

The railways expenditure consisted of £1,576,101 on construction, £526,515 on additions, and the balance of £1,057,197 on improvements. Expenditure on railways.

In pursuance of the Government's policy of reducing to a minimum all expenditure on railway-construction which is not economically justifiable at the present time, it was decided to close down several works as from the 1st January last. The principal lines so dealt with were the North Island Main Trunk line beyond Okaihau, the Dargaville to Kirikopuni, and Gisborne to Waikokopu lines, and also the Nelson to Inangahua line, on which construction work was proceeding between Kawatiri and Murchison. Work on these sections has now ceased, the employees have been transferred to other works where possible, and the plant and materials on hand will be utilized elsewhere. Works closed.

Regarding the construction works still in hand, in the North Island the principal lines are the Stratford to Main Trunk and the Putorino to Wairoa sections, both of which are now rapidly approaching completion, and in the South Island work is proceeding in connection with the Main Trunk line between Wharanui and Parnassus, and also on the line between Westport and Inangahua to connect the Westport section with the main southern system. In this connection, I may explain that the Railway Board is empowered to report on all works at present under construction, while no new works can be started until a report on the same by the Board has been laid before both Houses of Parliament and a resolution approving of any such work has been passed by both such Houses. Construction work.

The balance of the expenditure on railways represents additions to open lines—mainly in respect of new rolling-stock—and improvements such as new buildings, reclamation, and rearrangement works in connection with the existing railways.

Expenditure under the heading of "Highways and Roads" comprises £757,906 on main highways and £1,583,996 on roads. Compared with the previous year, the latter amount represents an increase of £392,927 in expenditure on ordinary settlement and backblock roads, as a result of the necessity to which I have already referred, of finding useful work for many of the unemployed. Highways and roads.

Regarding expenditure on hydro-electricity, I may explain that the various schemes earned a gross revenue for the year of £685,242, and after charging all expenses, including depreciation and interest, the accounts disclosed a loss over all schemes of £2,043. Had it not been for the stoppage at Arapuni, and the consequent necessity for purchasing supplies of electricity from local authorities, a profit would undoubtedly have resulted from the year's operations. Hydro-electricity.

The expenditure on public buildings includes school-buildings, post and telegraph offices, and hospitals. In terms of the amending legislation passed last year, the separate account in respect of education buildings—namely, Education Loans Account—was abolished as from 1st April last, and in future the capital cost of school-buildings will be met out of the Public Buildings vote under the Public Works Fund, as obtained several years ago. Public buildings.

The balance of the expenditure on public works was incurred in respect of irrigation, land and river improvements, &c.

This concludes a brief review of the Government's stewardship of public works during the past year. Complete details will be given in the Public Works Statement, which will be submitted later.

LONDON LOAN, 1931.

To provide the necessary funds for essential public works during the current financial year, a loan of £4,000,000 was raised in London on the 8th June, 1931, by means of 5-per-cent. bearer bonds, a further £1,000,000 being added to the issue for redemption purposes. The bonds were issued at £99, and are repayable at par on the 16th July, 1934, the Government having the option, however, to redeem at par, either in whole or in part, on or after the 16th July, 1932, on the giving of three months' notice. Including redemption of discount over the period of the loan, the return to investors is £5 7s. 3d. per cent., and the cost to the State, after allowing for expenses, amounts to £6 1s. 3d. per cent. This is certainly dear money, but the Dominion on this occasion had to go on the market in the face of complex and adverse circumstances, among which might be mentioned our heavy adverse exchanges and reactions from happenings in Australia. In addition, the general London Loan, 1931.