

In general the work has flowed smoothly, there being few cases of delay, and these usually being due to the nature of the proposition submitted requiring more than the usual detailed inquiries. Every endeavour is made to handle applications expeditiously and to have decisions issued promptly, but staffing difficulties, particularly on the urban field side, have at times caused concern. It is hoped that those difficulties have now been overcome; but the staff turnover generally, allied to the increasing number of accounts under administration, has meant heavy pressure on all concerned. The majority of ex-servicemen assisted are doing well and appear to be soundly established.

Ex-servicemen are now represented in practically every phase of business activity—commercial and professional—and with the financial aid afforded them they have not only made their future secure, but are playing a very useful part in the economic life of the country. The list given hereunder illustrates in condensed form the variety of purposes for which rehabilitation business loans have been authorized. A complete classification would show more than 250 different types of business.

#### CLASSIFICATION OF BUSINESS LOAN AUTHORIZATIONS

	Number.	Total. £		Number.	Total. £
Butchery .. .. .	171	138,937	Taxi, service car, and trans- port .. .. .	1,102	635,622
Grocery and general store ..	546	440,522	Carrier and mail contractor ..	1,124	817,270
Bakery, dairy, refreshment-rooms	359	243,296	Hairdresser and tobacconist ..	98	46,935
Milk-round .. .. .	233	180,851	Bootmaker .. .. .	143	43,227
Building trades .. .. .	560	286,109	Painter and paperhanger ..	188	62,091
Mechanical repairs .. .. .	366	232,732	Launch and fishing gear ..	99	63,091
Manufacturing businesses ..	259	171,368	Agricultural contractors ..	400	288,936
Stationery and fancy goods ..	103	73,345	Chemist .. .. .	27	27,230
Poultry, &c. .. .. .	42	26,563	Miscellaneous .. .. .	550	358,047
Professional equipment .. ..	735	325,798			
Radio-dealers and electricians ..	174	92,467			
Hotel and guest-house .. ..	34	29,433			
			Total to 31st March, 1949	7,313	£4,583,870

Repayments are assessed having regard to the prospective returns from the business, the depreciating nature of the asset, and the necessity or otherwise of providing working capital and replacement reserves. Generally speaking, it has been found that the rate of repayment fixed has been well within the proved earning-capacity of the particular business, and where failure has resulted it has been usually due to lack of business acumen on the part of the borrower rather than to any inherently unsound features in the proposition itself. It was, of course, only to be expected that a certain percentage of borrowers would prove, under the acid test of practical experience, to be temperamentally unsuited to business (and in some cases to farm) management, but they are relatively few and merely serve to emphasize the value of the initial work done in examining propositions submitted not only from the economic angle, but also in relation to the applicants themselves. From the table given later in this report it will be seen how small, relative to the amounts involved, are the losses that have been written off.

In assisting ex-servicemen the Government is recognizing the Dominion's obligations to them. On the other hand, in accepting such assistance the ex-servicemen also assume obligations; and, whilst the great majority fully recognize and honour the commitments they have entered into, it is disconcerting to note the large number of furniture accounts in arrear. Reference was made in last year's report to this phase of rehabilitation lending, and the position has not improved to any material extent. These loans are interest-free, and principal repayments are assessed on a modest scale. In the absence, therefore, of special factors, there is no reason why borrowers in full-time employment should be defaulting in their payments. The Corporation, as agent for the Rehabilitation Board, is charged with the responsibility of administering the accounts, and it is obvious that a more positive approach will have to be made to this problem and more drastic action