

production of greater quantities of timber suitable for housing, and, having regard to the advantages thus obtained from a national point of view, provision was made in the Act for making a levy on all timber that is milled, and by this means the industry is made responsible for the ultimate financial success of the scheme. Quite a number of applications have already been received from millowners, and the Housing Construction Department, which has been made responsible for the letting of contracts for the construction of houses, has already arranged for a considerable number of contracts. Much of the organization work in introducing the new scheme has been carried out by the State Forest Service, and the officers of that Service will continue to co-operate with the Corporation and the Housing Construction Department in administering the assets which are created under the new legislation.

REVENUE ACCOUNT AND BALANCE-SHEET

For the purposes of showing clearly the result of the year's transactions in the various sections of the Housing Account, the revenue accounts for the year have been prepared in the usual columnar form under the following headings:—

- (1) Properties sold under Agreement for Sale and Purchase.
- (2) Advances to Local Authorities (Urban).
- (3) Advances to Employers.
- (4) Advances under the Rural Housing Act.

Although there are in the aggregate substantial investments under the four sections mentioned, there has not been any great amount of new business handled during the past year, and each section shows a profit for the year.

- (5) Rented Properties (Old).

Many of the houses acquired under this section have been erected for a number of years, and for this reason the maintenance and the provision for depreciation has necessarily been on a comparatively high scale. The trading loss for the year on the units involved was £2,619, as against a loss of £3,142 for the year ended 31st March, 1946.

- (6) Rental Properties (New).

The annual rent roll for these properties is showing an increase proportionate to the number of housing units under administration, and for the past financial year gross receipts amounted to £1,479,662, as compared with £1,293,157 for 1945-46. After payment of interest and meeting the cost of management, which includes the multitudinous duties undertaken by the Corporation's branches and agencies in handling the applications for tenancies, the allocation of houses, the collection of rent, the supervision of maintenance and repair work, and attending to all the incidental book-keeping, the Revenue Account is charged with local-body rates and an appropriate annual assessment for depreciation, insurance, maintenance, and losses of rents and vacant tenancies. These assessments are based on experience of the average expenditure that is incurred throughout the period during which a house property is in use—*e.g.*, depreciation is allowed for on the assumption that the buildings will be tenanted for sixty years; the insurance fund is credited annually with amounts which approximate the aggregate of premiums that would be payable on similar property where the risks are carried by insurance offices trading in New Zealand; maintenance at $1\frac{1}{4}$ per cent. on the cost of improvements, as provided, is considered to be a fair average of the expenditure under this heading; losses incurred through non-payment of rent or for vacant tenancies, although not heavy to-day, must be considered on a long-term basis, and reserves are made accordingly.

As expenditure on replacements, maintenance, and interest is directly allied to current building costs, the annual charges made to Revenue Account for such purposes are based on the capital costs on new housing units as supplied to the Corporation by the