is that for the erection or acquisition of residential properties in the main cities and towns. In this regard also I have already made reference to the tendency to overbuild in certain centres. The position has, however, been carefully watched, and as any loans made are based on a reasonable margin of a conservative valuation, and practically the whole of the loans are under the amortization system, no cause for anxiety of any kind exists.

DIVERSIFIED INVESTMENTS.

143. It will thus be seen that the Office holds a diversified series of investments in town and country which not only provide a good return for those entitled to the proceeds, but also serve to advance the interests and welfare of all classes of the population.

VOLUME OF INVESTMENTS.

144. The extent to which the investment business of the Office has grown is revealed by the fact that during the past year new loans to the value of £3,157,698 were granted by the Public Trust Office Investment Board from the Common Fund, whilst a further sum of £1,058,892 was invested by the Board on behalf of the various superannuation funds, the National Provident Fund, and other funds and estates the moneys of which are specially invested. Existing loans were renewed during the year to the value of £2,075,065. In addition to the granting of new loans and renewals, the Investment Board dealt with many incidental matters during the year, such as partial releases of securities, consent to leases and easements, and similar matters. The Board met on forty-eight occasions throughout the year. One matter