

6. *Loans to Local Authorities.*—The Government announced its desire to obtain the fullest co-operation and assistance of local authorities in its endeavour to overtake the existing housing-shortage. To this end special arrangements have been made whereby loans may be obtained by local authorities on attractive terms bearing the low rate of interest of 3 per cent., and it is hoped that the provision of cheap finance in this way will stimulate efforts of local authorities to relieve the housing-shortage in their particular localities by undertaking housing schemes for their own residents.

It is essential that housing schemes of the Government and of local authorities and the special loan business of the Corporation should be co-ordinated, and to ensure this it is necessary that certain conditions be imposed in respect of any loans granted to local authorities. These conditions may briefly be stated as follows:—

- (a) Detailed plans, specifications, and estimates must be approved by the Housing Construction Branch.
- (b) Loan-moneys shall not be used for the purpose of relending to individuals.
- (c) A special covenant must be embodied in any contract for sale of a house built under the scheme to provide that the prior consent of the local authority shall be obtained to any future sale or other disposal of the property, and to provide further that such consent shall be withheld where the consideration is in excess of the original value after allowing for depreciation, plus subsequent improvements.

The Government is encouraging the erection of houses which, as far as possible, will be New-Zealand-made houses, and no loan to a local authority will be approved where the quantity of foreign materials to be used is in excess of the amount that the Housing Construction Branch believes to be essential.

It is pleasing to record that from the inception of this scheme to the 31st March, 1937, loans to the total value of £115,375 have been approved.

7. *Loans to Co-operative Dairy Factories.*—There appeared to be a genuine desire on the part of executives of co-operative dairy companies to undertake housing schemes for the benefit of their employees, and the Government is assisting these concerns to retain the labour necessary to their industries in their own localities under favourable housing-conditions. Money has accordingly been made available at 3 per cent. for the financing of housing schemes in conjunction with established co-operative dairy factories. Any schemes undertaken must conform to the standards adopted by the Housing Construction Branch, and as far as possible any houses to be erected out of money borrowed by the dairy companies must be New-Zealand-made houses. If the houses are disposed of by the dairy companies by way of sale to an employee or employees, the companies are required to make provision to prevent undue trafficking and the capitalization of the facilities provided by the Government.

The Corporation will readily furnish full particulars and give assistance to such dairy companies as are desirous of undertaking housing schemes for the benefit of their employees.

8. *Balance-sheet and Revenue Accounts.*—The accounts for the year largely reflect the transactions under the Housing Act, 1919, prior to the Corporation assuming control and call for little comment.

On the liabilities side of the balance-sheet an amount of £316,336 8s. 11d. is shown as owing to the Discharged Soldiers Settlement Account. This is in respect of dwellings taken over from the Lands Department. The net book value of these properties is included under the heading "Dwellings let" on the assets side of the balance-sheet.

On the assets side of the Balance-sheet the expenditure incurred by the Housing Branch up to the 31st March, 1937, has been capitalized under the headings "Factories and Plant Account," £38,476 14s. 8d., and "Construction Branch, Preliminary Expenses Account," £9,093 4s. 11d. The latter item represents administrative costs of the Branch which will be allocated against completed dwellings from time to time taken over from the contractors.

In previous years provision has been made to the extent of £10,612 1s. 5d. by way of reserve for bad debts. It has been deemed reasonable in the accounts for this period to transfer this reserve, which was a book reserve only, to the credit of the Profit and Loss Account, and thus reduce the loss carried forward.