

The Department has reached the stage of calling tenders for approximately one hundred houses per week and it is evident that this represents the limit of the building industry's capacity at present.

In a lesser degree the Department's operations have been affected by the shortage of materials. The Government laid it down in the first place that, as far as practicable, the materials for the houses are to be produced or manufactured in New Zealand. The rapid expansion of the Department's operations has, in some cases, been too fast for the manufacturing industries to keep in line. A notable instance is the case of roofing tiles. The stage was reached a few months ago when tile-manufacturers were refusing to quote for the supply of their products. The Department was then forced to import a limited quantity of tiles from Australia. There has also been a shortage of dry New Zealand timber and fibrous plaster of satisfactory quality.

**Housing  
expenditure.**

Up to the 30th June, 1938, the total expenditure on housing, purchase of land, provision of services, administration, &c., amounted to £2,199,115; while the total commitments for land purchases and contracts entered into from the inception of the scheme to the present date amounts to approximately £5,000,000. In addition, loans granted to local authorities for housing construction amounted to £450,000.

While keeping the rentals of properties as low as possible, the principle has been laid down that full costs are to be taken into account in assessing the rentals and accordingly no charge is falling on the general taxpayer.

**State  
Advances  
Corporation.**

In regard to the operations of the State Advances Corporation, a decision was reached during the year to liberalize the terms of lending for the erection of new dwellings, and it was noticeable that during the latter part of the year a substantial increase took place in the number of applications which were received. Advances have been made on a table basis for periods ranging from twenty years to thirty-five years in the case of house properties, while in the case of good farm properties the period is extended to as long as forty-five years. The lending rate in each case has been maintained at 4½ per cent., and it has thus been possible to keep the instalments within the capacity of the average borrower.

As encouragement to people who have a reasonable amount of cash available and whose income resources are satisfactory, the Corporation's policy has been to offer every possible assistance in the way of purchasing building-sites and the provision of plans and specifications. Arrangements were made for the preparation of plans suitable for various localities, and these are made available to borrowers, who have a good range of types and sizes to select from. The standard specifications which have been prepared ensure that the houses are erected on good sound lines, and the Corporation's Property Supervisors provide supervision during the course of erection of the house, thus protecting the borrower as regards the workmanship and materials used in the building.

During the year ended 31st March, 1938, loans amounting to £1,721,000 were authorized in respect of residential properties involving a total of 2,480 applicants and in the case of farm properties 707 loans were authorized amounting to a total of £1,284,000. In addition a total of £544,000 was authorized in respect of seventy-eight applications from local authorities for general purposes.

#### PUBLIC ACCOUNTS.

**Surplus  
for year.**

The public accounts for 1937-38 reflect the prosperity which obtained in the Dominion throughout the year and, as has already been disclosed in the published statement, a surplus of £810,000 resulted from the year's operations.