

be obtained by the new enterprise. This policy is applicable both to railway-construction and hydro-electric installations.

I have been much impressed with the organization laid down by my predecessor with regard to the workers employed on construction-works, particularly in the case of railway works and hydro-electric installations, where large numbers of men are concentrated for a lengthy period and additional expenditure is thereby warranted. The present conditions of employment, for which he is responsible, are eminently satisfactory, and the result is a contented and efficient body of men who have confidence in the Department. I do not intend to do anything to impair that confidence. The Department has every reason to be satisfied with its workmen, and they are justified in expecting consideration from the Department, especially, so far as practicable, to receive continuous work in exchange for faithful service. At one time the policy was to make public works the dumping-ground for the unemployed. The result of this policy was inefficiency and discontent. It is my duty to the State and the men to prevent overloading the works with unemployed, with the inevitable result of inefficient and costly work and subsequent slackening of hands. At the same time the conditions in the Dominion during the past year have been such that very considerable numbers of men have been unable to find work at their regular avocations, and it became necessary for the Government to take vigorous steps to relieve the position. A great deal was done, and is being done, by local authorities in the way of starting works which were not included in their ordinary programme for the year, and to assist them still further in doing this special contributions were made by the Government in the way of subsidies on the cost of the labour employed on such works. Quite a lot of money was already raised by public subscriptions to assist those unemployed, but in spite of these avenues of assistance it became necessary for the Government to employ a great many more who required assistance, and as a result of this the number of men increased from 9,700 to 11,939 between July, 1926, and August, 1927, and the number of relief workers still shows an upward tendency, though indications point to the probability that before long a large number will find work at their ordinary avocations.

In connection with what I may call relief workers, it has not been possible either to pay standard wages or to provide the housing conditions and recreation facilities as are usual on our regular works; but, as my predecessor has said in past Statements, it is undesirable that too great a number of workers should look to borrowed money as the source from which they should derive their livelihood, and it is my desire that the employees of my Department should be reduced to the number to whom continuous employment can be reasonably assured in accordance with the Government's policy of progressive development.

While the Government recognizes that cases of hardship should be relieved, it does not wish to create in the minds of workers the feeling that there is no necessity to provide for a rainy day and that whenever they become unemployed they can look to the Government to find them work under standard conditions. As has been set out more than once, the Government has a settled policy of developing the country progressively; the amount, however, which can be borrowed usually depends upon progress not only in numbers of population but in value of exports, or, more properly perhaps, the difference between exports and imports, and the recent financial stringency points unmistakably to the necessity for a decrease in the amount of annual borrowing. The decrease must be made judiciously, however, in order that workers may have an opportunity of finding work in their usual avenues of employment.

It has for some time been quite evident that the monetary provision for the maintenance of highways and also for other roads in the Dominion is inadequate. The total expenditure for the past year by the Main Highways Board from its Revenue Fund, incurred on the highway system, which comprises approximately 13 per cent. of the total formed roads in New Zealand, or about 25 per cent. of the hard-surfaced roads, was £547,090, while the actual amount of revenue received during the year into this fund was only £544,548. This latter figure, moreover, is much inflated, due to the causes set out in the Main Highway Board's report. The estimates of revenue and expenditure for the current year show a much more unsatisfactory position, a deficit of over £200,000 being anticipated. The amount of money being found by the county ratepayers towards the upkeep of the highways has also been increasing at a very considerable rate, the figures for the three years up to the present being; £110,000 for 1924-25 (nine months only); £185,015 for 1925-26; £276,349 for 1926-27; and the estimates for the coming year indicate a still further increase. In addition, the cost of maintenance of ordinary roads has