

PUBLIC WORKS.

Public-works
expenditure.

I would next like to bring under the notice of honourable members the salient features of the present programme of public works in which was sunk the major portion of the loan capital borrowed during the year. As in the case of the Consolidated Fund, the programme of public works for the year was well advanced when the Government assumed office, and for the most part the arrangements made by our predecessors had to be left to run their course. The Government, however, lost no time in investigating the position, and as a result of these inquiries it was deemed advisable immediately to stop the work on the new Taupo Railway and the Palmerston North Deviation. After very careful consideration of all the relevant factors the Government came to the decision that the large capital outlay involved in these works was not justified at present. As regards Taupo, this was not a trunk line, and it was quite clear that the transport needs of the district concerned, which are relatively small and likely to be so for many years, were certainly not of a magnitude to justify the building of a railway.

Taupo Railway.

Palmerston North
Deviation.

Concerning the Palmerston North Deviation, it was found that transport conditions had altered considerably since the work was placed on the schedule of improvement works, and that the expected increased volume of traffic, which would have justified the deviation, had not materialized. Further, the estimate of the cost had been greatly increased since the work was originally authorized, and not only would the deviation produce no extra revenue to meet the additional interest burden but it would actually increase the working costs of the railways. The work was clearly not justified at present, and should not have been started. It may be added that much of the expenditure, roughly £200,000, already incurred was on account of land-purchases and permanent earthworks, which can be used should it be found necessary to proceed with the work at a later date.

Control of loan
expenditure.

Another matter which I attended to as soon as possible was the institution of a better control over the expenditure of loan-moneys on public works. The practice has been for the detailed estimates of the expenditure on the various works to be prepared each year in accordance with the requirements of the Engineers without the various proposals being subject to any expert review from the financial aspect. Another difficulty is that often a comparatively small amount is placed on the estimates one year to start a large undertaking without any definite consideration as to the effect on the finances in succeeding years when expenditure becomes heavier. Thus to attain effective financial control the Loan Budget must be considered over several years, and not merely from year to year, as has been largely the case in the past. To remedy these undoubted weaknesses in the system I have arranged for the public-works estimates for this year, and in the future, to be sent to the Treasury for investigation before being finalized for submission to this House.

Again, in the case of large works the construction of which is spread over several years, the annual estimates presented to this House have not shown what the completed work is to cost, how much has been expended to date, or how the actual cost compares with the Engineer's estimates on which the work was authorized. To give honourable members all this additional information I have arranged for the form of the public-works estimates to be amended, and the estimates for this year will appear in the new form.

Expenditure on
capital works.

The net expenditure on capital works for 1928–29 was £7,659,580, comprising the following main classes of outlay:—

	£
Railway construction, additions, and improvements	3,179,391
Main highways and roads	1,822,922
Hydro-electric supply	965,560
Telegraphs and telephones	624,414
Public buildings, including schools	602,392
Irrigation, land and river improvements	282,806
Other public works	182,095
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	£7,659,580
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