

Although the amount of business offering from civilians is naturally restricted because of the preference given to the applications submitted by ex-servicemen, there has been quite an increase in the inquiry for loans for house-building, and this notwithstanding the difficulty that has been experienced in obtaining materials and labour for this type of work. It seems clear, however, that the operations of the Housing Construction Department on the one hand and the effect of rehabilitation loans on the other has resulted in a credit structure being created in the building industry which has brought in its train a demand which appears for the time being to be beyond the physical capacity of the industry to meet. The reflection of this position seems to the Board to be having an adverse effect on building costs and reacting specially to the disadvantage of those who are erecting their own homes.

Loan applications from civilians in respect of farm purchases have naturally been adversely affected by the operations of the Servicemen's Settlement and Land Sales Act, as many of the properties which are under negotiation for purchase by civilians are being acquired by the Crown for the settlement of ex-servicemen under section 51 of the Act. However, in many cases additional loans have been made available to existing farm borrowers desirous of adding improvements, or bringing additional areas into production.

INTEREST RATE AND TERMS OF LENDING

The interest rate charged on loans granted by the Corporation has remained at 4½ per cent., and the policy of granting loans on the long-term amortization system has been continued. Under this system the instalments include interest on the outstanding balance and, in addition, an amount which is applied in reduction of the loan, and thus clearing the loan liability within the term agreed upon. Long-term loans on this basis have been a feature of the lending business of the Corporation since its inception, and it is the aim of the Board to grant the longest possible term, depending on the nature of the security and its estimated utility life, and having regard to the wishes of the borrowers, not all of whom require unduly long terms. In general, loans on houses are granted for terms of up to thirty years, while on farms longer terms are granted, depending on the class of farming, the proportionate value of buildings in relation to land, and other factors.

PRESERVATION AND PROTECTION OF TIMBER

The Corporation, as mortgagee in respect of many thousands of residential and farm properties throughout the Dominion, is directly concerned with the subject of timber-preservation, and, in addition, has the responsibility of undertaking certain administrative duties in terms of the Termites Act, 1940, which was introduced for the purpose of bringing under control the infestation of timbers by the termite, or white ant, which had become established in certain parts of the country. In implementing this legislation it has been necessary to obtain the co-operation of the local authorities within whose districts the termite was known to be active, and, apart from the unavoidable delay which has arisen in some places owing to the inability on the part of the local authorities to obtain the necessary staff, the progress that has been made may be considered to be very satisfactory. In the areas controlled by the Auckland City Council and adjoining boroughs over 15,000 inspections have been made since the Act came into force, and as the result of this work 380 cases have been discovered where the termite was active. Prevention measures have been taken by officers specially appointed and trained by the Corporation, and the results have so far been reasonably effective. In addition to the Auckland area, further work is still necessary in the New Plymouth Borough, but it is satisfactory to record that an outcrop of termite infestation in the Waikohu County area has, as a result of operations carried out in terms of the Act, been brought under control.

The Board is satisfied that the legislation has been a wise measure, and it is hoped with the continued co-operation of the local authorities to bring completely under control the activities of this destructive insect.