

The difference (£11,504,009) represents amounts declined or referred back by the Board during the period.

The following table shows the movement of gross local-authority debt:—

		£			£
1915	..	24,538,721	1939	..	68,206,674
1920	..	30,187,942	1940	..	69,486,970
1925	..	53,353,466	1941	..	67,974,687
1930	..	71,207,539	1942	..	66,645,990
1931	..	72,686,036	1943	..	65,131,074
1932	..	72,402,282	1944	..	63,262,828
1933	..	72,476,056	1945	..	61,237,937
1934	..	71,969,387	1946	..	60,025,864

The domicile of local-authority debt has been as follows:—

31st March,		London.	Australia.	New Zealand.	Total.
		£	£	£	£
1931	..	17,533,425	8,574,529	46,578,082	72,686,036
1935	..	16,088,525	2,564,693	52,592,240	71,245,458
1940	..	12,284,225	2,264,220	54,938,525	69,486,970
1941	..	9,893,025	2,198,211	55,883,451	67,974,687
1942	..	9,381,825	2,043,718	55,220,447	66,645,990
1943	..	8,461,325	1,851,273	53,656,498	63,969,096
1944	..	7,837,225	1,624,458	53,801,145	63,262,828
1945	..	7,074,925	1,544,382	52,618,630	61,237,937
1946	..	6,604,725	1,484,400	51,936,739	60,025,864

The low interest-rates mentioned in last year's report are still being maintained, and accordingly during the year the Board revised its policy with regard to the interest-rates it was prepared to sanction. The maximum rate which the Board will now approve is  $3\frac{1}{2}$  per cent., and permission to pay interest at that rate would be given only in exceptional circumstances. The basic rate applicable to the majority of local authorities is  $3\frac{1}{4}$  per cent. It is interesting to note that several of the larger local authorities have recently floated loans at 3 per cent. and  $3\frac{1}{8}$  per cent., those closely approximating the interest for Government securities. These lower interest-rates, to some extent, are a set-off against the present high cost of capital works.

The very heavy increase in the cost of undertaking capital works is, however, having a marked effect both on rating and on the amount of loan proposals, making it increasingly difficult for the smaller boroughs and town districts in particular to achieve the basic services of water-supply and sewerage. The present appears to be an inopportune time for local authorities to undertake works for which there is no immediate urgency.

The Board desires to acknowledge the valuable assistance it has continued to receive from the comprehensive reports prepared for its information by the various Government Departments, and to acknowledge also the ready co-operation of the local authorities concerned, which greatly facilitates the smooth administration of the legislation governing local-authority borrowing.

B. C. ASHWIN, Chairman.

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