

The Hon. the MINISTER OF FINANCE, WELLINGTON.

WE have pleasure in submitting the Balance-sheet and Revenue Accounts for the year ended 31st March, 1941, together with a report on the Board's administration for the period, as required by subsection (1) of section 43 of the State Advances Corporation Act, 1934–35.

PART I.—GENERAL.

In a report of this nature it is hardly possible to avoid making some reference to the international situation and the great and involved war in which this Dominion is directly implicated as a member of the British Commonwealth of Nations, and which has, of course, an inevitable bearing on the economic situation in New Zealand. It is pleasing to report, however, that the results of the Corporation's trading for the past financial year have, on the average, been reasonably satisfactory, but we feel that such a statement would be incomplete without an acknowledgment of the protection and assistance that New Zealand has received from the British Government since the commencement of hostilities. The decision of the British authorities to enter into an engagement to take large portions of the output of New Zealand's primary products at prices which in the circumstances can be considered satisfactory, has, during the period under review, enabled the producers of this country and other members of the community to carry on their usual mode of living without undue sacrifice, and the success of this programme is due in a very large measure to that magnificent branch of the armed forces, the British Navy. There is evidence that the farmers and associated industries are doing their utmost to adjust their methods and their type of production to meet the varying conditions of the British market, and that there will be willing co-operation in carrying into effect any course of action designed to benefit the people of Britain and assist in bringing the war to a successful conclusion.

The measures adopted by the Government during the year to provide financial assistance in appropriate cases for the purpose of increasing primary production, together with the provision of housing accommodation, both in the rural and urban districts, have been important factors in achieving such satisfactory results. The services of the Corporation have been utilized in special emergency loans to farmers and others, and an active policy under this heading was still in force at the close of the financial year.

The management and supervision of existing securities, and the control of State rental houses, have constituted a large proportion of the Corporation's activities during the twelve months under review, as indicated by the following figures: At the 31st March, 1941, the Corporation was responsible for:—

- (a) 43,071 urban securities of a total amount of £25,512,141.
- (b) 20,748 rural securities of a total amount of £24,168,711.
- (c) 11,046 State rental properties (old and new).

Generally speaking, the receipts under the various headings have proved to be very favourable.

Following its usual policy, the Board of Management has, where necessary, extended assistance to existing borrowers by way of further advances for improvements and the development of new land where this was economically possible.

During the last few years the field staff has been working continuously on the review of the securities which were taken over by the Corporation from the State Advances Department and the Lands and Survey Department, and over the past year steady progress has been made with this work. Due to the enlistment of a number of our field officers, the programme has not been carried out to the full extent contemplated, but it is now hoped that the survey of the balance of the securities will be completed prior to 31st March, 1942, and that during the following financial year a final adjustment of the Contingent Liability Account will be arranged with the Government.

NEW BUSINESS.

In pursuance of the Government's policy to grant assistance wherever possible to credit-worthy applicants desirous of erecting dwellings for their own use, the Board has continued to offer liberal terms for special loans required for this purpose, and a considerable volume of business has been transacted under this heading. It is, of course, natural that there should be some reduction in home-building due to