

The assistance afforded to earthquake sufferers, together with the amount transferred to the Consolidated Fund last year, has reduced the Reserve Fund to a realizable value of approximately £200,000.

PUBLIC WORKS.

Public works.

The expenditure under this important branch of the State's activity was materially reduced during last financial year. Uneconomic works have been closed down, for it is the Government's desire to avoid as far as possible increasing the interest burden on taxation, which such expenditure necessarily causes. Furthermore, owing to the disturbed conditions that prevailed, loan-moneys were difficult to raise. The total net expenditure for the year was £4,794,000, and the extent to which expenditure of this nature has been reduced will be appreciated when I remind honourable members that the corresponding total for the previous year was £8,487,000. Last year's expenditure was, in fact, the lowest since the resumption of activities after the war.

The main headings comprising the total of £4,794,000 were as follows:—

	£
Railway construction, additions, and improvements ..	1,021,000
Main highways and roads .. ..	1,580,000
Hydro-electric works .. ..	1,324,000
Public buildings (including schools) ..	480,000
Telegraphs and telephones .. ..	258,000
Irrigation, land and river improvements ..	124,000
Miscellaneous works .. ..	7,000
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	£4,794,000

Railway  
construction, &c.

It has been the experience in recent years for the expenditure on railways to constitute the major item in public-works expenditure, but on this occasion it will be seen that the expenditure is relegated to third place. The average capital expenditure on railways during the previous three years, it may be stated, amounted to £3,218,000, whereas last year the expenditure was only £1,021,000. This substantial reduction is due not only to the factors to which I have already drawn attention, but to the policy adopted by the Government in 1931, when the railways were placed definitely upon a commercial basis under the control of a non-political Board.

Of the total expenditure on railways last year of £1,021,000, the sum of £643,000 was in respect of new construction works, and the balance on improvements and additions to lines already open. The new construction expenditure was incurred mainly on the Stratford to Main Trunk connection, which is now the only new line on which operations are proceeding actively. The provision which it is proposed to make in this year's estimates will be sufficient to complete the work.

The expenditure of £377,000 on improvements and additions to existing lines was mainly in connection with the purchase of additional rolling-stock, and also on the Tawa Flat Deviation near Wellington.

In regard to main highways and roads, the sum of £383,000 was expended in construction work on main highways, and £1,197,000 on ordinary roads, bridges, and tracks. Wages form a high proportion of the expenditure on roadwork, and the expenditure for that purpose has been of considerable assistance in relieving unemployment.

Hydro-electric  
works.

Expenditure on hydro-electric works is the only class which shows an increase compared with the previous year. The capital expenditure was mainly in respect of the Waitaki scheme, which will eventually link up with the station on Lake Coleridge, and on Arapuni, where, as honourable members are aware, further remedial measures were necessary. The total outlay by the State on hydro-electric works is now £11,500,000, of which almost £10,000,000 represents assets in operation. The gross revenue from all schemes was £680,000, and after paying all working-expenses, interest, and making ample provision for depreciation, the schemes collectively showed a net profit for the year of over £37,000.