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The activities of the Main Highways Board for the past financial year are described in greater detail in its annual report appended to this Statement. The report indicates that the total receipts from revenue sources amounted to over £2,600,000, as compared with £2,380,000 for the preceding period. This is the largest sum that has so far been credited to the Main Highways Account by way of revenue from special motor-taxation. The total expenditure from the same account for the year ended 31st March, 1938, in respect of actual works, as distinct from loan and special charges, amounted to £3,392,000, which exceeds the previous year's figure by almost £1,000,000. More than £2,000,000 was spent last year on reconstruction and improvement works, inclusive of level railway-crossing eliminations, over £1,000,000 on maintenance, and nearly £140,000 on the renewal of bridges. In addition to the foregoing, interest and loan charges accounted for £338,494, while general rate subsidies paid to local authorities and charged to the account totalled £206,000. The reconstruction programme carried out last year involved the borrowing of £1,676,800 for main highways purposes.

With regard to the replacement of highway bridges, new structures totalling 11,000 lineal feet were completed during the year, as against 9,000 ft. during the previous period. The construction of several lengthy bridges is in haud, and in some cases a substantial proportion has been built, but the figures quoted exclude such structures and relate only to those opened to traffic. Progress with the bridge programme has been retarded by delays in the delivery of reinforcing material.

In the matter of improvements the Board reports that reconstruction and widening were carried out on sections totalling over 330 miles, and metalling was undertaken on lengths aggregating 240 miles.

A more favourable paving season than the previous year resulted in approximately 300 miles of initial dustless surfacing being completed. At the 31st March, 1938, the length of paved highways was some 2,400 miles out of a total of approximately 12,100 miles.

The Government's programme for eliminating dangerous railway-crossings on main highways was substantially advanced during the past year, during which thirty-five further crossings were completed, compared with fifteen for the previous year. At the close of the year under review work was in progress, or contracts had been arranged, for eliminating a further fifty-six of the most urgent crossings. The number of crossing accidents which are reported from time to time shows the necessity for removing these danger spots, and there is no doubt that very much safer conditions now exist where road traffic has been separated from railway traffic by the erection of overbridges or the construction of subways, &c.

In connection with the financing of highway work, including State highways, it is interesting to note that, as far as maintenance was concerned, the State provided 87.5 per cent. and local authorities 12.5 per cent. In respect of renewals, the State found 91.1 per cent. and local authorities 8.9 per cent., while the corresponding figures for improvements and construction were 95.8 per cent. and 4.2 per cent. respectively. This indicates the substantial degree of financial assistance which has been extended to local roading authorities and the consequent relief to ratepayers in the matter of current highways expenditure.

In addition to general improvement and reconstruction carried out on the State highways, which are now under the immediate jurisdiction of the Main Highways Board, marked progress was made in linking up the paved sections of several arterial routes. For example, the Christchurch–Dunedin State highway has been completely paved with the exception of the Rangitata Deviation which is under construction and well on to completion. Also the State highway from Wellington to New Plymouth is paved throughout except for certain portions which are being