

Some 17,000 applications were filed under the legislation passed to the end of 1933, and 7,000 applications for relief were granted by the Courts. The total principal sum affected by the applications amounted to £36,000,000, and the interest in arrear at the date of application was shown as £2,400,000, of which sum £509,000 was remitted. The rate of interest was reduced in 3,378 cases; 2,500 leases were the subject of applications; and in 1,260 cases relief was granted. Arrears of rent amounting to £83,000 were remitted, and rentals were reduced in 716 cases. The above figures relate only to relief granted by the Courts.

Every effort was made to encourage voluntary adjustments, and many such adjustments were either effected privately by the parties or arranged in conjunction with the Adjustment Commissions. No figures are available as to the extent of the concessions arranged privately between the parties.

Up to this stage no attempt had been made to deal with the question of capital adjustment, and the Rural Mortgagors Final Adjustment Act, 1935, was the first attempt to deal with the problem. Prior to the passing of this Act the relief legislation had been administered in the ordinary Courts assisted by reports from the Adjustment Commissions, but the Rural Mortgagors Final Adjustment Act set up a special Court to deal with all mortgage-relief matters. This Court was known as the Court of Review.

The Act applied only to farmer mortgagors, and its object was set out as being “to retain efficient farmers in the use and occupation of their farms and to make provision for the adjustment of their liabilities.” When an application was filed, the Adjustment Commission was to call a meeting of creditors with a view to arranging a voluntary adjustment of liabilities. Failing a voluntary adjustment, the Commission was to decide whether the mortgagor should be excluded from further protection under the relief legislation. If it thought that it was in the public interest to keep the mortgagor on his farm, the Commission was to issue what was known as a “stay order.” Under this order proceedings against the applicant were stayed and all his assets were vested in a trustee. Subject to directions from the Adjustment Commission, the trustee controlled the farming operations of the applicant for a period of five years. The object was to ascertain the average annual value of production, and this was to be capitalized at a basic rate of interest at the end of the five years’ stay period, and such amount was the value for the purpose of adjusting the mortgagor’s liabilities.

Some 1,734 applications were filed under this Act, but no final adjustments were ever made as the Act was repealed and replaced by the Mortgagors and Lessees Rehabilitation Act, 1936, and these 1,734 applications were dealt with under the new legislation.

PRICES BETWEEN 1931 AND 1936.

While the effects of the depression were being mitigated in the manner referred to above, there was a definite recovery in the price-level. This can best be shown by completing the figures already given for the period up to 1931.

The export-price level, which, taking the years 1909–13 as a base at 1000, had, as already shown, moved between 1806 in 1920 and 1623 in 1929, and had dropped to 1283 in 1930 and to 984 in 1931, continued as follows (June year also given):—

—			Calendar Year.	June Years.	—			Calendar Year.	June Years.
1929	..	..	1623	1668	1934	..	..	1109	1089
1931	..	..	984	1052	1935	..	..	1102	1046
1932	..	..	892	934	1936	..	..	..	1205
1933	..	..	896	861					

The movement in total export income was as follows (year ending June):—

				£					£
1931	..	..	..	36,000,000	1934	..	..	..	48,500,000
1932	..	..	..	34,000,000	1935	..	..	..	42,400,000
1933	..	..	..	36,800,000	1936	..	..	..	53,000,000

All the above figures are in New Zealand currency (by 1936 depreciated 25 per cent. in terms of sterling), but it is to be remembered that the mortgage liabilities of the people were also payable in the same currency.

Such, broadly, was the position when the new Government assumed office at the end of 1935. It found that the burden of farm indebtedness was one of the major problems of agriculture in New Zealand.

The budget speech delivered on the 4th August, 1936, by the Minister of Finance (the Hon. W. Nash) included the following statement of policy:—

“The procedure for the rehabilitation of the farmer by removing the burden of over-mortgaged land has been drafted and will be introduced shortly after the debate on this Statement. Its main provisions will conserve to the mortgagee the values which are now sustained by his security, whilst allowing the working farmer to devote his time to production freed from the menace of possible foreclosure or eviction.