

maintain this national asset in a proper state additional relief will be necessary. This could be given in one of two ways, either by allocating further funds out of the common pool to the Main Highways Account so that it could pay back the same moneys into the Consolidated Fund as interest and capital repayments, or alternatively by giving relief from payment of interest and loan repayment. The latter is obviously the more straightforward method and has been adopted by the Government. This will mean a relief in interest alone of over £486,000 per annum on the existing debt, apart from the cumulative effect of interest on loan-moneys required for new capital works.

The transfer of the capital liability from the main highways funds largely disposes of the necessity for maintaining the separate account known as the "Main Highways Account", and with the concurrence of the Main Highways Board this account will be closed. In future, highways will be maintained by funds provided by a vote out of the Consolidated Fund and moneys will be provided by a separate vote out of the Public Works Account for capital works. Any surplus in the maintenance vote would, of course, be available for capital works at the discretion of the Main Highways Board, thus relieving the Government's loan programme to that extent. This is particularly desirable where construction work is in fact simply a desirable improvement to an existing thoroughfare as distinct from an entirely new arterial highway. A portion, if not the whole cost, of such improvements should be financed from revenue. The two new votes will operate from the 1st April, 1947, and details are included in the estimates now before Parliament. Legislation making the necessary accounting adjustments will be introduced later in the session.

In submitting its recommendation regarding the change in procedure, the Board stipulated that the amount to be provided each year out of the general revenues should be not less than the amount that would have been available under the present system. This is a reasonable proposition and will be written into the amending legislation. In other words, though the funds to be provided will not be tied to any particular form of taxation, the formula for fixing the minimum amount to be voted each year will be the same as that now used under the existing law for determining the amount to be transferred into the separate account.

The powers of the Main Highways Board regarding control of expenditure out of the two new votes will not be varied in any way.

Railways

In the case of the railways, as with most other aspects of our economy, the long years of war have been responsible for many desirable works being held in abeyance. This applies particularly