

OTHER RENTAL PROPERTIES

In addition to the new dwellings erected under the present housing scheme, the Corporation has under administration other properties which have been acquired in earlier years, and which are let to tenants on terms similar to those applying to the new houses. The number of these units under administration as at the 31st March, 1946, was 1,037, representing a capital investment of £607,248.

REVENUE ACCOUNTS AND BALANCE-SHEET

The revenue accounts and balance-sheet, copies of which are attached, are set out in a form which discloses the result of the year's operations under the various sections of the Housing Act, and the balances from these subsidiary accounts are carried forward to a profit and loss account showing the final result of the year's operations. On referring to the tabulated statement it will be seen that in the undermentioned accounts there is a profit varying in proportion to the amount of business handled :—

- (1) Properties sold under agreement for Sale and Purchase.
- (2) Advances to Local Authorities (Urban).
- (3) Advances to Employers.
- (4) Advances Under Rural Housing.

Under none of these sections has there been any substantial activity during the past year, and the administration work in connection therewith has not been onerous.

The most active sections of the business are (a) rented properties, old, and (b) rented properties, new. The revenue and expenditure in regard to (a) have varied little as compared with the previous financial year, the total revenue for 1945-46 being £56,239, as compared with £54,240 for 1944-45, and the expenditure is £59,381, as against £57,286. The dwellings which are included in this section mainly represent the result of purchases over a number of years. These properties, being of the older type, are subject to somewhat heavier costs for repairs, and it is necessary also to reserve for depreciation at a higher rate than would be necessary for newer buildings. Under existing trading conditions maintenance work is, unfortunately, more expensive than would be the case when a more adequate supply of materials and labour is offering.

The year's revenue receivable in respect of the new State rental houses has reached the substantial figure of £1,293,157, which shows an increase of £169,970 over the total revenue for 1944-45. On the expenditure side provision has been made for the actual cost of such items as interest, rates, and management, and, following the practice adopted in previous years, the amount set aside for depreciation, insurance, maintenance, and losses has been calculated on the basis that is considered to be a proper charge, having regard to the estimated utility life of the assets and the average costs over the term. This is especially significant when dealing with an item such as maintenance, where the major item of expenditure is painting which recurs on the average every five years and maintenance expenditure is proportionately heavier as the buildings become older. The basis of assessing these charges has been continuously under review, and it is considered that the provision now being made is a proper one.

The revenue statement for the year discloses that after paying interest, rates, and cost of management, and making the appropriate provision for depreciation, maintenance, insurance, and contingencies, outgoings in this section exceed the revenue by £19,292. The year's transactions in the other subdivisions of the Housing revenue accounts result in a surplus of £7,693, thus leaving a net loss of £11,599.

At the 31st March, 1945, there was a credit of £64,821 in the Profit and Loss Account, representing the accumulated profit to that date, and after deducting the net deficiency for the past year, and making a few minor adjustments as shown in the statement, there remains a credit balance of £52,786 to be carried forward.