

### BUILDING SUBSIDY SCHEME.

One of the main functions of the Unemployment Board as laid down by legislation is the stimulation of industry with the object of creating employment, and the Board having, by means of its various farm and camp schemes, extended assistance to the agricultural and pastoral industries, turned its attention to the building industry as being the one most in need of, and most suitable for, rejuvenation.

The main considerations which led to the adoption of the No. 10 Scheme were:—

- (1) Next to the great primary industries it is the one that employs the largest number of workers ;
- (2) That the industry was a languishing one was beyond dispute ;
- (3) It is an industry in which raw materials do not bulk largely. Authoritative estimates place the cost of direct and indirect labour as high as 87 per cent. of the total cost of a completed dwelling ;
- (4) It employs a relatively high proportion of skilled labour, and, if the industry is dormant, not only are artisans losing their skill, but a proportion of the rising generation is denied an opportunity of acquiring it ; and
- (5) The demand for dwellings is extremely elastic and there is little risk of supply exceeding the demand, provided that accommodation can be made available at a reasonable cost.

The official building statistics, which cover the twenty-two principal centres of population in the Dominion, disclose that in the year 1930 (in which the first Unemployment Act was passed) permits for the erection of new buildings fluctuated between three and four hundred per month, and in 1931 between one and two hundred (only once exceeding the latter number), while in 1932 the lowest recorded number (ninety-four) was reached in the month of May. In the following month the original No. 10 Scheme was inaugurated and the monthly figures commenced to rise, reaching 159 in September, and after remaining near that mark until the end of the year again declined, until at the point of the reintroduction of the scheme in June, 1933, a new low record was established, only seventy-six permits for the erection of new buildings being issued during that month. This secondary decline in activity clearly indicated that the scheme had not been in existence for a period sufficient to fully re-establish confidence in the industry, but since its resumption indications are not lacking that this end is in process of achievement. The number of permits issued in July, 1933, was 205, and in August, 246, which is the highest recorded since December, 1930, while there is little doubt that further increases will yet appear.

The total value of work for which permits were issued in 1930 was (in round figures) £6,000,000 ; in 1931, £3,500,000 ; for the first six months of 1932 (before the advent of the scheme), £800,000 ; and for the latter half of the year, £1,200,000. From January to June, 1933, the figure was again but little more than £800,000, while since then work of the value of approximately £5,000,000 has been approved under the No. 10 Scheme alone. It is probable that by the time all applications have been dealt with the total value of works authorized under the scheme will fall but little below £6,000,000.

At the time of taking of the last census (1926) the number of male employees engaged in construction and repair of buildings was 22,815, and if this number declined proportionately to the decline in the value of building permits issued, there would have been less than four thousand men so employed in May, 1932. The original No. 10 Scheme was instrumental in providing employment (at the peak of its activities) for some 3,250 men, while the present scheme is now employing over six thousand.

Subsidies granted under the original scheme totalled £130,000, while under the present scheme subsidies amounting to over £500,000 have been approved. It is of interest to note that every pound expended in subsidy is resulting in the unlocking of capital to the extent of approximately £8 and the expenditure in direct and indirect wages of nearly £7. The estimated wages-cost of work so far approved under the scheme is considerably in excess of £4,000,000.

The actual position of the amended scheme at the latest available date is as follows:—

				Number of Applications.	Number of Men to be employed.	Total Value of Work.
						£
Approved .. .. .	..	..	..	10,812	54,072	4,899,510
Declined .. .. .	..	..	..	709	2,800	288,484
				11,521	56,872	5,187,994

Of the total cost of the works approved, it is estimated that approximately £4,260,000 will be paid either directly or indirectly in wages to New Zealand workers. The applications declined are in respect of works not coming within the scope of the scheme, or those which, in the opinion of the Unemployment Board, would proceed without the assistance of a subsidy.

The charge is frequently made that the beneficial effect of humanitarian legislation is to a certain extent nullified by harassing conditions and unnecessarily inquisitorial methods of administration. The reintroduction of No. 10 Scheme under less restrictive conditions provides an adequate refutation of this charge, for, while a proportion of those to whom subsidies were granted adopted a properly understanding and helpful attitude, the majority showed but little appreciation of the true purpose of the scheme, while others only too clearly evidenced a determination to beat the rules by every means possible.