

It is not contended that borrowing for development of our natural resources should entirely cease, but, with things as they are, it would be a serious mistake to attempt to go too fast, and it is essential that loan expenditure be restricted to necessities and works that will directly or indirectly earn sufficient to cover the debt charges involved. No country can borrow its way into prosperity. At the same time, it is recognized that with the much reduced construction costs this is an opportune time to proceed with capital works.

Carefully weighing all these considerations, the Government is proceeding with a moderate programme of loan expenditure. Loan moneys for this purpose are being raised in New Zealand. The public works estimates, which will be tabled to-night, set out the capital expenditure for last financial year and the proposals for the current year. Loan programme.

In the past, expenditure on railways has been a prominent feature of the capital programme, but, with the completion of the line to connect Taranaki directly with the Main Trunk line and the cessation of work on other lines—for the time being at any rate—we have practically reached the end of railway construction. The vote of £25,700 set down for the current year is for cleaning-up purposes only. Railway construction, &c.

So far as railway improvements are concerned, the only major work now in hand is the Tawa Flat Deviation and the Wellington terminal facilities. On the deviation £1,312,000 has already been expended, and the estimated cost of completing it is £120,000, of which £70,000 is being provided this year. Little use can be made of the large amount of capital so invested until the Wellington yards are relaid and the two obsolete stations replaced by an up-to-date building. This amalgamation of two out-of-date stations will give convenient accommodation to the public and the staff. The large reclamation works are now finished, and in co-operation with the Unemployment Board it has been decided to push on with the relaying of the yards and the building of the station. Tenders for the latter have already closed. It is estimated that £705,000 is required to complete the terminal facilities, of which £109,000 is being provided this year. On the grounds of economy in working, cleanliness in the tunnels, and general convenience, it has also been decided after careful investigation to adopt electric traction for the deviation to Tawa Flat and on to Paekakariki. The capital cost involved in providing this is £277,000, of which £50,000 will be provided this financial year. In addition to these large railway works provision is made in the estimates for various minor improvement works and additional rolling stock. The net vote for Railways Improvements and Additions for the current year is £310,000.

The erection of the railway-station building will be of considerable assistance to the building and allied trades, which will also benefit from the decision to go ahead with the erection of the Dunedin Post-office. This building will cost about £300,000 to complete, of which £20,000 is provided this financial year. The total estimated expenditure for this year on public buildings, apart from the Wellington Railway-station, is £196,000, including £75,000 on school buildings and £80,000 on mental hospitals, where the necessity for additional accommodation is urgent. For last year the total net expenditure amounted to £91,000.

In regard to roads and highways, provision has been made for an expenditure of £260,000 out of Main Highways Construction Fund for bridges and other essential works, while £445,000 is provided on the Public Works Fund vote. Of this latter amount approximately £150,000 is for subsidies to local bodies, and the residue for general expenditure, including supervision and materials for relief works carried out in co-operation with the Unemployment Board. Further expenditure on roading is provided for out of the Main Highways Revenue Fund, the proposed vote of £1,000,000 including approximately £870,000 (an increase of £100,000 over last year's expenditure) for maintenance work. Altogether provision is being made for an increase of £270,000 in roading expenditure. Main highways.

Another major item in the capital programme is hydro-electric supply, for which £675,000 is provided on the estimates, being an increase of £310,000 over the amount expended last financial year. Two-thirds of the estimated expenditure for this year is in respect of the Waitaki River scheme, which is now nearing completion, and will soon be in a position to take some of the extra load imposed on the older Lake Coleridge scheme. The completion of the Waitaki scheme will see the end of Hydro-electric works.