

The expenditure on public buildings includes £268,216 on school buildings, £114,464 on postal buildings (which become a capital liability of the Post Office), and £50,200 on mental hospitals. Of the expenditure on school buildings, £124,944 was in respect of primary schools, and the balance on secondary schools and technical colleges. **Public buildings.**

The balance of the total expenditure, included under the heading of "Miscellaneous," consists of land-improvement works, such as irrigation, drainage, and flood protection, also harbour and lighthouse works, details of which will appear in the Public Works Statement, which will be tabled later in the session.

This completes a brief review of the expenditure on public works during the past year, but before leaving the subject I may explain that the Government proposes to adhere to the policy of tapering off expenditure on all forms of capital works as far as circumstances will permit. A large proportion of the major public works—hydro-electric works and railway-construction—are rapidly approaching completion, and consequently there is no justification for continuing heavy expenditure for these purposes beyond the immediate needs of the Dominion. At the same time, it is appreciated that a sudden cessation of such works would accentuate the present unemployment difficulties, and thus be of no real advantage. Moreover, it is desirable to complete the works already begun, where these will show a remunerative return on the capital invested, as quickly as possible, in order that they may become revenue-producing and so ease the burden on the general taxpayer.

A matter to which I wish to draw attention at this stage is the change introduced this year in submitting the public-works estimates. Arising out of a recommendation of the National Expenditure Commission, these estimates will in future be submitted under cover of the Budget at the same time as the ordinary revenue estimates. The whole of the Government's financial proposals will thus be available at the same time, and honourable members will have more time to consider the estimates of capital expenditure. The Public Works Statement will be brought down separately, as is the case with other departmental reports. **Public-works estimates.**

Apart from the other considerations already referred to, the public-works programme for the ensuing year is, of course, limited by the amount of loan-moneys available, and this will be dealt with under the heading of the London loan. Including £450,000 from railway depreciation reserves for replacement of rolling-stock, &c., the total amount available for public works this year is £2,700,000. This includes £500,000 for the "small-farm plan" previously referred to. Approximately £560,000 will be expended on railway improvements and additions (principally the Tawa Flat Deviation and new rolling-stock), £477,000 on roads and highways, and £400,000 on hydro-electric constructional works, of which the Waitaki scheme will be responsible for the greater portion of the expenditure.

In addition to the amount to be provided for public works, the sum of £830,000 will be required for capital expenditure in connection with the Government's land-development schemes, including £150,000 in respect of Native lands, and also £180,000 for State-forests purposes.

These allocations represent further substantial reductions even on last year's expenditure, but under the circumstances there is no alternative, and the Government is unwilling to be a party to adding to the already heavy debt charges which have to be found by the taxpayer. To illustrate this point, I may explain that 13 per cent. of the value of the Dominion's exports was sufficient to meet the external public debt charges for the year ended 31st March, 1929, whereas last year no less than 21 per cent. was required to meet these overseas obligations. Debt charges which we could comfortably afford in more prosperous times have now become a real burden on the community.

#### LONDON LOAN, 1932.

As already announced during the emergency session held in the early part of this year, a loan of £5,000,000 was underwritten in London on the 4th April last. The issue price was £98 10s. per £100. The loan bears interest at 5 per cent. per annum, and will mature on the 1st November, 1971, but on or after the 1st November, 1956, the Government will have the option to repay all or part of **London Loan, 1932.**