

strengthen the security both for the lender and Government guarantee, and all improvements effected upon the special settlements would still further reduce the liability of the lender and improve the security of the State. Thus the guarantee of the Dominion would be steadily reduced and the value of the security steadily increased.

The proposed settlers should have the same right of usage of the land as is now enjoyed by land-for-settlement tenants.

Honourable members will recognise that if any settlers now purchase land from private owners, the land as soon as they have paid off the purchase money becomes their own property, and this proposal does not take away from them the right in that respect that they would possess; on the contrary, it would give them great heart to work and develop their property, as under the terms I propose this would be done under very easy conditions. I feel sure that the proposal, which is one of great importance, should help immensely a number of men who intend to settle upon the land to obtain areas from private owners in different parts of the Dominion suitable to their requirements, and upon financial conditions that would make the acquirement of it comparatively easy. It will have the further advantage of preventing any direct addition to the debt of the Dominion—an important consideration in view of the criticism that so frequently takes place with the moneys that are utilised for what I may term the people's social requirements.

LOANS TO LOCAL AUTHORITIES.

In various parts of the Dominion there is more than ordinary activity in the matter of settlement, and those portions of the country where the public requirements and conveniences of the people are yet but slightly established call for an increase in the amount of loans obtainable under the Loans to Local Bodies Act. The present limits are—for County Councils, £6,000 per annum; for Road Boards, £3,000; for Boroughs, £2,000; and for Town Districts, £300. Frequent representations have been made to me both in the House and in the country that these limits are insufficient to meet the requirements of the local bodies. I propose to submit legislation by which the limits for the local public bodies' loans may be removed in cases where the loans are obtained outside the Government, but with a State guarantee. If they borrow direct from the Government the present limits must remain.

For these State-guaranteed loans security by special rate, and also a sinking fund, will be provided, and the proceeds paid to the Public Trustee, the Minister of Finance reserving the right of control as to what the amount of loan should be. The sinking fund should be 1 per cent., and of this amount I propose that the Government should pay $\frac{1}{2}$ per cent. and the local body the other $\frac{1}{2}$ per cent. The money should, without difficulty, be obtained at 4 per cent., and under such a system, with the lenders secured by a guarantee of the Dominion, there would be an easy method of local bodies' finance, under which I venture to predict that public bodies would not require to levy at the outside more than half the maximum rates upon property-owners, that which they did levy being used chiefly for administrative purposes and the provision of a sinking fund. At present the tendency is that, when the full amount of an advance under the Loans to Local Bodies Act is made, the Government is asked to pay a subsidy of £1 for £1 upon its own advance under the Loans to Local Bodies Act, and it is impossible that such a system as this should be allowed to continue.

The present system of roading by some of our local bodies is in the highest degree unsatisfactory. I was more than astonished to find upon my recent tour through the North that more than one important County Council carried on its work without the services of an engineer. The result is, to put it mildly, that far from the best results have been obtained. The absence of road-metal owing to many difficulties renders many of the formed roads, during winter especially, perfect quagmires, making the lives of many of our settlers a misery. Every effort should be made to change this. I will submit to the House proposals to provide for a number of modern stone-crushers, to be sent where