

STATEMENT BY THE HON. W. B. TAVERNER.

The fact that public-works expenditure is steadily increasing notwithstanding the fact that our national income has of recent years been decreasing, has caused me to carefully investigate all branches of the Department's activity, and the ability of suggested works to eventually bear at least a substantial portion of interest and sinking fund on the capital involved has been my first consideration. The developmental value of public works is a factor not readily assessable in terms of money, and it is necessary to take a longer view than that of the present or the immediate future. Public works are, in the main, purely construction works of a developmental nature, and so they should be regarded in endeavouring to arrive at a correct assessment of their economic value.

In view of the uncertainty of the position, I have used every endeavour to keep the amount being expended on railway construction within limits, and have refrained from placing on order large quantities of structural steel and other material which would be required should Parliament, after consideration of the report of the Railways Board which they are required to render to the House under the provisions of section 18 of the Government Railways Amendment Act, 1931, decide to complete the various lines.

This report, having now been submitted to Parliament, indicates the opinion of the Board in regard to railway-line construction. I do not propose to offer any comment thereon at this stage. For the information of the House, however, I desire to say that a cessation of expenditure on railway-lines construction would not mean that loan-money would not continue to be spent on the railway system. I would point out that the estimates now before the House provide for the sum of £1,020,000 under the Railways Improvement and Addition to Open Lines vote being made available direct to the Working Railways Department. It should also be borne in mind that, should Parliament decide to endorse the recommendations of the Railway Board and entirely cease construction, considerable expenditure would yet be involved in stopping the works, and this, at a rough estimate, I am advised would be £100,000.

It cannot be gainsaid that with the low prices for our primary products, resulting in decreased revenue, it is quite impossible to continue developmental works, providing no direct return, with borrowed money at the rate which has obtained during past years, and the provision of work for the relief of those unfortunately unable to obtain employment except from the State relief works must in the future be financed to a much larger degree, if not entirely, from revenue funds and not from borrowed money. In the Public Works estimates now before the House it will be seen that reductions are proposed under most heads.

It has been pointed out elsewhere that the provision of loan-money for this year's public-works operations has been very considerably reduced. The expenditure of a sum of over eight millions on public-works activities in times like the present cannot be justified, unless the works are essential works of a reproductive nature; but the position has been that, on account of the imperative necessity of affording employment to large numbers of men, the suitability of certain works from the employment point of view has possibly outweighed their justification from a developmental or economic point of view. To expend large sums of borrowed money upon relief of unemployment, other than as a temporary expedient, is unsound and should not be continued, and assists in no small degree to increase the burden of our annual loan indebtedness. It is intended, therefore, to gradually diminish the relief works hitherto carried on by my Department.

The time has arrived when the Unemployment Board should have complete control of the relief of unemployment, and it is the duty of Parliament to render available to that Board a sum adequate to the needs of the situation, always having in mind the relation of the expenditure of revenue in this direction to other forms of expenditure.

The amount spent by the Department under this head during the last four years are as follows: 1928, £284,427; 1929, £665,715; 1930, £625,391; 1931, £1,032,102; 1932 (proposed), £700,000; and the weekly average numbers of men to whom employment has been given during the same period are 1,908, 3,016, 3,713, and 4,898.