

In the main this report deals with questions of an over-all interest to the construction industry, and it should not be concluded without some special reference to the question of rising costs. An analysis made at your direction recently, of the cost of house building, shows that an average house has increased in cost between 1939 and 1950 by 75 per cent.

In other fields of construction the rise in costs is even greater. There are many contributing factors. Award rates of pay have risen by 40 to 50 per cent., and the acute shortage of labour over such a long period has introduced such competition for labour that the resulting actual rates of wages paid range very much above these levels. Improved conditions of employment including minimum wage payments, holiday pay, and travelling-time, together with much overtime at penal rates, payment of board money and bonuses, have all made noticeable contributions to increased costs. There is also a serious shortage of skilled tradesmen in certain categories producing bottlenecks in production, and all works have been slowed up because of the general shortage of labour, skilled and unskilled. Again, material costs increases vary considerably and range between 60 and 300 per cent. higher than pre-war. Material shortages have nullified pre-planning of work and have caused loss of working time and longer contract periods, resulting in added capital charges and higher overhead costs.

It can be seen that here, as in most other parts of the world, the building and construction industry has been heavily over-committed during the post-war years, resulting in much reduced competition when works are put out to tender. There is no clear-cut solution to the problem until the demand is more nearly equated to the building potential available. This will not take place while private people and commercial and industrial organizations have money to invest in housing and building projects, and an unsatisfied demand for these exists, and at the same time the State is endeavouring to overtake arrears of Government buildings and to provide for an expanding population. Some relief would no doubt be obtained by the selection from abroad of people in trades which are not fully manned in New Zealand, and from the increasing availability of materials. Recent information received from Great Britain shows that there, housing costs are now two and a half times pre-war figures, whilst in the United States construction costs generally have been doubled.

Throughout the year all the building and developmental proposals involving the expenditure of State funds have been reviewed by this office, working conjointly with Treasury and with the Department concerned. In this respect I wish to express appreciation of the co-operation this office has had from all State Departments and from Treasury in discharging this difficult responsibility.

The total staff as at 31st March, 1950, was 3,899, made up of 3,327 permanent officers and 572 temporary staff personnel. The corresponding figures at 31st March, 1949, were 3,573 total staff, comprising 3,124 permanent officers and 449 temporary staff. These figures disclose an increase of 326 during the year, due largely to the transfer to staff status of categories of employees previously regarded as casual and not included in previous staff returns.

During the year Mr. F. H. M. Hanson was appointed to the position of Assistant Commissioner of Works and Mr. R. L. MacPhail was appointed Assistant Director of Housing Construction. Mr. R. B. Hammond, Director of Housing Construction took over the duties of Building Controller in place of Mr. MacPhail.