

Treasury, mainly on a short-term basis, until such time as funds were required for loan purposes. The total amount of the accumulated funds so invested as at 31st March, 1945, was £5,610,000. It may be said, however, that while it has not as yet been necessary to draw on these accumulated funds in connection with the lending programme of the Corporation, nevertheless the time is not far distant when the demand for loans, particularly in respect of the rehabilitation of ex-servicemen, will necessitate a gradual liquidation of the Government securities held by the Corporation. An upward trend in the mortgage assets has become evident this year for the first time since 1939, and it is safe to say that this trend will be accentuated over the years immediately ahead. Indeed, the time may not be far distant when it will be necessary to raise additional loan-moneys either as part of a direct Government issue, or as a separate issue by the Corporation. Since the commencement of its lending operations the Corporation has consistently aimed at providing a service to its borrowers by stabilizing their finances over a long term on an amortization basis. On farm securities loans are repayable over terms of forty years or even longer in appropriate cases, while on new dwellings the usual term is thirty years. The Board feels that this policy, which has many advantages for the borrower, should be continued, but to be fully effective over a long term of years the terms of lending by the Corporation must be co-ordinated with the terms on which the Corporation borrows. Accordingly, when the time comes to raise additional funds, the Board will explore every avenue with a view to raising those funds on a basis consistent with its long-term lending policy.

2. *Interest Rate.*—The normal lending rate for new business, exclusive of rehabilitation loans to ex-servicemen, is being maintained at 4½ per cent., the rate which has operated for some years. Loans to ex-servicemen under the rehabilitation scheme are, however, granted on a lower interest rate as a special Government concession, and the difference between the concession rate, which is 3 per cent., and the Corporation's normal lending rate of 4½ per cent. is recovered from the Treasury.

3. *Loan Business under Administration.*—The following summary shows the class of business under administration at the close of the year:—

	Number.	Amount.
(a) Loans on mortgage—		£
(i) Rural securities	17,786	21,931,793
(ii) Urban securities	36,326	21,961,754
(b) Government and local-body investments	1,993	10,449,930
(c) State rental properties: 18,381 tenancies, representing a capital value of £23,343,257. (NOTE.—These properties are assets of the Housing Account, which is the subject of a separate statement in Part II of this report.)		
(d) Government agencies for Treasury and other Departments, excluding rehabilitation loans, representing 1,308 accounts for a total sum of £375,787.		
(e) Administration work in connection with the soldiers' financial assistance grants for the past year, numbering 1,285 and representing commitments totalling £127,506. In addition, some 5,108 cases of previous grants were reviewed. Total authorizations to 31st March, 1945, were £867,663.		
(f) Rehabilitation loans—administration of loans granted to ex-servicemen of the present war by the Rehabilitation Loans Committee: Loans granted to date: Number, 10,910; amount, £6,507,574.		

4. *New Business*—The great majority of loans granted during the year have been in favour of returned servicemen under the rehabilitation scheme, but the following statement shows the total in respect of all classes of applicants:—

Class of Business.	Number.	Amount.
Urban—		£
Purchase, &c.	1,535	1,323,808
Erection	1,070	1,254,810
Rural	553	1,708,609
Total.. .. .	3,158	£4,287,227

It is pleasing to record that the year under review has shown an upward trend in applications for loans for the erection of houses, and it is expected that when the supply of materials and the man-power position has further improved, more and more borrowers, especially in the ex-servicemen class, will elect to build houses