

tenance works now necessitates so large an expenditure, however, that the Government deem it preferable to use the available funds for essential maintenance rather than payment of arrears of interest. It has been decided, therefore, to write off not only the arrears of interest (£1,416,297) to 31st March last, but also the 1946-47 interest of approximately £520,000. This is equivalent to a grant of £1,936,000.

In addition to the foregoing concession, the Government have decided that the sum of £1,226,000, advanced by way of loan in 1930, shall also be written off so that the Main Highways Account shall have no liability with regard to either interest or principal on that amount. Provision accordingly will be made in the ensuing Finance Bill.

With these very substantial concessions it is anticipated that the Main Highways Account, the revenue of which is already mounting rapidly, will, from April, 1947 onwards, be in a position to meet its full liabilities under all headings.

1946-47 Programme

As regards the current financial year cost of works to be provided from loan-moneys is set down at £21,000,000, compared with loans raised for this purpose during the past year of £12,980,000. As an illustration of the main projects upon which these loan-moneys will be expended the following table sets out the position for last year compared with the 1946-47 estimates:—

	1945-46. £	1946-47. £
Housing	5,710,000	7,500,000
Electric supply	2,920,000	3,100,000
Land for settlements	1,500,000	3,500,000
Education buildings	1,188,000	1,250,000
Railway improvement	851,000	1,156,000
Highways	100,000	1,500,000
Other public works, including public buildings; irrigation, soil conservation, and roads; State forests; State coal-mines; and telegraph extension	711,000	2,994,000

Details of the above proposals are to be found in the estimates of expenditure.

A further item to be financed out of the National Development Loans Account is the capital of the New Zealand National Airways Corporation following the passing, last session, of the New Zealand National Airways Act. In terms of this legislation a New Zealand National Airways Corporation was set up for the purpose of establishing and operating national air transport air services, both in the Dominion and overseas. The interests of the largest private operator—namely, the Union Airways of New Zealand, Ltd.—have already been acquired, and at an early date the whole of the civil air transport services will be under the control of the new Corporation. Another corporation, owned by the United Kingdom, Australia, and New Zealand Governments, is being established to operate an air