

5. *Financing Increased Production*.—During the year the Corporation's branch organization and field staff have been made available to assist in various measures introduced by the Government for the purpose of maintaining and increasing farm production. Farmers and dairy-factories involved in the drive for an increased output of cheese have both been assisted with loan finance.

6. *Preservation and Protection of Timber*.—During the year operations under the Termites Act, 1940, have proceeded satisfactorily. The State Advances Corporation's staff is assisting in carrying out scientific measures for the destruction of termites which were found to be prevalent in Auckland and New Plymouth, and from recent inspections made of treated buildings there is reason to believe that the measures adopted are effective.

7. *Soldiers' Financial Assistance Board*.—Applications to the Soldiers' Financial Assistance Board have increased during the past year, and this has entailed additional work for the staff of the Corporation, which attends to the investigation of applications and the payment of grants. During the year ended 31st March, 1942, 3,375 applications were considered by the Board, involving commitments amounting to £149,081.

8. *Rehabilitation of Ex-servicemen*.—Under the Rehabilitation Act, 1941, which had as its purpose the provision of the means, financial and otherwise, of assisting ex-servicemen to become re-established in the civil community, the Corporation has been authorized to grant loans for various purposes. Up to the close of the past financial year the undermentioned loans were approved: Tools of trade, 13, £345; furniture, 112, £8,340; businesses, 20, £6,733; houses, 26, £24,760; farms and stock, 5, £8,430.

9. *Assistance to War Industries*.—The provisions of section 29 of the State Advances Corporation Act, 1936, have been utilized in granting financial assistance to a number of firms which have sought help from the Government to enable them to expand their undertakings and thereby increase the output of goods and equipment required for war purposes. Loans granted under this heading during the past year amounted to £37,000.

In pursuance of section 40 of the State Advances Corporation Act, 1936, the Corporation acts as agent for various Government Departments in the administration of loans, &c., and details have been supplied earlier in this report of the work undertaken in connection with soldiers' financial assistance and rehabilitation of ex-servicemen. The following summary will give an indication of the volume of other work of this nature that is now performed by the Corporation:—

Agency.	Number of Accounts.	Amount outstanding. £
Agriculture (E.P.) Act loans	11	36,673
Financing increased production	446	48,600
P.W.D. huts supplied to farmers and factories	1,229	247,765

10. *Balance-sheet and Revenue Accounts*.—*Balance-sheet*: On the liabilities side of the balance-sheet, stock and debentures at £46,115,730 show a reduction of approximately £650,000, representing a redemption of part of the Corporation's short-dated stock issue. On the assets side, mortgage investments at £48,115,511 are reduced by approximately £1,400,000, this being caused by the repayment by instalments and otherwise of existing advances to a value greater than the new advances made during the period. Local-body investments were also reduced by the repayment of instalments, and the total advances of £5,840,896 are approximately £300,000 down compared with the previous year's figures.

11. *Revenue Accounts*: Arising out of the adjustment in stock and investments as outlined in the previous paragraph, there is a drop in the gross profit of approximately £60,000 due to the lower return from investments and also the payment of a full year's interest on £5,000,000 of stock issued to Treasury in August, 1940, in part settlement of the contingent liability to the Crown. In the Profit and Loss Account management expenses show a reduction of approximately £19,000 as compared with the previous year, but against this saving, which arises from a contraction in expenditure following staff changes and other adjustments in the organization owing to war conditions, there is an additional item of expenditure in the form of war damage insurance, £42,886, representing the