

This sum is almost double the amount advanced during the previous financial year (viz., £3,481,607), and since the inception of the Department in 1894 constitutes a record. The amount paid over during the year was distributed as follows :—

	Number.	Amount. £
Loans granted to settlers	2,191	2,187,955
Loans granted to settlers under Rural Advances Branch.. ..	779	1,406,860
Loans granted to workers	3,776	3,323,412
Loans granted to local authorities	8	5,580
Total	6,754	£6,923,807

From the 10th December, 1928 (when the Government assumed office), until the 31st March, 1930, the sum of £5,563,885, which includes £1,565,950 obtained by the issue of bonds on the assets of the Rural Advances Branch, was added to the capital of the Department. With this additional capital the Department has been able to meet all the demands made upon it. During this period loans totalling £4,219,895 were granted to 3,495 settlers, £3,851,452 to 4,413 workers, and £5,580 to eight local authorities, making a grand total of £8,076,927 granted to 7,916 applicants; a record of financial assistance given on the easiest terms possible, which has undoubtedly done much, both directly and indirectly, to promote the welfare of the people of the Dominion.

Rural advances
bonds.

Great assistance has been rendered to many more farmers by enabling them to place the capital liability of their farms on long-term mortgages with more favourable rates of interest, and by providing money for improving and developing their holdings. In furtherance of the Government's policy of closer land-settlement, many small settlers have also been assisted to take up land.

Assistance to
farmers.

With regard to homes for workers, attention may now be drawn to the fact that, owing to the large amount of money made available for the purpose by the Government since it came into office, the difficulty which previously existed amongst workers of finding homes for themselves and their families has disappeared. In addition, the money provided has furnished work for a very large number of persons, including builders, carpenters, painters, plumbers, and other tradesmen, who may otherwise have been out of employment.

Advances to
workers.

After making provision for loan charges and income-tax, the net profit for the year under the Settlers Branch was £32,742, equal to 3s. per cent. on the capital employed; under the Rural Advances Branch, £5,669, equal to 3s. 3d. per cent. on the capital; under the Workers Branch, £9,588, equal to 1s. 4d. per cent. on the capital; and under the Local Authorities Branch, £648, equal to 6d. per cent. on the capital.

Profits of the Office

Although the profits for the year are satisfactory, in that they demonstrate, on the one hand, that the State Advances portion of the public debt imposes no burden whatever upon the taxpayer as such, it will be seen that the margins of profit in the several branches of the Office are small relative to the amount of capital employed, and demonstrate, on the other hand, that the capital is being lent as cheaply as possible and that at present there is no margin for a reduction in the rate of interest to borrowers. All profits made are transferred to the State Advances Office Sinking Fund, which really constitutes the Reserve Fund of the Office; for in the ordinary course no sinking fund is required, because the capital is not permanently sunk, but is being repaid all the time by the settlers and workers. The Reserve Fund for these branches of the Office now amounts to £1,738,684, but this amount is not over large in relation to a capital liability of £41,470,242. In a business of this kind the desirability of having a substantial Reserve Fund in the interests of financial stability will be appreciated by all, especially when the comparatively narrow margin of security on which loans are granted is remembered, and the probability that as loans mature on the London market higher rates of interest will have to be paid on renewals. Even so, the record of the Office to date is a monument to the political courage and financial wisdom of the late Right Hon. Sir Joseph Ward, who was responsible for the institution of the State Advances Office in 1894.