

of time for payment of interest, and in a considerable number of cases has been able to accede to these requests by entering into arrangements which will ensure that payment of the deferred interest is made when the farm-produce is realized. As will be shown later, substantial relief has been granted to a large number of mortgagors by suspending principal repayments under their instalment mortgages. It will, of course, be realized that the paramount duty of the Public Trustee is to ensure that the beneficiaries of estates under his administration receive the interest to which they are entitled from their investments in the Common Fund. It is therefore imperative that where a mortgagor is in a position to meet his obligations to the Public Trustee, though a certain amount of hardship may be involved, the Public Trustee should give first consideration to the interests of his beneficiaries. Subject to this important principle, it has been the endeavour of the Public Trustee to meet mortgagors as far as circumstances permit.

INSTALMENT TABLE MORTGAGES.

72. In previous reports I have commented on the advantages which mortgagors obtain by taking up loans for long terms of ten years and upwards on an amortization basis. The basic principle of such loans is that the mortgagor pays each half-year a fixed instalment, the amount of which depends upon the length of the term and the amount of the loan. As the instalment is applied, firstly, in payment of interest on the amount of principal for the time being owing, and, secondly, in reduction of the principal sum, it follows that of each instalment after the first a progressively larger amount is applied towards repayment of principal. The benefit to the mortgagor has been exemplified in a striking manner during the present depression in the farming industry. In a large number of cases mortgagors who have not been able to pay the full amount of the instalments under their mortgages have requested the Public Trustee to postpone for a period the payment of the portion of the instalments which represents repayment on account of principal; and in most instances the Public Trustee has been able to meet mortgagors in this way, since the mortgaged properties, even on the present reduced basis of value, show a satisfactory margin of security for the amount of the loan outstanding.

MORTGAGORS RELIEF ACT, 1931.

73. The provision which Parliament made, in the session at the opening of this year, for the protection of mortgagors who have been adversely affected by present conditions extends to the Public Trustee in common with other mortgagees. It has, however, been the invariable practice of the Public Trustee in the past to grant reasonable concessions to mortgagors who have shown that circumstances beyond their control have prevented them from meeting on due dates their obligations under their mortgages, where this could be done without conflict with the paramount duty of the Public Trustee to the beneficiaries whose moneys form the Common Fund of the Public Trust Office. Consequently the passing of the Mortgagors Relief Act has not affected to any great extent the relations between the Public Trustee and Common Fund mortgagors. A review of the cases in which the Public Trustee has in the past been compelled to take stringent measures against defaulting mortgagors shows that the circumstances were such that the mortgagors would probably not have been able to obtain relief had the present legislation been then in force.

HAWKE'S BAY EARTHQUAKE.

74. A substantial amount of moneys of the Common Fund is invested in the area affected by the Hawke's Bay earthquake of February last. Although a number of the Public Trustee's securities were situated in the portions of the towns of Napier and Hastings which were destroyed either by earthquake shock or by fire resulting therefrom, it is not anticipated that any serious loss will be sustained. This very satisfactory position may be attributed in great measure to the policy adopted by the Public Trustee some years ago of insisting on adequate insurance against damage by earthquake and resultant fires being effected on all buildings of brick, stone, or concrete which represented a substantial proportion of the security