

Earthquakes
expenditure.

Expenditure during the year in connection with earthquakes totalled £29,710, of which the Hawke's Bay District accounted for £29,536 and the West Coast of the South Island for the balance. I will deal later in detail with the action which the Government has taken and proposes to take in connection with the rehabilitation of the Hawke's Bay District.

Advance to
Westport Harbour
Account.

The advance of £5,000 to the Westport Harbour Account was made in terms of the Westport Harbour Act, 1920. The advance, together with interest thereon, is repayable to the Consolidated Fund.

Treasury bills.

TREASURY BILLS.

Revenue bills.

Treasury bills totalling £2,950,000 in anticipation of revenue were issued during the year. It may be explained that financing by means of Treasury revenue bills is, under existing conditions, unavoidable, as the working balance carried forward in the Consolidated Fund is now practically exhausted and a large portion of the revenue—namely, from land and income tax—is not received until towards the end of a financial year, whereas expenditure is continuous throughout the year. Of the total issue of £2,950,000, the sum of £1,100,000 represented internal transactions between Treasury accounts. A further £1,100,000 was raised in New Zealand at rates varying from 4 to $5\frac{1}{4}$ per cent., and the balance of £750,000 was raised in London at from $2\frac{3}{16}$ to $2\frac{5}{16}$ per cent. All these bills were duly paid off when the proceeds of land and income tax were received, and no revenue bills were outstanding at the close of the financial year.

Redemption bills.

In addition to revenue bills, a series of Treasury redemption bills were sold in London during the year at rates of from $2\frac{3}{16}$ to $2\frac{3}{4}$ per cent. The issue of these bills was necessary owing to the prohibitive rates for transferring money to London, the telegraphic rate at the close of the year being no less than 10 per cent. On the 31st March, 1931, redemption bills to the extent of £3,550,000 were outstanding, but were partially covered to the extent of £2,350,000 by temporary investments in New Zealand. Owing to the low rates of interest paid on the bills, their cost was offset by the interest earned on the fixed deposits in New Zealand.

PUBLIC WORKS.

Public works.

I propose now to deal with that section of State activity on which the major portion of loan capital is expended each year—namely, public works. In this connection I may explain at the outset that it has been the Government's policy to restrict capital expenditure, as far as circumstances will permit, to works of a productive nature only, as it is fully realized that the expenditure of borrowed money on other than productive works imposes an increasing burden on the general taxpayer, and under a contracting national income would eventually tend seriously to affect the financial standing of the Dominion.

The unemployment position has created a special problem, however, with the result that, while the principle of concentrating on essential productive works is being adhered to as far as possible, in some cases works have been undertaken in advance of the normal developmental programme in order to provide additional remunerative forms of employment. The necessity for such works will be appreciated when it is realized that the Public Works Department is the largest single employer of manual labour in the Dominion.

Summary of
expenditure.

The expenditure on public works during the year, under the relative headings, was as follows:—

	£
Railway construction, additions, and improvements ..	3,159,813
Main highways and roads	2,341,902
Hydro-electric supply	1,230,172
Public buildings (including schools) ..	939,110
Telegraphs and telephones	434,615
Irrigation, land and river improvements ..	252,585
Miscellaneous public works	129,398
	£8,487,595