

progresses requires more capital to develop and extend its operations. Without such additional capital the undertaking stagnates, and other companies with greater enterprise eventually secure its market. So must it be with us. In these days of competition in the world's markets, if we do not develop our natural resources to their full extent, and in the most enlightened and scientific manner, we will find ourselves losing our place and such present advantages as have been won for us at much cost in labour and sacrifice by those who have gone before. Safety lies only in going forward. To stand still is to go back. But we must go forward with a definite purpose, even as we must see it to be our clear duty to assure ourselves as far as possible that every work of development we undertake is necessary and will justify its cost by the revenue, or other benefits, resultant therefrom.

LOCAL BODIES' BORROWING.

I have previously urged the need of co-ordinating Government and local bodies' expenditure on public works, and something has already been done in this connection. The present system, in my opinion, is still likely to permit of ill-considered and uneconomic expenditure upon schemes which might well be deferred, if not definitely rejected. I am certainly convinced that before loans are approved by the Governor-General in Council much closer and more expert examination is required by a body of men qualified to determine whether the proposals for which the power to raise money is being asked are in the best interest of the requisitioning locality or of the country. To go a little further with this subject: any man who has given the question of raising civic loans serious consideration must agree that what we need is what might be called a Civic Exchequer to deal with all questions of civic finance. Such a body might introduce several reforms, such as the paying of rates quarterly, a system that would be welcomed by rate-payers with small means, and would have the additional advantage of providing local bodies with the use of considerable sums of money free of interest. However, I am convinced of the need of a special organization to deal comprehensively with this subject. To that end I propose to bring down legislation next session providing for the constitution of a Board to which all applications for loans by local bodies will be referred. It will be the function of such Board to thoroughly investigate all such applications, and make recommendations to the Government thereanent, before the same are finally disposed of.

WORKS COMPLETED DURING YEAR.

The outstanding work completed during the year was the major stage of the Mangahao hydro-electric station, which was officially opened by the late Right Hon. W. F. Massey, this being indeed one of his last public acts. Prior to the official opening the station had been supplying power to a limited extent. It is now supplying the greater part of the southern end of the North Island, the transmission-lines reaching and being in operation from Wellington in the south to Bunnythorpe in the north, and to Masterton and Dannevirke in the east. In addition, the lines have been extended nearly to Wanganui, and are reaching out to Napier.

From a railway point of view the most important milestone was the final handing-over to the Working Railways Department of the Arthur's Pass Section of the Midland Railway complete with its electrification system. A number of other short sections, totalling with this over 26 miles, were completed and handed over, while rails were laid on an additional 39 miles. I had hoped that it would have been possible to hand over to the Working Railways the connection between the Whangarei and Auckland systems, but owing to the treacherous nature of the part of the country through which this line runs, together with the adverse climatic conditions referred to earlier, it was not thought advisable to do this until the works had been proved for a long period and had been further consolidated. As all classes of traffic are being carried over this section by the Public Works Department, as in the case of some 160 miles of other railways, the population are receiving all facilities which the Railways can provide.