2. *New Business.*—Following the policy adopted during the previous year, the Board has restricted its new lending to the provision of advances for the purpose of erecting dwellings, the carrying-out of improvements to existing securities—farms and residences—and to enable applicants to purchase either homes or farms. Owing to the necessity for providing loan-moneys for the rehabilitation of ex-servicemen, which has already commenced and which, we anticipate, will increase rapidly in volume as the men return from overseas, the Board of Management has, with the approval of the Government, refrained from dealing with applications for loans solely to repay existing mortgages. However, an exception is made to this rule in approved cases to enable discharged servicemen desiring to stabilize their finances to raise loans from the Corporation on table mortgage at the normal rate of interest and on the usual terms for such advances. Loans on mortgage granted during the year ended 31st March, 1943, were as follows:—

	Number.	Amount.
		£
Urban	409	350,517
Rural	121	233,569

In recent years applicants for house-building loans have had the opportunity of using the Corporation's Plan Service Scheme, under which plans and specifications were supplied for a moderate charge. A wide range of plans prepared by members of the New Zealand Institute of Architects has been available for selection. An improvement in this scheme is now contemplated with a view to assisting applicants in modifying these plans to suit their individual requirements. This service should be of considerable assistance to ex-servicemen and others when building again becomes active.

3. *Interest Rate and Terms of Lending.*—The Corporation's lending rate of $4\frac{1}{8}$ per cent., which has been in operation for some years, has been maintained, and the system of lending on long-term amortization tables has been continued.

4. *Financing Increased Production.*—Since the outbreak of war the Corporation has at various stages been called upon to deal with applications from primary producers desirous of increasing their turnover, and the number of loan accounts still in operation is 496, representing an investment of £121,371. In addition to assisting farmers individually, the Government agreed to assist dairy factories which were changing over from the manufacture of butter to cheese production, or otherwise contributing towards an increase in the output of cheese, and loan finance was made available through the Corporation for that purpose. In addition, the Government contracted with the companies that when the need for increased cheese no longer existed they would be compensated for expenditure incurred for this purpose. Over eighty factories co-operated in this effort. However, before the commencement of the 1942–43 season, information was received that the United Kingdom would be satisfied with our pre-war rate of export of cheese, and the factories were accordingly permitted to resume normal activities, with bias in favour of butter. It was the original intention that final adjustments with the companies should be effected after the cessation of hostilities, but in the light of the changed conditions it was decided to settle compensation claims as at the 1st August, 1942. Negotiations for settlement are being carried out by the Corporation with the assistance of the Agriculture Department.

5. *Preservation and Protection of Timber.*—The Corporation is mainly responsible for the direction of operations undertaken under the Termites Act, 1940, and satisfactory progress has been made during the past year. It is unfortunate that it has now been found that the termite is active in the Poverty Bay district in addition to the areas previously under review. To date 9,527 investigations have been carried out by the local authorities in the areas known to be infested by termites, and the following table shows the number of cases where active colonies of termites have been discovered: Auckland City, 188; Onehunga Borough, 105; Mount Roskill Road Board, 21; Mount Eden Borough, 4; Mount Albert Borough, 4; New Plymouth Borough, 13; One Tree Hill Borough, 2; Waikohu County, 17: total, 354. Treatment of the properties affected is proceeding and it is pleasing to report that satisfactory results have already been obtained.