

On the South Island Main Trunk and Westport-Inangahua Railways particularly good progress is being made. Tunnelling on the former railway is again the key to the rate of progress, but all this work is now well equipped with modern tunnelling plant.

A sum of £966,000 is proposed for expenditure on roads other than main highways for the current year. As I have said, I should like to extend a policy of completing metalled roads to all primary producers throughout the country. I have very definite ideas concerning the improvement of settlement roads, and I wish to make it clear that I do not intend these roads to be built to the standard of our main roads. The traffic they are asked to carry does not warrant this. I am decidedly of the opinion, however, that, before they are metalled, alignment and curvature should be laid out so that these roads can be progressively improved as the traffic increases. It is essential that once a road has been built to serve any district, it should be regularly and properly maintained. Too frequently a good road has been allowed to go back, and almost disappear through neglect. I look to local authorities to do their part in the upkeep of improved rural roads upon which the Government spends money.

It has not yet been found possible to make any very drastic alteration in the existing procedure in relation to hydro-electric development. During my visit to Australia, and at other times, I have given considerable attention to this important feature of the Government's activities, and as opportunity offers I hope to be able to effect improvements in the general organization of the electricity-supply business.

As indicated in my Statement of last year, work on a proposed development at Waikaremoana was stopped, and detailed investigations are being made on alternative proposals in this locality.

Following on the acquisition by the Government of the electrical works of the Southland Electric-power Board, arrangements have been made with other local authorities by which their local generating-works have either been taken over by the Government, or by which the local works have been closed down or retained merely as standby plants whilst the whole of the local power requirements are being supplied from the State system.

The various State hydro-electric schemes continue to show an improving financial position, and with increasing demands the position should still further improve. The revenue of the Electric Supply Account has grown to £1,216,468 this year, and a continued increase is anticipated.

Last year it was anticipated that a greatly accelerated programme of erection of public buildings would take place, but owing to scarcity of skilled labour and structural steel it has not been possible to maintain the rate of progress expected. These factors have already proved a source of considerable delay in the building programme. The Department is now in a position to call tenders for public buildings to the amount of £250,000, but is awaiting the investigation into the whole question of the order of precedence in building.

With the increase in commercial air services and the requirements of air defence, the Department has been exceedingly busy during the year on the construction of aerodromes and the preparation of plans for air defence. As will be seen under the section of this Statement headed "Aerodromes," there has been rapid progress in air services, and the building of a chain of emergency landing-grounds necessary to render these services safe has received particular attention during the year. The money for aerodrome-construction is now provided from the Consolidated Fund, with a considerable amount of assistance from Employment Relief Funds. It is hoped to make even more progress on aerodromes during the coming year, and a sum of £320,000 is being provided from revenue for this purpose.

Irrigation, which in the past has been mostly confined to the arid regions of Central Otago, is now making good progress on the plains of Canterbury. One scheme there is completed, and two others are in course of construction. Investigations into the possibilities of this class of public work are still being