

During the year ended 31st March, 1949, an additional 265 units were approved by the Board on applications from 32 sawmillers, and the total number now approved is 651 units (comprising 116 three-bedroom units and 235 two-bedroom units) in respect of 102 sawmillers. Indications are that the scheme will continue to progress, and that it will help mill owners to retain the services of bush and mill workers in an industry which is vital to the economic life of the country.

REVENUE ACCOUNT AND BALANCE-SHEET

The statement of revenue and expenditure which is submitted in the usual tabulated form shows the financial results in the various sections of the Housing Account. As in past years, a profit is shown in respect of these sub-accounts, with the exception of the two relating to "Rented Properties—Old" and "Rented Properties—New." In the former there is a loss of £5,116, the deficit being £4,083 greater than for the year ended 31st of March, 1948. In the main this is due to increased charges for maintenance on these dwellings during the year. The sub-account "Rented Properties—New" covers dwellings, flats, shops, garages, and community halls erected under the current housing scheme of the Government, and the loss on this sub-account for the year was £110,092, or £6,132 less than the loss for the previous financial year. This reduction has been brought about by an alteration in the allocation to reserves for the year.

It has been the policy of the Board of Management through the years to make such allocations from revenue to reserves as seem prudent and necessary, having regard to the requirements of sound finance. In reviewing the position as at the end of the financial year covered by this report it seemed to the Board that the time had arrived when a reduction could be made in the allocation to insurance reserve. As explained in reports for previous years, insurance premiums credited to the Housing Insurance Reserve were assessed at the average rate chargeable on comparable types of dwellings by tariff insurance companies, and this reserve as at the 31st of March, 1948, amounted to £628,239. It seems to the Board that the reserve has now reached such a figure that a reduction could safely be made in the yearly allocation, and for the year under review the amount allocated to insurance reserve has been reduced from £93,629 to £72,993, leaving a balance as at the 31st of March, 1949, of £703,154. Separate provision is not made for insurance against earthquake damage, so that the insurance reserve must also take care of earthquake damage in respect of State rental houses. Apart from any other consideration as to the adequacy or otherwise of the reserve, it is felt that the reduction in this year's appropriation can be justified by the fact that the Corporation has, in relation to the insurance reserve, none of the administration costs of an insurance company.

The Board also made a reduction in this year's appropriation to the reserve for vacant tenancies and bad debts. The amount of this reserve as at the commencement of the year under review was £446,891, and in past years the allocation has been on the basis of 5 per cent. of the rents accrued. Having regard to the size of the present reserve and the remarkably good record in the matter of payment of rent by tenants and the absence of any serious losses of rentals, the Board came to the conclusion that a reduction in the appropriation to this reserve for the current year to 2½ per cent. of the gross rental would be justified. After making this provision the balance in this reserve as at the 31st of March, 1949, amounted to £492,380.

In last year's report comment was made that the quantum of the annual loss would tend to increase as more houses are built at present prices. The same comment may be made again.

The total net loss for the year on all activities of the Housing Account was £95,884 bringing the accumulated loss as at the close of the year to £220,595.