HOUSING DEPARTMENT—*continued.*

Revenue Account for the Year ended 31st March, 1921.

Dr.	£ s. d.	*Cr.*	£ s. d.	£ s. d.
To Interest	12,567 19 8	By Interest—		
Salaries	15,360 11 4	From purchasers, &c.	17,730 8 5	
Office rent	1,077 10 10	From tenants ..	363 19 1	
Administration expenses ..	2,801 7 11			18,094 7 6
Commission	192 9 8	Insurance rebate		90 1 11
Depreciation on furniture ..	138 14 8	Administration expenses recouped		3,994 12 4
		Grazing		53 10 6
		Miscellaneous receipts		75 2 8
		Net loss for year to Net Revenue Account*		9,830 19 2
	£32,138 14 1			£32,138 14 1

Net Revenue Account.

	£ s. d.		£ s. d.
To Balance brought forward ..	1,847 19 3	By Balance	11,678 18 5
Net loss for year*	9,830 19 2		
	£11,678 18 5		£11,678 18 5

* A portion of this amount is chargeable to uncompleted dwellings, land not yet built upon, and other future operations; the balance is largely due to the initial expense incurred in setting-up the Housing Branch.

Henry E. Moston,
Deputy Housing Superintendent.

A. Burgess, Accountant.

Examined and found correct.—R. J. Collins, Controller and Auditor-General.
29th June, 1921.

The accounts have been duly examined and compared with the various relative books, documents, and papers, and found to correspond therewith. The balance-sheet is, however, subject to the following qualifications and comments:—

(*a*.) There is no authority of law for the creation of a so-called insurance reserve, and, as no investments have been made to meet the obligations entered into with regard to fire-insurance margin, Government is apparently subject to an unwarranted liability.

(*b*.) The value of stocks of material is declared to represent the cost price.

(*c*.) The assets and liabilities cannot be certified to until the respective values of the various transfers in land between the Lands Department and the Housing Department have been ascertained—a matter which is now being dealt with.

(*d*.) Workers' dwelling investments amounting to £52,100 are held by Treasury against interest totalling £60,926 8s. 7d. accrued to 31st December, 1919.

R. J. Collins,
Controller and Auditor-General.

Audit Office, Wellington, 2nd November, 1921.

Memorandum.

In regard to paragraph (*a*) of the Controller and Auditor-General's comments, it may be explained that as occupants of workers' dwellings usually pay only a small deposit—in most cases £10—the Government might be liable for any loss from fire that might occur over and above the maximum amount of insurance effected with insurance offices, which is about 75 per cent. The Department has therefore, in all cases, charged the occupants with additional insurance for the balance of the risk, and the premiums so received have been paid into the Housing Account and set apart as an Insurance Reserve.

Henry E. Moston,
Deputy Housing Superintendent.

Wellington, 29th November, 1921.