

during the year amounted to £88,113 in connection with the former line and £72,215 in respect of the latter. The work was further dislocated by the slips which continued to fall after the earthquake, so that it is only recently that work has been resumed.

Additions to open lines, &c.

Of the total expenditure on railways, the sum of £393,072 was in respect of additions to open lines. Of this amount, £347,853 was expended on new rolling-stock and £44,494 on the motor-omnibus system at Wellington.

Railways-improvement expenditure.

In addition to construction works undertaken from the Public Works Fund, capital expenditure in connection with the Railways is also carried out as a charge against the loan-moneys allocated to Railways Improvement Account. The expenditure under this heading amounted to £1,285,086, including £310,927 in connection with the Tawa Flat Deviation, and £62,380 in respect of the Auckland-Westfield Deviation.

Roads and highways.

The next item of public-works expenditure to be considered is that of highways and roads. The expenditure on the former was £1,097,148, and on the latter £1,191,069, a total of £2,288,217. In both cases the expenditure represents a record for a single year. As regards main highways, the increased expenditure is to be expected owing to the declaration of further lengths of roads as main highways and the necessity of finding additional work for the unemployed. Under the heading of unemployment relief the sum of £238,565 was expended on main highways. The funds for main highways were provided as follows: £750,000 from Main Highways Revenue Fund (being proceeds of tire and petrol tax, &c.), £200,000 transferred from the Public Works Fund, on which the charges have heretofore been met by the general taxpayer, and the balance represents moneys specifically raised for main highways, on which the annual charges are met from motor taxation. Regarding the expenditure on roads, the large increase is due to the fact that the greater part of the funds provided for the relief of unemployment last year were applied to road-construction. Of the various classes of public works, road-construction is undoubtedly one of the most suitable for unemployment relief, involving as it does the highest proportion of labour cost to total cost, besides providing an asset which facilitates transport and communication—pre-requisites for successful settlement and production under modern conditions.

Backblock roads.

Last year's provision for ordinary metalling and improvement of backblock settlement roads, for the most part in co-operation with County Councils, was £400,000, of which £353,337 was expended. It is proposed to set aside an additional amount this financial year for the purpose of providing access to the outlying districts of the Dominion. This represents a further contribution by the Government towards encouraging primary production.

Hydro-electric supply.

The expenditure of £581,975 on hydro-electric-supply works was the lowest since 1922-23. The capital expenditure under this heading must be expected to taper off each year now, as, with the exception of the Arapuni and Waitaki River, all the schemes are now in operation. As honourable members are aware, it was unfortunately found necessary to close down the plant at Arapuni, owing to serious faults having developed. Pending a comprehensive report on the matter, arrangements have been made to bring the various stand-by plants into operation, assisted by the Horahora plant, in order to avoid dislocation of the electrical services throughout the Auckland Province. Honourable members may rest assured that full details of the Government's proposals in connection with Arapuni will be made available as soon as the position has been fully investigated. The Waitaki River scheme is the only other large one remaining to be completed, although extensions will probably be required for all of the several schemes from time to time.

Mangahao-Waikaremoana scheme.

The interconnected Mangahao-Waikaremoana scheme was operated continuously during the year, and, although the accounts disclose a net loss of £55,438 after charging interest on capital and depreciation, the position is substantially better than that for the previous financial year, when the loss amounted to £102,800.

Lake Coleridge scheme.

The Lake Coleridge scheme has now reached a very satisfactory position, as last year, in addition to paying off all arrears of sinking fund, the sum of £44,000 was transferred to general reserve.