

## NATIONAL DEVELOPMENT.

**National  
Development  
Loans  
Account.**

In order that honourable members and the public generally may be in a position to appreciate the financial implications involved in national development activities it is proposed to introduce legislation this year authorizing the setting-up of a National Development Loans Account, in which will be recorded all loan-moneys raised for such purposes and from which the funds required by the various Departments concerned will be drawn. In such an account will be recorded that part of the capital transactions of the State which are expended from loans, and the position will be much easier to follow than the present system of recording the borrowings in separate accounts for each of the various activities concerned. Moreover, the term "Public works" as popularly known in the past described accurately the purposes of the greater portion of the State's loan expenditure, but is misleading as representing present-day activities where the older type of public works have necessarily declined in importance and given place to developmental expenditure in connection with primary and secondary industries.

**National  
Development-  
works.**

National development works include the capital works of some eleven different Departments of State—namely, Public Works, Railways, Education, Post and Telegraph, Lands and Survey, Native, Industries and Commerce, Mines, State Forests, Iron and Steel, and Housing. Of these, the Public Works Department has, of course, the largest share, and its total loan allocations are £5,816,000, while the remaining £7,134,000 of the year's loan proposals is distributed among the other ten Departments, making a total loan requirement of £12,950,000. In addition to this sum a further £7,665,000 will be available from the revenues of these developmental activities thus making the national development programme for the year £20,615,000.

**Hydro-  
electricity.**

In accord with Government policy most public works allocations have been reduced this year. Certain classes of developmental works have had to be maintained, however, such as housing, where the shortage is still acute, or increased, as in the case of hydro-electric works, where the industrial development and increased provision of houses has so increased the demand for electricity that the supply in some districts has been fully taken up, necessitating rationing at certain times. Hydro-electricity, moreover, continues to be of ever-increasing importance in the development of both primary and secondary industries, so that if the Dominion is to hold its own in the post-war era and provide suitable and remunerative employment for those demobilized from our forces it is necessary that there should be adequate supplies of essential power. Consequently this year's loan allocation for hydro-electric development has been increased to £1,987,000, as compared with last year's loan expenditure of £1,708,000.

**Railway  
Construction  
and  
Improvements.**

The railway construction and improvements loan allocations (£757,000) represent a reduction of £1,173,000 as compared with last year's loan expenditure, but this substantial reduction has been partly offset by the use of a larger amount of revenue-moneys which are available in the depreciation reserves of the Working Railways Account. The loan allocation of £607,000 for the railway-construction vote will be applied to advancing the various works in hand, particularly the Napier-Gisborne and the South Island Main Trunk lines, all of which are nearing completion and which now have strategic as well as developmental values. A loan allocation of only £150,000 will be required for railway improvements and additions, mostly for rolling stock. The balance required for this purpose will be provided from the depreciation reserves just mentioned.

**Roads and  
Highways.**

Roads and highways activities are to be very substantially reduced this year, in pursuance of a policy of concentrating on and completing essential works only. The roads allocation has been reduced to £350,000, as against last year's expenditure of £599,000, while the loan allocation for main highways is £950,000 as compared with last year's loan outgo of £1,498,000.

**Land  
Development.**

As mentioned last year, land-development operations are of particular importance in preparing for post-war rehabilitation. The total loan allocations for the purpose for this year are £2,140,000, practically the same amount as was allocated last year, and this money is to be applied to irrigation works (£552,000),