

sides to local bodies, and should set aside such a sum for this purpose. That this sum so set aside should then be divided among the local bodies on a definite principle. That the system this Committee would recommend the Government to adopt is the one that has been in force for many years in New South Wales, and which has been outlined by the Minister in his address. That this recommendation is made without prejudice to the interests of cities and boroughs."

Mr. JULL (Hawke's Bay) suggested that, as another Committee had made a recommendation upon this phase of the question, the two recommendations might be put before the Conference together. No. 3 Committee had dealt with the question in their report.

Mr. PARR (Auckland) moved, That the consideration of this clause be deferred.

Motion agreed to, and consideration of clause 7 deferred accordingly.

Clause 8: "That it be a recommendation from this Committee that all local bodies be authorized to invest their own sinking funds through their own Commissioners, excepting such loans as are granted by the Government Advances Board, and that any section of any statute providing otherwise be repealed.

"(1.) Should the sanction of the Local Government Board be necessary before a loan is obtained?—That, in the opinion of the Committee, the sanction of the Local Government Board be not necessary before a loan is obtained.

"(2.) Should the power to borrow be in any way limited, and to what degree?—That the powers to borrow should be limited only by a vote of the ratepayers.

"(3.) Should all local loans be obtainable only from or through the State-guaranteed Advances Department?—That it is desirable that increased facilities be granted for obtaining from the State-guaranteed Advances Department all loan-moneys authorized to be raised by the ratepayers; but that, failing the advance of any such loans by this Department, it be admissible for the local body concerned to obtain the required loan elsewhere."

Mr. MIDDLETON moved, That the first paragraph, concluding with the words "otherwise be repealed," be agreed to.

Motion agreed to.

Mr. MIDDLETON said there were three other questions dealt with in this section of the report which, at the express desire of the Minister, the Committee had considered. No. 1 was, "Should the sanction of the Local Government Board be necessary before a loan is obtained?—That, in the opinion of the Committee, the sanction of the Local Government Board be not necessary before a loan is obtained."

The PRESIDENT said the only point was they had given a great deal of work to the Minister. Were they prepared to trust the Minister that much?

Mr. MIDDLETON said the answer was that, in the opinion of the Committee, the sanction of the Board be not necessary before a loan was obtained.

Mr. MOORE (North Canterbury) said it meant that they should trust the people so far as local works were concerned, and this might well be done since they were going to find the money themselves. Where it was purely a local work the local bodies and the ratepayers ought to have the power.

Mr. LIFFITON (Wanganui) did not think the Minister would ever ask for such a thing, excepting where the work was done by a Government Department, and there surely the Minister had a say. Otherwise the Minister would never ask for a veto on local loans obtained outside the Government Advances Act.

Mr. MILLIGAN (Waitaki) moved, That subclauses (1) and (2) be deleted.

The PRESIDENT would point out to the Conference that it had been shown in the speech which he had delivered that now £17,000,000 of money was owing by the public bodies of New Zealand, and it was shown also that during the last ten years the indebtedness of the local bodies had more than doubled. The question was whether it was desirable there should be any brake whatever put upon the borrowing-powers of the local authorities? He would put this position to them. They must have noticed, for it had been brought before them at the present Conference, that there had been large extensions of the franchise in the cities, and must recognize that in the cities entirely new constituencies were being represented on the Councils; and large loans and responsibilities might be increased for entirely ulterior purposes.

A delegate: The ratepayers only vote on loans.

The PRESIDENT thought they should consider that the law might be altered in connection with that, and he asked them as a body of business men whether it was not desirable that at some point there should be a brake in connection with loans to local authorities. He was standing in a responsible position as Minister, and had to take, if he could, a view over the entire country, and to consider what might happen in connection with these borrowing-powers. He might tell them that there was one town in New Zealand that had erected a large municipal theatre, and had never yet spent any money in drainage-works. The people of that place might now be laying up for the future a harvest of typhoid-fever that in five or ten years might yield disastrous results. He put the matter thus strongly to enforce the question as to whether there should not be some control of local borrowing. Surely the Minister might be enabled to say it would be better that drainage should be attended to before municipal theatres were erected. There was no power to do that now. If a strong Local Government Board were set up in connection with every extension of local borrowing there would be an inquiry independent of the local body, and the skill of the highest experts in the State would be brought to bear upon the matter. If they were prepared to negative that he had no desire to force his opinion upon them, but he would repeat the question, Was it desirable that there should be unlimited power of borrowing given to local bodies, so that there should be no brake at all upon them? He had quoted figures showing that there was a total indebtedness amounting to seventeen millions of money upon the local bodies, and he might tell