

has taken place during the last few years. Between 1924-25 and 1927-28 the rural rates increased by £178,000 per annum, and a large percentage of this increase was accounted for by the additional expenditure which local authorities had to face in the maintenance of primary highways. 1928-29 rural rating figures are not yet available, but in view of the increased operations of the Board it is reasonable to expect that the rise of rural rating has been arrested.

Since I assumed office numerous local authorities have made representations to me for payment towards the cost of construction of roads put down in what are generally referred to as "permanent materials," and towards the cost of which the local authorities concerned did not receive a subsidy, or received a subsidy which in their opinion was insufficient in comparison with the subsidies which are now being paid. The matter is one to which I have given a good deal of consideration, as I fully appreciate the local authority point of view. I have, however, been forced to the conclusion that the finances which are available for road construction and maintenance purposes will not permit of such payments being made. The finances which are at present available are such as will meet present and future requirements only, and if retrospective subsidies in any form were to be paid, either as a direct payment to local authorities or as an annual grant towards the payment of interest and sinking-fund charges, it would be necessary to either increase taxation or reduce the present rate of subsidies, and I cannot recommend the adoption of either of such courses.

In regard to irrigation in Central Otago, the late Government set up a committee, consisting partly of Government officers and partly of settlers in Central Otago, to investigate matters relating to the irrigation schemes in operation in that locality. The settlers had contended for some time that the rates they had agreed to pay for water were too high, and that the amount of water which the Government had contracted to supply to them was insufficient. As the quantity of water and the price to be paid for it was the fundamental basis on which the schemes had been established, it became a matter of very serious consideration. When I took office I found a report already brought down. The investigating committee found in a number of cases the settlers had been too optimistic and had contracted to carry out more than their land could support, at any rate until the same was fully developed, and its full development could not be brought about for a period of years. The committee recommended certain modifications to the agreements made with the settlers; and after visiting the districts and interviewing a great many interested persons I found that the whole subject bristled with difficulties, but that nevertheless the practical result to New Zealand in the way of increased produce, thereby inducing increased traffic on the railways and increased revenue of public utilities, was so great that considerable sacrifice by the Government in the early stages would undoubtedly be offset by the benefit to the Dominion as a whole. I therefore agreed to grant for a period of five years the concessions recommended by the investigating committee, being confidently of the opinion that by that time the settlers would all be firmly established on their holdings and would be well able to pay the charges which they originally contracted to do.

The position regarding unemployment has, since my assumption of office, given me cause for grave concern, and much thought has been devoted to how the problem could best be handled. On assuming office I found that 2,935 men were engaged on relief works by my Department, at a wage of 9s. per day for single men and 12s. per day for married men, the standard rate of wages being 14s. per day. The Government considered the matter and decided that the wages of relief workers were to be raised to the standard rate of 14s., and this was immediately done. While endeavouring to arrive at a permanent solution of the unemployment problem I have not lost sight of the fact that immediate relief was urgently necessary, and my Department has used every effort to absorb the maximum number of men possible on its various works. The placing of large numbers of men on public works is, however, not a permanent means of overcoming the difficulty. The Government, realizing this fact, has given very full consideration