

for any loan granted by him. This policy has on occasions in the past been opposed by certain mortgagors, who considered that the risk of loss through earthquake was not serious enough to warrant the expense of insurance; but events have fully justified the precautions upon which the Public Trustee insisted. As is well known, great destruction was caused at Napier among wooden buildings which withstood the earthquake, but which were subsequently burned. In the light of recent events, the importance of insuring buildings of this nature in city areas has hitherto not received sufficient consideration by investors and others. It is evident that for the future it will be necessary to require earthquake insurance in respect of wooden buildings which are, by reason of their situation, open to risk of destruction by fire following on an earthquake, and measures have been taken to ensure that the necessary covers are obtained when loans are granted or renewed by the Public Trustee on securities of this nature.

VOLUME OF INVESTMENTS.

75. Although, as has been stated, the volume of funds available for investment during the year has been diminished by reason of the abnormal economic conditions prevailing in the Dominion, yet in the period under review new loans to the substantial total of £3,519,340 were completed during the year. Renewals of existing loans amounting to £1,953,962 were approved by the Public Trust Office Investment Board during the year; and the Board also dealt with a large number of applications for partial releases of securities, deviations of roads through lands subject to mortgage, consents to easements, and similar transactions. Forty-two meetings of the Board were held during the year. On previous occasions I have made reference to the difficulty in which some mortgagors who have applied for renewals of their loans from the Public Trustee have been placed through the valuations of their properties being reduced to amounts which do not show the statutory margin for the amounts already owing by them to the Public Trustee. In such cases a ruling has been given that a renewal cannot be granted until the principal sum has been reduced to the amount which the Public Trustee could lawfully grant on the property by way of new loan on the latest valuation, and this despite the fact that the property may be reported by the valuer to be capably farmed, or even in better order than it was when the original loan was granted. The position in this regard has become more acute this year on account of the heavy fall in the prices of farm-produce of every description, with a consequent drop in the values of all farm lands. As a result, a large number of mortgagors who have proved satisfactory in every respect are being placed under the disadvantage of being unable to obtain renewals of their mortgages, since under present conditions very few mortgagors are able to find moneys to reduce their mortgages by the requisite amount, either in a lump sum or by payments spread over a number of years. The hardship suffered by mortgagors in such cases could be removed if the Board were given statutory power to grant renewals in such cases, provided the valuer certified that the property was being properly maintained and well managed, and that the fall in value was caused solely by the general decline in value of property in the same district. If a discretion of this nature were to be conferred on the Board, it would, of course, be exercised only in cases where the Board was absolutely satisfied that the Public Trustee was properly secured for the amount owing under the mortgage; and a renewal in such circumstances could not be claimed by a mortgagor as of right.

The investments of the Common Fund and allied funds under administration amounted, as at the 31st March, 1931, to the total of £36,230,830. The responsibility placed upon the Public Trustee and his staff in the investment, control, and supervision of such substantial funds hardly needs to be stressed.

DECENTRALIZATION OF INVESTMENT WORK.

76. During the year a further extension of the policy of decentralization of the investment work which was put into operation four years ago has been effected through the raising of the Stratford office to the status of a District Public Trustee office, and the establishment of a new District Public Trustee office at Te Aroha, with control over portions of the districts hitherto administered by the District Public Trustees at Auckland and Hamilton.