

These figures do not wholly reveal the position that had been reached by May, 1932, when the figures for the month were the lowest recorded for any month since the collection of building statistics began.

To better illustrate the effect which the collapse in the building industry had on the unemployment problem, statistics are quoted to show the number of wage-earners engaged in the building and allied trades at the date of the last census return in 1926, and from the fall in value of buildings the probable number engaged in May of last year can be assessed :—

Industry.	Male Wage-earners employed.
Construction and repair of buildings	22,815
Bush sawmilling	8,057
Joinery and sash and door factories	1,482
Manufacture of furniture, fittings, &c.	4,894
	37,248

It will be observed that no fewer than 22,815 male wage-earners were actively engaged in the actual building operations at the census date, while 14,433 more were engaged in industries largely dependent on building activity for their support. In addition, other industries—*e.g.*, transport—are considerably affected by the volume of building activity. When it is realized that the value of building activity represented by permits issued in the larger towns during the five months ended May, 1932, averaged only 17 per cent. of the corresponding month's value during 1926, the effect of this decline on employment in the building and allied trades is only too evident.

If the decline in the number of wage-earners employed in construction and repair of buildings were proportional to the decline in the value of permits issued, it means that less than four thousand male wage-earners were employed in actual construction and repair work during last May as compared with 22,815 at the census date.

With a view to stimulating activity in building, and reabsorbing a number of these workers in industry, the No. 10 Scheme was launched early in July, 1932. The principle of the scheme was to restore confidence in those persons and companies who were withholding capital expenditure on new buildings and repairs to existing buildings. The method, broadly, was to subsidize labour costs in respect of approved works.

The eligible works under the scheme were divided generally into two classes, as follows :—

- (a) The erection of dwellings for *bona fide* owner-occupiers, and repairs, alterations, &c., to existing private dwellings.
- (b) The erection of, or repairs, alterations, &c., to, business premises, commercial buildings, public or semi-public buildings, factories, storehouses, &c.

On all works coming under the first heading, and on works under the second heading when the total estimated labour cost did not exceed £50, a subsidy was payable at the rate of 33½ per cent. of the wages paid for all labour engaged at a Government employment bureau, with a maximum subsidy in respect of any one man of £1 2s. 6d. per week.

For work approved under the second heading when the total estimated cost exceeded £50, a subsidy on wages of men engaged from the bureau was payable at the rate of 8s. 4d. in the pound, with a maximum subsidy of £1 5s. per man per week; with the proviso that subsidy would not be paid on more than 80 per cent. of the total labour employed whether engaged from the unemployment register or not.

It was stipulated that the scheme should not interfere in any way with the wages or conditions of employment provided under industrial awards for the classes of workers concerned, and also that New Zealand materials and products must be used on the subsidized work wherever possible.

Applications for subsidy under this scheme were to be approved by 31st December, 1932, and for the six months in which the scheme operated, approval to subsidies was given in respect of some 5,640 building, renovating, or repair jobs of an estimated total value of £1,450,000. Of this amount, over £420,000 represents the cost of labour actually employed on these jobs, the subsidy cost to the Unemployment Board being approximately £131,000. At the peak of activities under this scheme some 3,250 men were being employed on a subsidized basis. The full value of this increased activity in building is better stated by drawing attention to the fact that 78 per cent. of the value of a building represents labour costs in New Zealand, and if a large amount of indirect labour has not yet been engaged as a result of this building activity it is because stocks which had accumulated are being depleted. This will leave the position ready to adjust itself as times become more normal. It will be seen that it is very difficult to assess the full value to be obtained from the building-subsidy scheme, or even whether the Board would not have been justified in continuing the experiment for some time longer. The Board is, however, carefully watching the position at the present time, and can be relied upon to act promptly in reviving the scheme for a short time further if indications are that such a course is warranted.

GRANTS AND LOANS.

In a few instances the Board has been able to stimulate employment by means of straight-out grants, and in other instances by way of loans. Frequently it is the position that a small amount of financial assistance to a languishing industry proves to be economically sound—that is, when it results in the reabsorption of a number of the unemployed into industry, or the prevention of a number of industrial workers becoming a charge on the Unemployment Fund.

A good example of this principle in practice was the loan granted by the Unemployment Board towards the rebuilding of the Masonic Hotel block in Napier. This loan received considerable public attention, and it may therefore be well to record the facts in this report.