

under which the backblock settlers are at present labouring as a result of the sparsely populated areas not providing sufficient rates to enable the local bodies to undertake necessary roading. At the same time it will effect a desired improvement in the system of automatically allocating the funds under the Roads vote by enabling provision to be made for those sparsely settled districts in excess of what they are entitled to on a basis of allocation, which must take into account such factors as population, rateable values, &c. For next year the factors will be reviewed in an endeavour to make the automatic allocation still nearer the actual requirements of the various districts.

During the year a large number of roads and tracks were completed to a standard sufficient for present requirements and handed over to the control of the various local bodies throughout the Dominion. The policy of placing these roads and tracks under the control of the local bodies immediately they are completed to a width and standard considered sufficient to meet the present requirements of the district served has been in existence for some years, but on several occasions recently certain local authorities have protested against having to accept control of roads before they are constructed to full width. These protests have arisen from a misunderstanding by those bodies of the future attitude of the Department in respect to such roads. The handing over of a road when formed to a width of, say, 6 ft. does not mean that the local body to which it has been handed over will have to finance the whole cost of future improvements, nor does it preclude the Government from assisting with maintenance. In the event of the local authority being unable to bear the total cost of maintenance, it is at liberty to apply for Government assistance. Applications of this nature are considered on their merits, and if circumstances warrant it and funds are available assistance is granted. When the requirements of the districts served justify the cost of widening or metalling, an application from the controlling authority will be considered in the same manner and appropriate financial assistance granted. This policy is only reasonable when it is remembered that local bodies collect the rates from the properties served, and in the event of the Department retaining control until the roads are completed to full standard the Government would be called upon in the meantime to carry the burden of maintenance without cost to the local bodies, while those bodies would be in a position to expend the rates elsewhere.

The expenditure on the restoration of flood damages was, unfortunately, high, owing to exceptional floods during the latter part of the year in many parts of the country, though the country did not suffer so severely as during the previous year. However, in several cases one disastrous flood was followed at a short interval by a second, and in these instances the Government was called upon to provide liberal assistance, as the local bodies' resources were in some cases exhausted, and in others very much depleted. Nevertheless, the funds available under this heading were judiciously administered to avoid approving grants where local bodies were in a position to reasonably meet the liability or where damage was caused or intensified by want of adequate maintenance.

HYDRO-ELECTRIC DEVELOPMENTS.

The year just completed, the sixteenth since construction works were first commenced by the Department, has been one of considerable activity. The expenditure during the year has been £1,293,439, increasing the total capital spent on hydro-electric works from £5,134,496 to £6,427,935. Of this amount somewhat over two millions is invested in works which are still under construction and which have not yet commenced commercial operation.

Although no new scheme has come into operation during the year the annual revenue continues to increase. For the year just ended the revenue has been £364,412, as against £287,942 for the previous one, an increase of £76,470, or 26·6 per cent.

Similarly, the maximum load supplied by the Government schemes during the year has increased to 50,150 kilowatts, as compared with 40,994 in the previous year.