

In addition to providing a substantial measure of relief from the housing shortage, the Government operations are at present giving direct full-time employment to over 1,500 skilled tradesmen and labourers.

The expansion of the activities of the Department is limited only by the shortage of skilled labour, which is already becoming a serious problem. In the near future the building of houses will be under way concurrently in over forty towns. Special measures are in hand to increase the number of tradesmen, and this will not only enable the programme to be accelerated, but will be the means of placing a large number of unemployed in full-time employment.

Up to the present expenditure on housing amounts to approximately £250,000, but there are commitments for land purchased and work started amounting to about £1,250,000. By the end of the financial year commitments will probably amount to £3,000,000 and expenditure to £1,500,000. As honourable members are aware, the money for the housing scheme is being provided by the Reserve Bank.

Expenditure
on housing.

The Government realize the necessity for improved housing and other accommodation on farms, and, where it is possible to obtain reasonable security for the sum to be expended, will arrange for special consideration to facilitate the granting of loans.

MORTGAGE FINANCE.

One of the major problems with which New Zealand was faced as a result of the depression was an equitable adjustment of the rights of mortgagees and mortgagors. Much of the legislation that was passed in this connection had the effect of postponing adjustment rather than of facilitating it, and the feelings of uncertainty which prevailed undoubtedly had an adverse effect on mortgage-finance operations generally.

With a view to finalizing and clarifying the whole position, legislation (the Mortgagors and Lessees Rehabilitation Act) was passed last session, and Adjustment Commissions were set up throughout the Dominion to deal with applications and to make adjustments of the liabilities of mortgagors and lessees in accordance with the method laid down by the Act. The Act also provided for the constitution of a Court of Review to consider appeals against decisions of the Adjustment Commissions.

Mortgage
Adjustment
Commissions.

The principle of the present Act differs considerably from the previous mortgage-relief legislation. The original relief Acts were designed to afford temporary relief for mortgagors (both rural and urban) by way chiefly of moratorium, reduction of interest-rates, and remission of arrears. The Act of 1935, known as the Rural Mortgagors Final Adjustment Act, originated the principle of writing down the principal sum under a mortgage to an amount commensurate with the depreciated value of the security. The final adjustment, however, was to be delayed, in general, for a period of five years (known as the budgetary period), during which period a trustee was appointed to control the mortgagor's financial affairs, and, to a certain extent, his farming operations. The value of the property for adjustment purposes was to be based upon the productive value as ascertained during the budgetary period. The budgetary system was found to be irksome, and it was considered that the final adjustment of the farmer's affairs would be unduly delayed. Accordingly the present Act, which extends also to home and other mortgagors as well as to farmer mortgagors, and also to leases, eliminates the five-year budgetary period, and provides for an immediate and final adjustment of the liabilities of mortgagors and lessees, the method of determining the value of the security, in the case of farmer mortgagors, being based upon the productive value of the land ascertained from the average prices for produce during the ten years prior to the passing of the Act.

A total of approximately 34,000 applications for adjustment have been filed affecting mortgages aggregating many millions of pounds.