

Significant figures in the tables quoted are the drop in requirements of power supply authorities, the continuance at a high level of hospital construction, and the decline in the number of renewal loans found necessary.

Most power supply authorities would appear to have reached the stage where the major construction programmes are complete, and considerable portions of this year's authorizations are to enable Power Boards to reconstruct their reticulation systems so that the carrying capacity of lines may be increased. Many supply authorities are taking this step now in anticipation of increased demand by consumers when the present shortage of electric power is relieved by the operation of generating-stations now under construction. High costs prevent all of this work being financed from depreciation funds, and it is sound accounting practice to charge to loan moneys the cost of capital extensions.

The cost of hospital work shows no decrease from the preceding years, and the Board reiterates its concern at the increasing burden on the community to provide these essential services. Under the existing system, for every £1,000,000 of loan sanctioned for hospitals, approximately £59,000 additional loan charges require to be met by the State each year. In effect, all capital expenditure is met by the State and no contribution is made by the local authorities. The Board is of the opinion that the capital cost and resultant charges could be reduced if the various local projects were timed to avoid neighbouring Hospital Boards being obliged to compete for the same construction force.

Renewal loans have not figured so largely in this year's operations, as borrowing authorities have been able to obtain their requirements over a longer term. Further, in most cases the provision for repayment of loans is on a more satisfactory basis, as the more popular and preferable method now is to redeem part of the loan each year. Where local authorities raise loans which are to be repaid at the end of a given term from a sinking fund, the Board recommends that a careful watch be kept on the earning-power of sinking fund investments so that when, as has happened in recent years, the yield falls below the previously assumed level, the annual contribution to the fund can be augmented to ensure that sufficient cash is available at maturity to redeem the loan in full.

A notable increase this year is the amount sanctioned for miscellaneous purposes. This increase is largely accounted for by the borrowing in anticipation of revenue by local authorities in respect of trading undertakings and by two authorities whose function is exclusively trading. In the latter cases the normal low local-body rate of interest is not normally available and for capital and current requirements bank overdraft is the most suitable method of borrowing.

The increases under the headings of drainage, street works, buildings, and recreational facilities are largely accounted for by large proposals of the Wellington City Council affecting those classes of work.

During the year the Board was notified of results of polls taken on thirty-five loan proposals, 85 per cent. of which were successful. The outstanding feature is that, on an average, only 26·4 per cent. of the eligible votes were exercised, the percentage ranging from as low as 8 per cent. up to a maximum of 58·5 per cent. The Board draws attention to the fact that over the years enabling legislation has been enacted so that for many non-essentials the necessity for a poll has been dispensed with, while for some essentials, notably water and sewerage and even improvements to existing systems, a poll is necessary. The Board considers that the rights of the ratepayers would be safeguarded if in all cases, as for electricity reticulation loans under section 15 of the Finance Act (No. 2), 1936, 5 per cent. of the ratepayers could demand a poll, with the further provision that the Board could in proper cases require the local authority to take a poll.

Local-body debt, which reached a peak of £72,686,000 in 1931, has receded to £57,117,475 as at 31st March, 1948, the last date for which statistics are available. The domicile of this debt is as follows: United Kingdom, £5,970,900; Australia, £1,255,269;