

Departmental Dwellinghouses.—There are at present some 3,617 houses, the capital cost of which was £1,883,469, and, including the land specially acquired, £2,094,487. For the year ended 31st March, 1930, the rentals received amounted to £109,648, equal to 5·23 per cent. on the above capital cost. This rate is too low to enable the houses to be properly maintained and to pay depreciation, insurance, and interest on the cost. If no loss were to be incurred the present rentals would require to be increased by approximately 75 per cent. The expenditure last year, apart from interest, was £103,592, made up of repairs for maintenance, £62,375; depreciation, £36,435; and insurance, £4,782. The maintenance cost is very high, being 3·31 per cent. of their cost; but a number of the houses are old and not up to modern requirements, so that the cost of maintaining them will be higher than the average generally. The loss for the year ended 31st March, 1930, was £78,167, as against £64,176 for the year ended 31st March, 1929.

In 1920 the Department embarked on a house-building programme, and erected and equipped a factory to provide factory-cut houses in the North Island. Altogether some 1,380 houses of standard types were cut and erected. The necessity for their construction was on account of the difficulties of railway men obtaining houses, and the large expenditure that the Department was being put to for transfers and providing accommodation for these men. The factory has now ceased operation and the assets are being realized. We understand that there will be a loss of £52,270 on the realization. This will, presumably, be charged against the capital cost of houses, and will entail an additional loss by way of interest charges of some £2,220 per annum.

The rents of dwellinghouses are at present fixed on a basis of not more than one day's pay of the employee per week.

We recommend that the whole of the Department's houses be classified in accordance with their type, condition, accommodation, and conveniences, and that a rate per square foot be fixed for each class of house as a basis for assessing the rental value. In doing this, consideration would have to be given to the location and the proximity and the amenities available.

Taking into consideration the desirability of the Department in providing, so far as is reasonably possible, for the convenience and comfort of its employees, we do not think that it will be advisable to fix rates that would enable the interest and fixed charges on the full capital cost to be obtained. We are of opinion, however, that an increase in the rentals should be made, and in fixing the rate per square foot for each type of house we recommend a basis be taken so that the rentals are increased by 33½ per cent. This will still leave a loss to the Department of approximately £40,000 per annum.

Lake Wakatipu Steamers.—The capital expenditure shown in the accounts as at 31st March, 1930, sets out the sum of £44,387 3s. 3d. as being the amount expended on the assets of this service. The fleet consists of three ships—viz., the “Earnslaw,” which is stated to be in good condition but not altogether suitable for the service, the “Ben Lomond,” and the “Mountaineer,” both of which are in poor condition and for which only temporary licenses can be obtained from the Marine Department.

An investigation shows that the sum of £26,123 should be written off to provide for accrued depreciation and dead assets still remaining in the capital account of this service.

It is estimated that the cost of refitting the “Ben Lomond” and the “Mountaineer” would amount to £4,800, giving the vessels a further ten years' life.

A statement of the revenue and expenditure for the past three years is set out hereunder :—

					1928.	1929.	1930.
					£	£	£
Revenue	..	..	..	..	9,885	10,941	11,447
Expenditure	..	..	..	..	15,627	17,425	18,374
Loss	..	..	..	..	£5,742	£6,484	£6,927

The cost of repairs to the vessels for the past three years was—1928, £2,197; 1929, £3,850; 1930, £3,523.