

The expenditure on the restoration of flood damages was approximately the same as the previous year, but a considerable portion of it was accounted for by the cost of completing works necessitated by floods which occurred just before the beginning of the financial year.

No very disastrous floods were experienced during the year, but the usual slips and washouts, with more extensive damage in some cases, had to be attended to, thus resulting in a fairly substantial expenditure of Government funds.

Regarding the maintenance of roads, this is generally acknowledged to be the responsibility of the local authorities, but in a few cases, where great lengths of main roads pass through little-settled portions of counties, and rates collected have been insufficient to provide for proper maintenance, it has been necessary for the State to assist.

Every care is taken by the Department to ensure that such assistance is recommended only in cases where it is definitely proved that the finances of the controlling authority are inadequate, and where, in the event of maintenance being neglected, capital outlay by the State on the construction of the roads would be wasted. Although the funds available for the purpose last year were administered with the utmost care, the expenditure showed a considerable increase. This, however, is mainly the result of increased assistance having been granted for roads in the deteriorated-land areas, where lack of reasonable access would probably have resulted in properties being abandoned. In most of these cases the assistance was based on a pound-for-pound subsidy on the amount of rates actually expended by the local authority on the maintenance of the particular road.

Representations have from time to time been made to the Government pressing for a reduction in the fees charged under the Heavy Traffic Regulations. The question is one which covers a wide economic field very far reaching in its effect, particularly on the finances of the local authorities which collect the fees and utilize them on road construction and maintenance, and while a great amount of thought has been given to the matter, the Government feels that before coming to a conclusion regarding the representations concerning the matter which have been made to it, further time is necessary before giving a final decision.

HYDRO - ELECTRIC DEVELOPMENT.

The year just completed, the seventeenth since construction works were first commenced by the Department, has been marked by continued activity throughout its period. The expenditure has been £1,095,993, increasing the total capital spent on hydro-electric works from £6,427,935 to £7,523,928. A considerable portion of this capital—about £3,000,000—is represented in works, mainly at Arapuni and Waikaremoana, which have not yet come into operation.

The year has been a particularly difficult one from an operating point of view, especially on account of the severe drought experienced in the Mangahao district, and on account of the operating difficulties at Horahora consequent on the diversion of the river into its new channel at Arapuni. Nevertheless, the annual revenue shows a substantial increase, being now £457,369, as against £364,412 last year, an increase of £92,957, or 25·5 per cent. Even though both Mangahao and Horahora plants were operating at their limit last year, the total load supplied by all schemes shows an increase from 50,150 kw. to 54,502 kw. during the year just completed. Mainly on account of the excessive amount of power that had to be purchased from outside stations on the Mangahao system, and due to the increased operating-costs at Horahora, the percentage return on the whole operating capital in hydro-electric development has decreased from 6·95 per cent. last year to 4·99 per cent. this year.