

Fund Votes for Health, Mental Hospitals, Education, and War Pensions. Taking all these together and ignoring the transfers between the two Funds we find that the expenditure on all Social Services has risen from £7,756,000 in 1935-36 to £53,871,000 in 1946-47.

NATIONAL DEVELOPMENT PROGRAMME

The main portion of our loan expenditure is now reflected in the National Development Loans Account. Two other accounts were involved during the past year, but I will deal with them when considering the public debt as a whole. The Budget last year envisaged a capital programme requiring £21,000,000 of loan-moneys, but, although much was achieved, the continued shortage of both labour and materials prevented the full programme being carried to completion.

Consequently these funds were not all spent, and in addition some of the replacement costs and expenditure on non-productive works were financed from revenue. Examples of these are police stations, prisons, mental hospitals, and schools. £250,000 had been provided for these purposes on the Consolidated Fund Vote, Maintenance of Works and Services, and when it was found, after a review of the accounts in February last, that this Vote would not be fully committed, a further £500,000 was devoted to reducing loan expenditure on non-revenue earning buildings. This made a total contribution of £750,000 from revenue towards the cost of the works programme. The net result was that only £15,600,000 of loan-money was required for national development purposes, and this was more than covered by the loan receipts from the "tap" issue of 3 per cent. Government stock which was open for subscription for the whole of the 1946 calendar year.

Housing, electric supply, and rehabilitation were again responsible for most of the expenditure, the amount applied under each of these headings being considerably in excess of what had been spent the previous year.

A similar position obtains for the current year, and the estimates now before Parliament show the extent to which these essential programmes are being accelerated. Part of the loan expenditure involves purchase of existing assets such as land and coal-mines or new assets from overseas such as railway rolling-stock or hydro-electric machinery. The greater portion, however, is in respect of works within the Dominion, and I will deal with that aspect first.

1947-48 Works Programme

The existing phenomenal demand, both State and private, on the building and construction industry, resulting, in the main, from the necessary drastic curtailment of works during the war, is far beyond the Dominion potential of the industry. Therefore, prior to deciding