chargeable on these types of dwellings by tariff insurance companies; interest on the capital cost; maintenance at $1\frac{1}{4}$ per cent. on the cost of improvements; losses and vacant tenancies at 5 per cent. of the gross rental. Though losses by way of bad debts and vacancies have been very light to date, the latter charge is considered prudent and necessary from a long-term point of view.

The expenses of management which amount to £132,186 for the year cover an extensive volume of work over and above the services normally rendered by a collecting agency, the principal aspects being the recording, control, and investigation of applications for tenancies, arranging exchanges of tenancies throughout New Zealand, legal services in respect of the 25,000 houses let, and, finally, the technical and clerical work in respect of maintenance. The volume of this latter class of work may be gauged from the fact that during 1947–48 over 48,000 repair jobs were let.

The excess of charges over revenue from the new State rental units resulted in a working loss of £116,224 in 1947–48, as compared with the loss of £58,833 incurred in 1946–47. The increased rate of loss is directly related to the steady increase in building costs over recent years which has resulted in higher charges per unit for interest, depreciation, insurance, and maintenance, and the quantum of loss will tend to increase as more houses are built at present prices.

In the Profit and Loss Account, to which the balances of the subsidiary revenue and expenditure accounts were transferred, the debit balance of £23,255 carried forward from 1946–47 was increased to £123,582 as at 31st March, 1948.

In terms of section 35 of the Housing Act, 1919, the following statement is submitted:—

	£
(1) Payments received during the year ended 31st March, 1948 ..	1,933,150
(2) Amount of arrears in respect of rentals (old and new houses) and instalments under agreements for sale and purchase as at 31st March, 1948	10,217

Further statistical information in respect of the new State housing scheme is summarized below:—

(*a*) Number of new housing units let up to 31st March, 1948 ..	25,226
(*b*) Book value of new housing units as at 31st March, 1948 ..	£37,229,125
(*c*) Total amount of rent receivable on all new housing units from 31st March, 1937, to 31st March, 1948	£9,403,349
(*d*) Amount of rent in arrear at 31st March, 1948, in respect of new housing units	£6,145
(*e*) Total amount of rent in respect of new housing units written off from 1937 to 1948	£4,745

Viewed in relation to the capital investment and rental receivable, losses of rent and arrears are gratifyingly low. The care taken by tenants in the maintenance of dwellings and grounds is also worthy of special mention.

A. D. Park, Chairman of Directors.
T. N. Smallwood, Deputy Chairman of Directors.
B. C. Ashwin
D. Barnes } Directors.
R. G. Macmorran