

For main highways and road operations, including maintenance of highways, a total of £7,000,000 is being provided, this being £250,000 more than was expended last year. The great volume of work now being undertaken with the aid of modern machinery upon the Dominion's road transport routes, in both densely and sparsely populated areas, has been favourably commented upon by the travelling public.

**Highways and roads.**

Apart from State housing activities, which I have already dealt with, the various general public buildings—new offices, post and telegraph buildings, schools, &c.—are expected to require £2,150,000. Of this total £900,000 has been allocated for the various school buildings which are required. As mentioned last year, co-ordination of building activities is being maintained so that the most urgent needs are met first and the best use made of available labour and material.

**Public buildings.**

The increased industrial activity in the Dominion is clearly reflected in the increasing demand for electricity. The Government's generating-works have been fully loaded, and substantial additions to the installations at Arapuni and Waikaremoana in the North Island and Waitaki in the South Island are in hand. The revenue receipts totalling £1,622,457 for the past year were more than £200,000 higher than for 1937–38, which was itself a peak year. The commercial accounts to be presented with the Public Works Statement will disclose a substantial profit for last year, and this will be applied to reducing, very materially, the sinking-fund arrears brought forward from earlier years. An ample supply of cheap power is essential to the expansion of industry on a large scale, so expenditure on this type of work is clearly sound business.

**Hydro-electricity.**

It is anticipated that constructional expenditure for the current year on the additions mentioned previously and on a new generating-station at Highbank, Canterbury, and numerous minor extensions throughout the Dominion will require £1,400,000, and operating expenses £440,000.

To provide over a short period for the heavy capital expenditure on defence, a new vote has been included in the Public Works Fund estimates for an amount of £2,200,000.

**Defence.**

These details cover the principal classes of public works. The financial aspect of the whole programme for this year is shown more clearly by the following summary:—

**Financial programme.**

|                                                                                                                    | £                  |
|--------------------------------------------------------------------------------------------------------------------|--------------------|
| Railway construction and improvements .. .. .                                                                      | 5,230,000          |
| Highways and roads .. .. .                                                                                         | 7,000,000          |
| Public buildings .. .. .                                                                                           | 2,150,000          |
| Land settlement, development, and improvement ..                                                                   | 3,639,000          |
| Hydro-electric development .. .. .                                                                                 | 1,840,000          |
| Telegraph and telephone extensions .. .. .                                                                         | 600,000            |
| Defence .. .. .                                                                                                    | 2,200,000          |
| Other works (aerodrome extensions, lighthouse works, development of tourist resorts, plant, material, &c.) .. .. . | 1,258,000          |
| <b>Total .. .. .</b>                                                                                               | <b>£23,917,000</b> |

Attention has on previous occasions been drawn to the fact that constructional and maintenance operations are so frequently interwoven that a considerable proportion properly chargeable to revenue is necessarily included in the statement of expenditure on public works. To defray this proportion, however, it is anticipated that revenue-moneys to a total of £4,855,000 will be forthcoming from taxation, disposal of produce from the land, and from electricity sales and miscellaneous sources. The balance of £19,062,000 will