

LEGISLATIVE COUNCIL. Friday, 2nd August, 1901. First Readings -- Third Reading - New Hebrides Islands- Health Officer, Wellington -- Referendum Bill-Police Offences Bill-Mortgages of Land Bill. The Hon. the SPEAKER took the chair at half-past two o'clock. PRAYERS. FIRST READINGS. Wellington Harbour Board Bill, State-school Children's Compulsory Drill Bill. THIRD READING. - Rhodes Trust Bill.

NEW HEBRIDES ISLANDS. The Hon. Mr. W. C. SMITH asked the Minister of Education, If the Government will submit a resolution to Parliament urging the Imperial Government to take immediate steps to prevent further French aggressions in the New Hebrides, and also, if possible, to secure these islands for British possessions ? The reason he had put this question on the Order Paper was that he had friends in the New Hebrides who had been there for the last ten years, and they informed him that the French aggressions in these islands were getting very much worse than they had been in the past, when they had been bad enough. It seemed that what they did was this: Whenever they bought a small piece of land from the natives they then claimed nearly the whole island. The case then went before a French man-of-war captain, who maintained the claim. The result was that if something was not done he understood the islands were fast drifting into the hands of the French. He had this on the best authority from people who lived amongst the natives and understood them. He hoped the Government would see their way by resolution of Parliament, or in some other way, to give a strong expression of opinion in this colony that we did not wish these islands to go into the hands of the French. The Hon. Mr. W. C. WALKER said this was an important question, and was getting more important every day. The Government did not want to give up any of the rights they already possessed in these seas, or to give any opportunity to foreign nations to strengthen the position they had unfortunately been allowed to occupy. As regarded the question put by the honourable gentleman, he wished to state that, along with the Premier of the Commonwealth, the Premier of New Zealand had made joint representations to the Imperial authorities to take steps to preserve British interests in the New Hebrides. Inquiries had been

urged in regard to certain reported purchases of land from the natives by the French, and it had been further urged on a Commission which was there inquiring into the subject that some gentleman should be appointed who had had experience in New Zealand as to the methods of dealing with native lands, as had been the practice in the colony. He thought it would be admitted that the Government were quite alive to the question, and were doing their best to maintain the rights of Englishmen in these seas. HEALTH OFFICER, WELLINGTON. The Hon. Mr. JENKINSON said he would like to ask the Minister a question on a matter of urgency. He would like to ask the honourable gentleman if his attention had been called to a complaint made in the public Press as to the manner in which the Health Officer at Wellington was carrying out his duties. As matters were at present the Health Officer was in the habit of greatly inconveniencing business people and the travelling public, and of practically riding rough-shod over the community. He appeared to have a free hand. It was surely

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the officer's duty to treat the interests of the merchant have given notice of, or have actually travelling and business people with despatch, and, that being so, it was time that attention was drawn to the manner in which the officer carried out his duties. The Hon. Mr. W. C. WALKER said he had noticed in the papers a complaint against the Health Officer, and he had a certain amount of fellow-feeling with the honourable gentleman who had put the question, as they both went through the same ordeal on one occasion. Fortunately, however, they were in a good state of health. The matter was one he would mention to his colleague the Minister of Public Health. Of course, if delays could be avoided, he hoped steps would be taken to see that that was done. At the same time it was no use talking about the inspection of vessels that came from foreign places if the inspection was to be a real inspection. If it was to be real, it was only fair the Health Officer should have a little discretion in carrying out his duties in the way he thought they should be carried out. He (Mr. Walker) had been repeatedly put under quarantine and subjected to inspection at many ports, and his regret had always been that the inspection was such a formal matter that it was of no value at all. Therefore he thought they should give some consideration to the Health Officer, who thought he had a responsible position to fill, and who, no doubt, thought it was his duty to be careful. However, he would consult with his colleague the Minister of Health, who, he had no doubt, would communicate with his officer as to how the duties might be performed with the least amount of friction to the passengers and the general public. # REFERENDUM BILL. # ADJOURNED DEBATE. The Hon. Colonel PITT .- Sir, before this matter goes to the vote I wish to say one or two words. I do not suppose I can add anything new to the debate that has already taken place, and I should not have spoken had it not been for some remarks that were made by the Hon. the Minister of Education in his speech yesterday, all of which, unfortunately, I did not hear : but in what I did hear I think he did not fully represent the true position in reference to the provisions of the Commonwealth Act as to disagreements between the two Houses. Before I come to that, however, I should like to say that, with the Hon. Mr.

Arkwright, who has moved the amendment, I feel sorry indeed that I can- not support the leader of the Council upon this measure. I think that on all broad matters of policy of the Government for the last ten years the majority of this Council and I claim to be one with them are quite pre- pared to give a loyal support to that poliev. But, Sir, I do not regard this Bill as a policy Bill at all. This question of the referendum has been introduced from time to time by private members, and the position of the Government in reference to it has been various. At times the Government have very stoutly opposed it, and on other occasions, I believe, the Govern- Hon. Mr. Jenkinson i introduced, a Bill almost identical with the Bill at present before the Council, but it has not gone forward. Therefore, Sir, I can only re- gard it that the Government have, out of good nature or something of the kind, taken up a private member's Bill and have introduced it as their own. Well, I do not feel bound to sup- port a Bill introduced by the Government in that way, and I regret to say it is not the only Bill on our Order Paper which I think is in that position. At all events, I am prepared to speak on the Bill itself and on its merits : and I say that the Bill has no merits, and that we ought to reject it, as I have no doubt it will be rejected. The honourable gentleman said yesterday that many of the members of the Coun- cil had addressed themselves to this question as if the existence of the Council itself was con- cerned in the matter. Sir, that cannot be so. This Bill cannot, nor can any Bill that can be created or referred to the people under it, in any way affect the existence of this Council. That is clearly defined by the Constitution Acts of 1852 and 1857, and no Bill could affect the existence of the Council unless it were an Act of the Imperial Parliament. So that so far as that is concerned this Bill can- not affect this Council one iota, for I say that no Bill which could be referred to the referendum under this Bill could affect our existence as a Conneil in any way whatever, although honour- able members possibly may be aware --- as I am aware - on looking into the past history of this referendum question, that when a similar Bill! was introduced by a private member, and a deputation waited upon the Premier in refer- ence to it, the member in charge of the Bill and the deputation accompanying him told the Premier that the principal object of the Bill was the abolition of the Legislative Council : but, of course, they were not aware - for the moment, at all events -- that the existence of the Legislative Council could not be affected by any such Bill. But the Bill itself is absolutely useless. There is no finality about it. As the Hon. Mr. Louisson and other honourable members have said. to pass such a Bill as this would be an attempt on the part of the Legislature to abrogate their own func- tions, and the result would be to refer to an uninformed or misinformed body of electors a question which the legislators themselves are fully informed upon and ought to deal with themselves. And, if there is to be any good in such a measure as this, there surely ought to be some finality in the matter ; but there will be no finality under this Bill. If a Bill is rejected by either House on two separate occasions, and is referred to the referendum attempted to be set up under this Bill, and the voters agreed that the Bill ought to become law, and it did become law, what is to prevent Parliament passing a Bill the next session to repeal that law ? Nothing whatever. Parlia- ment cannot divest itself of its legislative func. tions : it must exercise them ; and therefore such a Bill as this is purely waste paper. And. if the thing is to be pushed to its logical con-

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 clusion, I would like to ask what would be the | position of the Government under such a refer- endum as this : Supposing one of their policy measures -- one which they regarded as of very great importance-supposing that was intro- duced by them, say, in the House of Represen- tatives and passed by that House, and then rejected twice by the Legislative Council, and was referred to the electors under this Bill, and the electors rejected it. What is to be the position of the Government then ? Are they going to accept it as a vote of want of confidence and resign ? Because it appears to me that is what ought to be done ; and that is the position the Government would possibly land themselves in by appealing from a well- informed tribunal on a matter to a misinformed or uninformed tribunal such as the electors might be. The only other matter I wish to refer to is this : The Minister of Education yesterday spoke of a similar

provision to this existing under the Commonwealth Act. I think the honourable gentleman overlooked clause 57 of the Commonwealth Act. That is the clause which refers to disagreements between the Houses, in precisely a similar way in which disagreements are referred to under this Bill ; but the course provided for there is this : that the Governor-General under that section dissolves both Houses, and then, after a general election, if the deadlock continues, the matter is disposed of by both Houses sitting together, and a majority of both then rules. Of course, there is not a strict analogy between the two cases, because under the Commonwealth Act both Houses are elected. The referendum in that Act, to which the honourable gentleman referred, has reference only to amendments of the Constitution, and in order to secure that there must be a majority of the electors in a majority of the States, and those majorities must constitute a majority of the whole of the electors voting; therefore the analogy would not be complete until those conditions were fulfilled under this Bill, by providing that there should be upon a referendum a majority of electors in a majority of the constituencies in this colony, and that such majorities should be a majority of all the electors voting. I have not the slightest doubt as to what the fate of this Bill will be, and I am sure it must be unpleasant to many of those gentlemen who usually support the Government to have to vote against the Minister upon this occasion as we shall have to do. The Hon. Mr. Twomey, in addressing the Council, built up a very ingenious argument as to the result of the referendum in Switzerland. He contended that the result there showed it to be a Conservative measure. It remains to be seen whether there is any special reason why those who are not always in accord with the policy of the Government should not have spoken on this Bill - whether they regard it as a Conservative measure, or whether they regard it as an injurious piece of legislation. However, I myself feel compelled to vote for the amendment. The Hon. Mr. SCOTLAND. - When the motion for the adjournment of the debate on this Bill was carried the other afternoon I almost felt regret that the discussion had not come to an end then and there, but, after listening to the words which have fallen from the Hon. Colonel Pitt, I congratulate myself and I congratulate the Council on the Bill not having been disposed of yesterday. Colonel Pitt has put in a very neat and concise form the whole question of the referendum. I think the Minister of Education was hardly justified yesterday in calling upon us to bow to the opinion of the Commonwealth of Australia. It does not necessarily follow that there must be more wisdom in the Commonwealth of Australia than in the Parliament of New Zealand. I believe that in proportion to size and population there are just as many educated men and sound thinkers in New Zealand as there are in Australia. Why, then, should we bow down and worship the Commonwealth of Australia because it has been just set up with a great flourish of trumpets? I do not see any reason for that at all. We are perfectly competent, I believe, to manage our own affairs, and to decide, after deliberation, whether the referendum should be introduced here or not. There is one provision in the Constitution of the Commonwealth which I approve of, and which was mentioned by the Hon. Colonel Pitt just now. It is that, in the case of a difference of opinion between the two Houses the matter can be referred to the collective wisdom of Parliament. I also say, let the two Houses sit together, let them compare opinions, let them listen to each other patiently and with all deference, and then let the vote of the majority decide whether the Bill in dispute shall be passed or not. This idea was broached years ago, and, in my opinion, it would be the wisest solution of the difficulty. Why it has not already been adopted in New Zealand is to me incomprehensible, and, old man as I am, I hope I shall not cease to be a member of this House before such a thing comes to pass. The Council divided on the question, "That the Bill be read the second time." AYE, 1. Walker, W. C. NOES, 29. Baillie Kelly, T. Scotland Shrimski Kelly, W. Barnicoat Smith, A. L. Kerr Bolt Louisson Stevens Bowen Feldwick McLean Swanson Taiaroa Montgomery Gourley Pinkerton Twomey Harris Walker, L. Pitt Jenkinson Reeves Williams. Jennings Rigg Johnston PAIR. For. Against. Jones. Arkwright. Majority against, 28. Motion negatived, and amendment agreed to, and Bill ordered to be read this day six months.

IN COMMITTEE. The Hon. Mr. JENKINSON moved the following new clause :- " Notwithstanding anything in subsection two of section three of the principal Act, it shall not be an offence for any person to wheel (but not to ride) a bicycle on any public footpath." The Committee divided on the question, "That the clause be added to the Bill." AYES, 6. Feldwick Smith, A. L. McLean Reeves Jenkinson Twomey. NOES, 19. Barnicoat Montgomery Stevens Pinkerton Bolt Swanson Gourley Pitt Tomoana Rigg Walker, L. Harris Kelly, T. Shrimski Walker, W. C. Smith, W. C. Kelly, W. Williams. Louisson Majority against, 13. New clause negatived. Bill reported. MORTGAGES OF LAND BILL. The Hon. Mr. W. C. WALKER .- This Bill has been before the Council before, and the shape in which it has come down this year is virtually the shape in which it emerged last year from the Statutes Revision Committee. I therefore trust that the Council will pass the second reading, and that it will not think it necessary to send it back to the Statutes Revision Committee. It has been before that Committee two sessions, and last year it was thoroughly discussed, and put into the shape in which we see it now. It is a very simple measure. Whether it will be fruitful of good or not is a matter I am not able to say, because we cannot by statute or other arrangement prevent a lawyer coming into business in some form. I admit that the wise man employs a lawyer in most business transactions. However, we have already in the matter of land transfer provided a simpler form of dealing with land. This Bill provides little else except a simple method of mortgaging land, having on the document indorsed the covenants which the mortgage contains within it, the application of insurance money in case of fire, and for the protection of the mortgagee as regards default or otherwise. Clause 4 provides, - "(1.) Every such mortgage, if relating to land under 'The Land Transfer Act, 1885,' shall for all purposes be deemed to be a memorandum of mortgage within the meaning of that Act. "(2.) Every such mortgage, if relating to land under ' The Deeds Registration Act, 1868,' shall for all purposes be deemed to be a deed or instrument within the meaning of that Act, and a deed of conveyance of land by way of mortgage within the meaning of 'The Property Law Consolidation Act, 1883,' and may be registered under the former Act accordingly." renewed in the prescribed form simply by indorsement, and the mortgagee can transfer his interest. All this is provided for by this Bill. If it will reduce the interest charges on borrowed money, especially in the case of small men, it will be a matter for congratulation. The Bill was so carefully gone through last year that I believe it is now in a workable shape. I beg to move the second reading of the Bill. The Hon. Mr. STEVENS .- It is perfectly correct, as my honourable friend has said, that the provisions of this Bill have been under the review of the Statutes Revision Committee on a former occasion ; but it must not be understood because that has taken place that the principle of the Bill has been approved or accepted by that Committee. I trust my honourable friend will agree to refer the Bill to the Statutes Revision Committee, and that the Registrar-General of Lands shall be invited to attend that Committee and give his opinion as to what the effect will be, departmentally and otherwise, of the adoption of this measure ; because I am perfectly satisfied in my own mind that it will probably be attended with very serious and very evil consequences. The argument that my honourable friend has used, that the Land Transfer Act has provided a simple means of mortgaging, is one of the principal objections to this Bill. Any one can now procure land-transfer forms and prepare a mortgage from any person to himself, and can proceed to register in the ordinary way. But the whole thing is that the act of registration can only be performed at the centre where a registration office exists, and in the general manner now adopted. Therefore the argument of my honourable friend as to the simple manner of making mortgages is not really an argument in favour of this Bill. For the registration of the mortgage some one or other must be employed, or the holder must visit the registry. As regards what we call mortgages under the old Act, which are contemplated under this Bill, there the same difficulty will arise: a person might prepare a mortgage himself, and all these covenants in the schedule would be supposed to be implied ; but I am very doubtful whether that would be the effect of it, and whether they would be so implied. I am not speaking for one instant in the interests of the lawyers, but I am speaking in the interests

of individuals not engaged in this class of business, who, I am perfectly convinced, will very frequently neglect to register their mortgages, and then two or three years afterwards, when it occurs to them to register, they find that some one else has stepped in before them and registered a lien. That will be the effect, I am sure, of people tinkering with matters with which they are not familiar. I trust the Council will not take my word for this, nor that of my honourable friend as to the expediency of the Bill, but that they will send it to the Statutes Revision Committee, with the view of having it properly considered. There is one point that renders this especially desirable : Land Transfer mortgages are included in the Bill, and the whole system provided by

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tures of the contracting parties is completely altered by the Bill. I say, therefore, that it is necessary to get the opinion of a departmental officer upon it. The Hon. Mr. T. KELLY .- The object of this Bill is, I presume, to enable persons who are small borrowers to get legal transactions completed without excessive payment. That is the main object of the Bill. Of course, persons with means, when the transaction is large, can employ a lawyer to do the work for them at a reasonable cost. Now, with regard to the lending departments of the Government-the Advances to Settlers, the Public Trust Office, and the lending department of the Post Office- the mortgages there are chiefly conducted by the departments-especially the Public Trust Office -and with safety to the department, and at a reasonable charge. But when lawyers are engaged in small mortgages the charges are excessive and recurring, because the money is lent for short periods. Why could not some means be devised, under this Bill or otherwise, by which the lender could be secured and the borrower get his money cheaply ? I think it could be done, and I think this Bill does not go far enough, and will not carry out the object in view. A great majority of the titles to land in New Zealand are good, and are easily traceable in the Survey Department and in the Registry Office; and if a duly qualified official to deal with these things were appointed to fill up the forms, having investigated the title to secure the safety of the lender, and charged a reasonable fee, the whole difficulty would be got over. Perhaps the mortgage has to be renewed every two or three years, and, to my mind, it is simply monstrous the amount that small borrowers have to pay. It is certainly in the interests of both parties that the thing should be done cheaply and well, and the only way out of the difficulty that I can see is for the Government to set aside an officer of the Land Transfer Department to do the work, provided the lender and borrower agree to that course being taken. The Hon. Colonel PITT .- What the honourable gentleman in charge of the Bill has said is quite true-that it was before the Statutes Revision Committee last year ; but he did not tell the Council that when it came before the Statutes Revision Committee it was far different from what it is now. The Hon. Mr. W. C. WALKER .- I said it was formerly here. The Hon. Colonel PITT. . But you did not say it is now a different document from what went to the Committee. As a matter of fact, this is a Bill that a private member has had before Parliament for many years, and now through the good offices of the Government it has reached this stage; and it was through the lawyer, on the Statutes Revision Committee that it has been made presentable, and it is not now perfect. The objection to the Bill is that it is absolutely unnecessary. It will complicate and increase the different forms of mortgage. The result must be confusion. There is at present 1 mortgage. Then, there is the mortgage under the present Land Transfer Act, and likewise under the Advances to Settlers Act; and an endeavour has been made to get a compound of : all three in this Bill. The Hon. the Minister says that the object of this form of mortgage is to enable any one to fill it up, so that it may be done cheaply ; but what is wanted is that persons who lend money should have security. Section 4 says that every such mortgage, if relating to land under "The Land Transfer Act, 1845," shall be deemed to be a mortgage under that Act, and, if relating to land under "The Deeds Registration Act, 1868," shall be deemed to be a mortgage under that Act. Well, Sir, under the Land Transfer Act the matter may be simple. There is the certificate of title showing the encumbrances, if any, upon the land ; but if the land be not under the Land

Transfer Act who is to say whether the title is correct ? Before advancing his money the man in the street cannot say if the proposed mortgage would be safe. My objection to this Bill is that it is altogether unnecessary, and that it is an interference by a layman-not by the Hon. the Minister, but by the real author of the Bill -- with a subject that, with all due respect to him, I venture to say he does not understand, and if this Bill passes at all it will tend to the confusion of the law. What is required, and what would best serve the people of this colony, is that the Govern- ment should take some steps to bring all the land of the colony under the Land Transfer Act, and if that were done I think the mode of dealing with land would be sufficiently simple. There should then be no difficulty whatever. If this Bill be passed as it is, I venture the opinion that there will be extreme confusion in the administration of the Land Transfer Act as far as affected by transactions under this Bill. The suggestion made by the Hon. Mr. Stevens that the opinion of the Registrar-General of Land should be obtained is a good one. I cannot see my way to vote for the Bill. The Hon. Mr. TWOMEY .- Sir, two objec- tions have been raised against this measure. The first was raised by the Hon. Mr. Stevens, and the second by the Hon. Colonel Pitt. The Hon. Mr. Stevens said it was all a matter of registration ; and the Hon. Colonel Pitt said the measure was unnecessary, because anything that could be done under it could be done under the present law. As regards the question of re- gistration, the Hon. Mr. Stevens said that some persons would neglect to register, with the re- sult that some one else would do so. I cannot see how this could be. The man could be in no worse position than persons holding an un- registered mortgage, and we know very well that there are many such documents in the country. When a man lends money on mortgage he gets two documents namdy, the deeds of the land-that is, the certi- ficate of title-and also the mortgage deed, and he retains both during the currency of the Now, how can any one register mortgage.

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another mortgage while he holds the certificate of title. The Hon. Colonel PITT .- Previous registra- tion. The Hon. Mr. TWOMEY .- Then, that would be a swindle. However, there may be something in the point raised by the Hon. Mr Stevens, and perhaps it would be as well to adopt the course suggested by him. All I wish to say is that borrowers of money will welcome anything that will cheapen law for them; they have been looking for this for a long time, and will be glad if it passes. The effect of it, in my opinion, will be that lenders of money will still insist on employing lawyers, but that the fees of the lawyers will be much less if they prepare deeds under this Bill. Bill read the second time. The Council adjourned at half-past four o'clock p.m. # HOUSE OF REPRESENTATIVES. Friday, 2nd August, 1901. First Reading-Second Reading-Cemetery Trustees Validation Bill-Counties Bill-Teachers' Sala- ries Commission - Mr. Speaker - Government Advances to Settlers Extension Bill-Rating on Unimproved Values Bill (No. 1). Mr. SPEAKER took the chair at half-past ten o'clock a.m. PRAYERS. FIRST READING. Rhodes Trust Bill. SECOND READING. Factories Bill. # CEMETERY TRUSTEES VALIDATION BILL. Mr. DUNCAN (Minister of Lands) moved, That the amendments made by the Legislative Council in this Bill be agreed to. He said there was only one small amendment made, and, as would be seen, it was really an improvement to the Bill. The amendment consisted in the addition of a new clause, which provided that Road Boards might be appointed trustees, not- withstanding the Cemeteries Act of 1892. Mr. MASSEY (Franklin) said he thought the Hon. the Minister was mistaken, and that this clause applied to where the Counties Act was in force. He did not object to the clause, but he did not think it was necessary, as it seemed to him to mean exactly the same thing as clause 2 of the Bill. Motion agreed to. # COUNTIES BILL. Mr. SEDDON (Premier). - I propose to take the second reading of this Bill, simply affirm- ing the necessity there is for amending the legislation dealing with the local government of the country. To have a protracted debate upon a subject we all admit is a necessity would Hon. M .. Twomey be, to a great extent, a waste of time. It would be better to read the Bill a second time. An Hon. MEMBER. -- Pro forma ? Mr. SEDDON .- No, not pro forma ; send it to the Select Committee, and the real work in respect to amendments and

suggestions will be all done in Committee. The second reading of the Bill is affirming the necessity for amended legislation as applied to local government. Certainly we admit that there is too much local government, far too many local bodies, at all events. An Hon. MEMBER .- They do not want any of the existing ones abolished. Mr. SEDDON .- Well, in that respect, much as I differ from the honourable member in the go-as-you-please policy, the measure as it now stands before us is full and complete, and a great improvement on existing legislation. My long experience proves to me that if you want progress and reform it must first of all be optional, and then later on, when it is understood and is working satisfactorily, you may ask that it be made mandatory and compulsory. That has been my experience, and I have followed it in respect to this Bill. In agreeing to the second reading members may reserve to themselves the right when the Bill is in Committee to deal with the questions of representation and franchise. That is a point on which members will differ, and rightly so. Some will say, in respect to the franchise in the Bill, that we have not gone far enough, and others again will say we have gone too far. Well, I would say, agree to the second reading of the Bill with the reservation I have made in respect to this. It is not sufficient to warrant the members of the House refusing the Bill its second reading, or proceeding with the Bill in Committee. A difference of opinion on the franchise is, as I say, a legitimate one ; but the course I ask you to take is that we get this Bill read a second time, and then refer it to the Committee. The question will be threshed out there, and when it emerges from the Select Committee and goes into the Committee of the House we will be able to give effect to the wishes of the majority of the members of the House. An Hon. MEMBER. - Why not take it pro forma ? Mr. SEDDON .- It will not help at all to take the second reading of the Bill pro forma. Get the Bill along to the Committee, and then, when you have it in Committee, you will have the position better defined. I have had several Bills dealt with in the same way, and the best course to adopt, where the difference was confined principally to a question of policy in respect to the franchise, is to pass the second reading. Let it go to the Committee, and, in Committee, the whole matter can be thoroughly settled, and it will be pretty well understood on the Select Committee where the majority of the members are and what their opinions are. I may say, in respect to counties, they are retained under the Bill. I notice also that some new counties are to be formed, and the proposals are before Parliament. The reason for this splitting-up and increasing the

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counties arises from the fact that they are so | districts of the colony. This brings me to far distant from any centre, and the territory is so great, and the circumstances and conditions differ so widely, that it is necessary to sweep away the Road Boards of the locality and make a small county. That is what was done in one Bill passed here the other day, and that has been done with the unanimous consent of the Road Boards and local bodies. That showed that the original boundaries were too large and the county unwieldy. This is a matter upon which there can be little or no difference of opinion, and I do want to have an Act passed, and not have applications continually coming before the House for changing boundaries and creating new local bodies. Then, this brings up the question of Road Boards. Now, in one of the Bills originally adopted the passing of the Bill meant practically the extinction of Road Boards; but I found in some parts of the colony that the conditions were such that the Road Boards, if there was to be any local government at all, were an absolute necessity. This was the case in some parts of Canterbury. Take the East Coast up towards the Kaikouras- An Hon. MEMBER .-- There are no Road Boards there. Mr. SEDDON .-- The latest information I have upon the subject is from Sir George Clifford. I thought his estate was up in that direction. Mr. MEREDITH. It is on the Waipara Road, in the Ashley County. Mr. SEDDON. - Well, at all events, I think the distance from the nearest centre is about one hundred miles, and the control and management of the roads the County Council itself admitted could not be done by them, and that they ought to be controlled, and were controlled and maintained, by the Road Board. This was given as a case in point, but it is not the only one. I know there are many parts of the colony where

the Road Board is de facto the local body. The extent of the county may be very great, and members may have to travel a long distance to the meetings of the Council, and in cases of that kind I think there cannot be the local supervision or the local knowledge that is necessary for the carrying-on the work properly, and in instances of that nature a good argument is, no doubt, made out in favour of Road Boards. I am still of opinion, however, that under such circumstances, it would be better to have more counties, and do away with all the local bodies except the ones that are given boundaries. Extended powers should also be given, and in addition an increased and assured finance. As to the question of finance, I think before dealing with it we should get this measure passed. The finance is provided for under another measure entirely, so that that aspect of the matter need not be dealt with in this Bill. If you provide the necessary machinery as contained in this Bill, you may then take up the finance ; but unless we have the necessary machinery we cannot divest ourselves of the responsibility of dealing with minor works affecting the country the question of subsidy. I am not at all in love with the existing system of subsidising, because wealthy communities draw the larger share of the money, while their requirements are really not so great as those of districts where there is development work to do. I would prefer to have subsidies given to local bodies on the amount expended on new works -- on roads and bridges. That, I think, would be a fair way to subsidise. Under the existing system of subsidising on the general rate you relieve other bodies and settlers of charges, and you are not advancing the development of the country at all. As far as the subsidies are concerned that are mentioned in the Bill, I may say I am going on the old Act. I am not making any change. As I have already said, let us have the powers granted that are provided in the Bill, and the matter of finance may then be dealt with under separate legislation, as it is at the present time. There will probably be a fight made in respect to the town districts, but I consider that the objection taken so far is purely a Committee objection. So long as they have the power of the dominant body maintained, I do not think it is wise to allow a settled population, as soon as it finds itself able to more than supply its own requirements, or when it is just able to supply its own requirements, to secede from the parent body, and, wrapping itself up, take the whole of its revenue to itself, while the burden of maintaining roads and keeping open means of communication is thrown on the ratepayers in the other district that is being excluded. It is a question whether we should go on existing lines, and allow these considerations ; whether it is not better for the district as a whole and for the people in that district where there are these revenue-producing centres, and those centres are supported and maintained by the outsiders - whether they should have the power they have at the present time of forming themselves into a local body and depriving the other districts of the large revenue which they produce within this circle. I myself have long been of opinion that there has been too much of that. I have known districts where the ratepayers' money has gone to develop other bodies because of an aggregation of population, and the moment they have surplus revenue part of the district forms into a borough, and the rest of the county is impoverished by that action. I think that in country districts the small boroughs are much more interested in the development and in the increase of population, and in the increase of settlement - that without it the borough suffers ; and that being the case it would be much better if there was only the one governing body, the one common purse, and the one common control. Those are the views I hold upon that point, and, as far as I have been able, I have put them into this Bill. Another material alteration is that the whole of the County Councillors go out of office every two years, and the date of elections is altered from November to May.

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from the one formerly introduced. alteration, but whatever may be said will be purely Committee objections, and will not. Then, what I think materially alter the Bill. same. will commend itself to honourable members are the increased powers which are being given to was a more perfect one than this. Since the County Councils and the removing of hampering present Act was passed, in, I think, 1886, the restrictions

which now exist, more particularly with respect to by-laws which County Councils conditions have been changed, and amending I think, in giving these legislation has been necessary. This measure may think necessary. is not only a consolidation, but also a codifica- powers to local bodies, we should immediately tion of existing Acts. Last session we amended remove those restrictions, and trust the mem- bers who are elected to those County Councils : our Municipal Corporations laws, and in this middle session I think we can commence the in other words, it is a case of trusting the consideration of this Bill with a freedom and people, and I think we may safely do that. facility that have hitherto been denied us, and My experience of the gentlemen who are on these County Councils, and whom I have met at if honourable members will make up their minds-as I believe they will-we shall place conferences in respect to local government, is that, whilst perhaps differing from them on the upon the statute-book a measure embodying larger questions of policy and representation -- the wishes of the representatives of the people for I think they are slightly nervous in respect of the day. That is as much as we can do in respect to it. The measure being one of to the extension -- I think, as regards the manner considerable importance, I would ask the of conducting the business and knowing the assistance of all honourable members who requirements of the counties, they are perfectly safe to be trusted. The Bill, of course, con- have a knowledge of local government to tains the powers given to counties under the assist me to perfect the measure. The great Public Works Act, and powers as to land difficulty that has always been experienced is drainage, River Boards, and the water-supply. that conditions vary so much in different parts of the colony, and unless there is give and take, More especially do I think it is important that they should have the control of the rivers -- the any legislation that may be passed may prove injurious to one or other portion of the colony. conservation of the banks of our rivers, and the That being so, honourable members must be looking-after the rivers, more particularly after foods. At present you have one body control-prepared to give and take. What is wanted is ling the mouth of a river, and two or three a blending, and whilst not professing that the measure is at present perfect, I can, at any other bodies controlling the river at intervening distances, and the result is that there is prac- rate, say that I have honestly endeavoured to tically no control whatever, and a great national meet the varying conditions of the counties. loss has arisen from that cause. Any amount of valuable land has been lost. The rivers, unless seen to and controlled by a body em- warrant me in coming to the conclusion that if members approach this measure with an powered to raise the necessary revenues, cause honest desire of amending and improving our considerable damage to the country. Whenever timber is deposited in rivers after floods law we shall get the Bill through. I ask there should be some one whose duty it is to honourable members to approach it in that spirit. I shall meet them in that spirit, and remove it, and keep the water-way clear and as straight as possible. The result of there being I hope and trust we shall place upon the no controlling bodies in respect to our larger statute-book a Bill dealing comprehensively with the local-governing laws of New Zealand. rivers, which in many cases go through large tracts of country, is that large waste takes I move the second reading. place ; and for this reason, if for no other, there is an urgent necessity for something being done feel, Sir, thoroughly in accord with the tone in which the Right Hon. the Pre- in the matter of river-conservation. I commend this matter to members from the country dis- mier spoke as he concluded his remarks upon this Bill. I agree with him that it is tricts. They know just as well as I do that time that local government was placed in a what is every one's business is no one's busi- more satisfactory condition than it is at the ness ; and if the lower portion of a river is not present time. But, Sir, influenced by the kept clear, all the money that may be spent by same spirit which actuated the right honour- one body is thrown away unless the control is continued from the source of the river to its able gentleman, I intend to move that the debate be adjourned, not with any desire what- mouth. As to the powers given to the County soever of obstructing the passage of the Bill, Councils, I commend them to the consideration of honourable members. Whether we have but rather with the hope of being able to facilitate its proper

consideration. It will be done all that is required in this respect is a within the knowledge of members that the matter of opinion, but at any rate these pro- House set up a Committee consisting of thirty- porals arean improvement on existing conditions. six members, to which Committee this Bill was I do not know that there is anything more that I need place before honourable members, for to be referred. I will be bound to say that every other member in this Chamber is, like Bills similar to this Bill have now been before myself, not having sufficiently studied the the House for about five years. Mr. Seddon Mr. SEDDON .- The main principles are the Hon. MEMBERS .- No, no. Mr. SEDDON .- I believe the Bill of 1896 I say there is sufficient here to go 11.0. upon, and more than sufficient to Captain RUSSELL (Hawke's Bay). -- I

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Counties Bill, quite unprepared to discuss its new and varied provisions. I, at any rate, knowing I was to be a member of that Com- mittee, believed that the Bill would be referred to that Committee, and that there would merely be a motion to read the Bill a second time pro fo ma, so that the debate would take place after the Bill had been revised by the members of that Committee. I maintain, therefore, that honourable members are not now in a position to properly debate the subject. It is all very well to say it is only an amending Bill ; but, as a matter of fact, it is a Bill traversing the whole question of county government as it is at the present time. And then on account of one of the questions to which the Premier alluded, that of the alteration in the franchise, which is a matter of such vital importance to all local governments, the whole Bill ought to be discussed first in Select Committee as it only can be there, and the second - reading debate should take place when the recommendation is brought down to the House. Have honourable members realised this important fact, that under an alteration in the representation it will be quite possible for a County Council to consist simply of persons who do not own one penny- worth of property in the whole county ? In the 4Sth clause of the Bill it will be found that every person whose name appears on any county electors' roll for the time being in force for any riding shall be qualified to be elected as a member of the Council, and the persons whose names appear on the electoral roll may be persons who have a quarterly tenancy of the value of 50s. only, and no permanent holding, so it would be possible for the whole government of a particular county to consist of persons who did not own one pennyworth of property in the county.] am now drawing attention to the fact because there are not half a dozen members in the Chamber who realise that there is such a drastic alteration in the system possible. So it is throughout, in the alteration of the Road Boards, or rather their destruction, in the i derstand it was nothing but an amending Bill ; creation of River Boards, having jurisdiction right from the source to the mouth of the river. All these matters are of such vital im- portance that if we now go through the form, before we have studied the Bill, of agreeing to its second reading, it will be held that the principle is one that is approved by the House. It is all very well to say that we can alter the Bill as we choose in Committee; but if We have affirmed the principle contained in the ! Bill we go a long way to passing a Bill, of which on reflection, on reading the Bill, we may not approve. I do not exaggerate the position when I say there are not half a dozen members of the House who have thoroughly read the Bill from beginning to end ; and yet we are asked to agree to it. But I say that the object which I have in view is to allow the local-go- vernment question to be considered thoroughly, not superficially, but after examination by honourable members who have taken part in local government, and are therefore best quali- fied to express an opinion on the subject. If we are to advance the passage of the Bill it should be first referred to a Select Committee, and then brought down for its second-reading debate. At some period or another of the pas- sage of the Bill it will have to be debated-the whole principle will have to be reviewed, and why not let us have an intelligent and fair discussion ? I would ask the Right Hon. the Premier to agree to adjourn the second reading for a week, and in the meantime the Committee which has been set up-though the Bill has not been referred to it-can meet, and let us ask the Committee to devote, say,

Saturday and Monday to its consideration. Or, at any rate, all I ask is that the House shall not be invited to pass a Bill which I venture to say not half a dozen members have studied thoroughly. I presume, like myself, they have all been sufficiently curious to open up and read passages here and there, but have not devoted care and attention to its various clauses nor compared it with the existing statutes on local government. nor the bearing and relation between the powers to be given and to be taken away from local bodies- River Boards, Road Boards, et cetera. The general alteration in the system of local government, I say. is one of such vast concern that it should not be dealt with in a perfunctory manner. To postpone the consideration of this Bill for a week or a fortnight-I say a fortnight would be best -- to allow members to have a fair chance of studying it would not be to jeopardize the Bill at all. It would tend to reduce discussion and to secure intelligent consideration, rather than having what may possibly become an unintelligible debate, because members have not been able to study the subject they are called upon to vote on. I move the adjournment of the debate. Mr. SPEAKER .- The honourable gentleman cannot move the adjournment of the debate after discussing the principles of the Bill. Captain RUSSELL .- I did not intend to discuss the Bill, but to point out the reasons for adjournment, because the Premier led us to understand whereas in reality it involves complete change of the principles of local government. Mr. ATKINSON (Wellington City) .- I move the adjournment of the debate. Mr. SEDDON (Premier) .- I do not think what has been said would apply to this Bill, or that honourable members are in the position that has been alleged. The Bill was introduced at the commencement of the session. We have now been sitting five weeks. I purposely had the Bill introduced within the first few days of the session ; it has been before a Conference, and if members have not read the Bill itself they have been, I presume, doing their duty by reading what took place at the Conference. An Hon. MEMBER .- We have not had the report of the Conference yet. Mr. SEDDON .- If honourable members tell me they have not read what has taken place at the Conference-I have been able to swallow a great deal in my life - but if they tell me they have not read the proceedings of the Conference -more especially members representing country districts-I can only say they have been

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master the Bill before us. An Hon. MEMBER. - It has not been printed. An Hon. MEMBER. - Do you mean what is recorded in the Press ? Mr. SEDDON .- I mean what has appeared in the Press. There is no necessity to adjourn the debate, because members are fully conversant with the Bill itself as it stands. It is not the first time it has been before a Committee or the House, and an adjournment would not facilitate matters. We are bound to have the whole thing in review in Committee of the House ; and if any member says there is an attempt to force the Bill through without due consideration after the Bill has been five weeks before the House he is asking me to really doubt members' sincerity. An Hon. MEMBER .- Why not read it pro forma ? Mr. SEDDON .- Reading the Bill pro forma would not help very much its progress. If members do not want the Bill let them say so, and I will take it that this motion for the second reading is not wanted. Mr. PIRANI (Palmerston) .- I cannot understand the new method of procedure that the Premier proposes to set up under our Standing Orders; for the proper thing to do when a Bill is to be referred to a Select Committee is to move that Bill pro forma, so that there shall be an opportunity when the Committee have licked the Bill into shape to consider its principles. The Premier said just now that we have all read the proceedings of the Counties Conference. Well, I have read the proceedings as published in the papers, and that is one of the very reasons why I think we ought to have the debate on this Bill when it comes from the Select Committee ; because, if the resolutions of the Counties Conference are to be adopted by the Select Committee, then the Bill will be in a different shape from what it is now. At the same time, the Premier is seeking to take an undue advantage of the House in asking it to debate this Bill, or to pass it without debate, before it has been before that Select Committee, and I would refer the Premier to last session when the procedure of reading the Municipal Corporations Bill pro

forma was carried out, and when it came to a second reading before this House the whole debate did not last more than three-quarters of an hour, because the members who were concerned were so satisfied with the Committee's work that they did not want to waste the time of the House in discussing the second reading. Therefore, if the same procedure is followed with this Bill there cannot possibly be delay in passing the legislation ; but if the amendments of the Committee are against the interests of the country then it is quite right that we should have an opportunity on the report of the Committee of discussing the Bill on practically its second reading. But I would like to point out to the Premier that, even if his motion is now carried, the second reading would not carry with it the possibility of doing without a debate when the Bill comes from the Committee ; because, on the Mr. Seddon reading debate can be taken by the members of the House. Mr. SEDDON. -- I want to save two debates. Mr. PIRANI. - The Premier never thought of that at all, and it is as plain as daylight that the Premier wants to waste a day. He wants the discussion on this Bill, in its present form, to last the whole day, but he does not want to say so, and if he had moved the Bill pro forma it could not take the day. If the Premier is allowed to move it as he wishes now, he knows it forces the House into a debate on the merits of the Bill, and the whole day will be wasted. Mr. MASSEY (Franklin) .-- It is all very well for the Premier to talk about this Bill having been circulated for five weeks, and of members having had ample time to consider it, but the Premier knows that the House has not been sitting for five weeks, and that the Bill was not circulated for at least one week after the House met. When the Bill was circulated a Committee of experts was set up to consider it-a Committee consisting of over thirty members - and we were given to understand that after the setting up of that Committee the usual course would be followed : that the Bill would be read pro forma and referred to the Committee, and that the debate would be taken on the Bill coming back to the House, and on that understanding I venture to say very few members have studied the Bill in the way they would otherwise have done. In this Bill there are 115 pages, 361 clauses and 10 schedules; but the Premier in introducing it -a Bill of this size -did so in a speech lasting only a quarter of an hour, and I venture to say that the honourable gentleman would have taken his full hour had he himself thoroughly understood the measure he was attempting to explain. Then the Premier talks about the report of the Conference which was published in the papers. Well, I put in an appearance at that Conference in a representative capacity, and I thought the Conference was doing good work and were discussing the Bill in an intelligent manner ; but from what I saw in the papers I venture to say that not one-hundredth part of the proceedings of that Conference was reported, and it was impossible that it could be otherwise. I hope, consequently, the Premier will accept the motion to adjourn the debate and let it come on, say, on Tuesday, by which time members will have had an opportunity of making themselves acquainted with the provisions of the measure. Mr. MEREDITH (Ashley) .-- Sir, I think it is unfair for the Premier, who is in charge of this Bill, to expect members of the House representing country constituencies to swallow the Bill in globo. It is quite true that the Bill has now been in circulation for about a fortnight or so, but the honourable member must bear in mind that honourable members have a great deal to do on Committees, attending to their correspondence, considering the various measures that come before this House, and, in many instances, the Order Paper only gives a very few hours' notice when they are to be brought on for discussion. We have to rush

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look up our correspondence with the view of obtaining information so as to be able intelligently to deal with these questions. Then, again, although the honourable gentleman gave notice for the setting up of a Committee for the purpose of considering the Bill on the 16th July, the Committee was not set up until just recently, and the Committee, so far, has done nothing whatever except appoint a Chairman. I have followed, so far as I was able, the deliberations of the Conference representing the country interests recently held in this city, but the information contained in the columns of the two newspapers published in

Wellington is only fragmentary. How, then, is it possible to gousp the views of the country delegates from the information given in the columns of the local newspapers? The suggestions from the Conference have not yet been printed, and therefore are not available for members. The question under our consideration is a very im- portant one. I am in favour of the Bill, but not in favour of the whole of the provisions of the Bill, because I consider that many of them are inimical to the interests of the people whom I have the honour to represent in this House. I may point out to the honourable gentleman that in speaking on the second reading of the Bill the honourable gentleman showed that he him- self does not really understand the provisions of the Bill that he wants the House now to read a second time. When speaking of Road Boards he referred to the Amuri County as containing Road Boards. Now, neither the Cheviot County nor the Kaikoura County nor the Amuri County have any Road Boards within them ; only the Ashley County contains Road Boards. That county contains eight Road Boards. I have the honour to represent these four counties. Putting that aside, however, I think it is very unfair of the Premier to expect this House to commit itself to the provisions of the Bill without having the opportunity of going carefully through it clause by clause, and seeing its effect on the country. I want to help the Premier. I am not here opposing the Bill or its second reading, but I say " Give us time," and we are entitled to that. Wait until the Committee sits and deliberates. I am prepared if necessary to forego to-morrow or Monday, or even to meet on both these two days and to sit for ten hours each day and go through the Bill, sooner than swallow it now in globo, as the Premier asks us to do. Mr. W. FRASER (Wakatipu) .-. Some honour- able members have attempted to explain the reasons of the Premier for taking the course he has to-day. I shall not attempt to explain the extraordinary attitude he has taken up. Imme diately before making the motion for the second reading of this Bill the right honourable gentle- man took up the Factories Bill, and proposed that we should take the second reading of that pro forma. He moves pro forma the second reading of that Bill, and has it referred to the Labour Bills Committee; but when he comes to the Counties Bill, which, so far as the whole of the country settlers of New Zealand are than the Factories Bill, he will not refer it first to a Committee, but asks us to proceed at once to discuss the principles of that Bill. I can assure the right honourable gentleman there is no desire on our part to interfere with his mode of conducting the business of the House; none of us wish to do that. I would point out to him where the inconveni- ence will arise in our discussing the second reading just now : there will be no fair oppor- tunity of discussing the principle of the Bill when it is reported from Committee. The House will not have the Bill reproduced with all the amendments of the Committee until a later stage, and it will be only the members of the Committee who will know what has transpired. The other members of the House will simply have the bald report read out to them, and the debate will have to proceed upon that basis. Now, conceive that position as against the one if the Bill were read pro forma just now and remitted to the Com - . mittee. Then we should have the Bill with all the corrections of the Committee in print before us, and should have the necessary data on which to discuss it, both as to details and principles. That is one reason why the discussion of the second reading of the Bill should not be gone on with at present. Can it be possible that the Premier is anxious, by forcing on the second reading before sending the Bill to a Committee, to commit the House to affirming the principle of the Bill, so that he may say afterwards, " You were parties to the second reading of the Bill, and therefore you must abide by it ?" Surely that is not a fair position to put the House in. I ask the Premier whether he thinks that is a fair way of dealing with the House? As far as I am personally concerned, I am prepared to go on with the second reading of the Bill, because I have had the opportunity of going through it very carefully. I happened to be a member of the Conference that has had the Bill before it, and that went through the Bill clause by clause. But let me point out to members of the House another reason why I think the debate should be adjourned. Mem- bers should have before them the printed re- port of the amendments and suggestions of that Conference, and they have not got that. How many members know what the Conference has recommended? It is only a few days since the

proof copy was submitted to me for correction, and I thought it would have been circulated amongst members before now. I will see that it is circulated amongst members in a day or so. I say members, when discussing this Bill, should have before them that report of the Conference, and then they will be prepared to speak in an intelligent way upon the second reading. I do not think it is fair to force the House to discuss this question until that can be done. I think the Premier ought, at any rate, to agree to postpone the discussion, if he is determined to force the second reading of the Bill. I appeal to him to reconsider even that aspect of the question, and to allow the Bill to be read pro forma, and to go before the

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Committee. I feel certain if he does that he will save a great deal of the time of the House, because after the report of the Conference has been circulated, and the Bill is printed with the corrections made in Committee, I do not think there will be one-tenth of the discussion in this House that would ensue at present. Mr. GUINNESS (Grey) .- I was very much astonished to hear the honourable member for Ashley say that he did not consider the Premier understood the provisions of the Bill. He must have known that he was not speaking according to the book, when we remember that the Premier has brought this Bill down for three years now. There is not a great deal of difference between this Bill and those brought down in former sessions, and I cannot for the life of me see why objection should be made to discussing this Bill now. Members have had it in their possession for the last four weeks. It has been discussed by the Counties Conference, and members, I am sure, have paid attention to the reports of what has gone on at that Conference. It was not a verbatim report certainly, but everything that was important was reported. No great principle is involved, and the Bill is more of a consolidating measure than anything else. As for the remarks of the honourable member for Wakatipu, that when the report of the Committee comes down members will not have the amendments made by that Committee before them so that they can discuss the report, members know very well that, if they desire to have the Bill with the amendments before them, nothing is simpler than to move the adjournment of the debate for a day or two; and if there is a desire to have those amendments before them the adjournment of the debate will be agreed to by the Premier, and we shall have the Bill with the amendments before us for discussion. There was another objection that the honourable member for Wakatipu urged which I cannot see any weight in. He says that if we affirm the principle in the Bill, as the Premier wants us to do, the Premier will say that we are bound by it and cannot make any alterations. An Hon. MEMBER. -- We have heard that before. Mr. GUINNESS .- Honourable members know very well what that is worth with members like the honourable member for Wakatipu. Will that honourable gentleman, or any other honourable member, be bound by a statement of the Premier that because he voted for the second reading of a Bill he is not to make any alterations if he thinks fit? No one would be bound by that statement, and therefore there is no weight in the argument. The Bill has been long enough before the country and before honourable members to enable them to grasp any principle there may be in it. This is only a proper and laudable effort on the part of the Premier to push it ahead. If there are members in this House, particularly those who represent Road Board districts, who do not want this Bill put through, they will resort to every effort to stop the passage of the Bill, and this is one of those efforts. I feel quite certain Mr. W. Fraser that this Bill ought to be advanced a stage, and that we ought not to agree to the postponement of the debate upon it. Mr. HOGG (Masterton) .- I am really astonished at the character of the objections taken to the second reading of this Bill. The Premier is not proposing anything of a novel character. To listen to what has been said by the honourable members opposite, one would think that the procedure was something unusual. What are the facts in connection with nearly every policy Bill brought up in the House? The second reading is taken before the Bill is sent along to the Committee. The system of pro forma second reading is not, in my opinion, by any means the best one. As soon as a Bill is brought down for its second reading it

is advisable, in the interests of members and of the country, to have a discussion on its merits and the principles, and the sooner it takes place the better. What is the Premier doing ? Is he trying to curtail discussion on the Bill ? Nothing of the kind. By the method proposed, instead of having only one second-reading discussion members can have two. They can have a discussion now on the second reading, and again when the Bill is reported upon by the Committee. We are thus afforded a double opportunity of explaining our minds to the country. The members who are-I do not like to say obstructing, but who are objecting to the proposal of the Premier, are simply splitting hairs. Instead of trying to help forward the business of the country, and this is important business, they are simply endeavouring to delay the measure, which is of infinite importance to the country settlers. They are taking the best means they possibly can to prevent the Bill being carried at as early a period as possible. Now, for my own part, I believe the country requires the Bill, and my reason for endeavouring now to prevent any unnecessary delay is to have this measure brought into operation at as early a date as possible. The second reading of the Bill is not going to interfere with the work of the Select Committee, nor yet is it going to interfere with the work of the Committee of this House. I may subscribe to the principle and vote for the second reading of the Bill, but that does not by any means tie my hands. I have a perfect right to have the Bill altered in any way I think fit if I can carry out alterations in Committee. By voting for the second reading of the Bill members do not commit themselves beyond admitting that a measure of this kind is necessary, and that some reform is required. The Bill, although bulky, is of a very simple character. It simply provides that there shall be an alteration in the system of local government in the country districts, in accordance with advanced public opinion. I dare not, in speaking on the question before the House, enter into a discussion of the principles involved ; I am not able to discuss the Bill on the motion for the adjournment of the debate : but I certainly think this is the proper time for members to enlighten the country by giving their views on the principles embraced in this

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measure, and I am really surprised that honourable members with a knowledge of the requirements of the country settlers, like the honourable member for Ashley, should attempt to burke a discussion which should take place in its early stages. Mr. R. MCKENZIE (Motueka) .- Sir, I am rather surprised at the Right Hon. the Premier moving the second reading of this Bill at the present stage. No one knows better than the Hon. the Premier that members cannot have grasped the merits of this Bill. In fact, some days ago a Committee was set up to consider the Bill, and at no Committee meeting was there any consideration or discussion on the merits of the Bill. Another objection was that the Committee could not possibly deal with the Bill at all under the present circumstances except on a Monday, because the House meets on two days in the week at half-past ten. In my opinion, the Premier expressed his opinion very clearly when he said he would take the division as an indication as to whether members wanted the Bill or not. I take it that the Premier does not want the Bill to become law this session. It has been a standing order now for eight or ten years, and possibly it may provide matter at least for members to talk about for another session. At the same time I am convinced that the country settlers want the Bill. In regard to the remarks of the honourable member for the Grey, I think it is impossible that he could have read the Bill. I venture to assert that he has not. Perhaps he has not even read one or two of its clauses, because he says there is no new principle in the Bill. He says it is simply a consolidation Bill. Well, Sir, it is not a consolidation Bill, but contains many new and highly important departures from the existing law on local government. I recognise that if the House votes for the amendment moved by the member for Hawke's Bay, for the adjournment of the debate, we tie ourselves up in a knot, and that we shall not be able to get any further with the Bill this session. I would therefore suggest this compromise: that the Premier should move the second reading of the Bill pro forma, which he ought to have done in the first instance, and let the honourable member for Hawke's Bay, by consent of the House, withdraw his motion

for the adjournment of the debate. Captain RUSSELL .- The Standing Orders will not allow it. Mr. R. MCKENZIE .-- Well, if the honourable gentleman's motion is carried, the second reading of the Bill will not get on this session, that is clear enough. Whether it comes on or not, as a member representing a country district, and my constituents being materially concerned -if it even does not come on this session, I am prepared to vote for the adjournment of the debate sooner than vote for the second reading now, or at any time until the Committee set up to deal with the Bill has a reasonable opportunity of considering it on its merits. Mr. McNAB (Mataura) .-- I think, whether it VOL. CXVII -13. was right in the first instance to go on with the discussion of this measure or not, the House has got into such a condition during the last half-hour that it would not be advisable to go on with the discussion of the main question now. I have not read the Bill carefully, and I have not made myself sufficiently familiar with it to discuss the general terms, because I was under the impression that the precedent of last year of the Municipal Corporations Act would be followed. I think, seeing that was so, and as the House has now spent a good deal of time in discussing the question of adjournment, the proposal made by the member for Motueka might with advantage be followed out. I do not see that our Standing Orders prevent it. I understand it was the member for Wellington City (Mr. Atkinson) who moved the adjournment, not the member for Hawke's Bay, and, if the honourable gentleman were to withdraw his motion, I take it that, with the unanimous consent of the House, the Premier's motion might be taken as a motion for the second reading of the Bill pro forma. That motion does not require that there should not be any speech delivered when the motion is I understand it prohibits being moved. any discussion on the Bill afterwards; but it does not mean that a speech may not be delivered when the motion is made. I would support such a proposal as that if the member for Wellington City could see his way to withdraw his motion for adjournment. It would put the House in a better frame of mind for discussing the subject : and those members who considered that the scheme of last year would be carried out are surely entitled to some consideration, because we all have these local bodies in our districts who are affected by the measure. That, I admit, may be touching on a discussion of the Bill. At any rate, I think that, under the circumstances, there is all the more necessity that the question should be dealt with in a way that would not set one part of the House against the other, because, as a matter of fact, there is no party feeling in the question at all. I do not suppose that any member on either side of the House allows his party feelings to enter into the question of local government at all, and I hope the honourable gentlemen who have moved motions this morning will come to a modus vivendi. and let us get on with the business. Mr. SEDDON (Premier) .- Sir, might I be allowed to say that what I fear more than anything else is - Mr. J. ALLEN .- Has the Premier not already spoken to the question ? Mr. SPEAKER .- Yes, he has done so, but I take it he is now making, with the indulgence of the House, a proposal that may lead to a compromise in respect to the second reading of the Bill. Mr. SEDDON .- I wish to say that I never gave any pledge that the second reading should be moved pro forma. I said we would not take it that members' voting on the second reading would pledge them to the principles of the Bill. We know there are differences of opinion with respect to portions of it, and these differences

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has been sprung on me in the motion for the adjournment of the debate, because I have not been informed by members on either side of the House that in moving the second reading I said anything about moving the Bill pro forma. Hon. Mr. MBERS .- Oh, yes. Mr. G. W. RUSSELL .- You promised it. Mr. SEDDON .- I did nothing of the kind. I could not accept the motion for the adjournment of the debate. I may say at once that if the House thinks it can better conduct the Government business, and say how and when Bills are to be brought in, they had better fix upon another man to be at the helm. Captain RUSSELL .- Sir, I think that is going beyond the question. Mr. SPEAKER .- I understand the honourable gentleman is making a proposal to meet the objection. Mr. SEDDON .- Sir, the honourable member ought

to withdraw his motion for adjournment, and I would then consider the position ; or the House could negative the motion to adjourn the debate, and I then will find a way out of the difficulty. I wish to avoid friction I want to keep them together with members. to get the Bill through; but the motion to adjourn the debate would not help in that direction. Mr. ATKINSON (Wellington City) .-- Might I be allowed, with the indulgence of the House -the same indulgence that was allowed to the Premier to say, in reference to the suggestion of the Premier and in reference to the suggestions of the honourable member for Maitland and the honourable member for Motueka, that I have great pleasure in withdrawing my motion if the House consents? When moving the amendment I had no idea of obstructing the Bill or the general business. Therefore if the House will give me leave to withdraw the amendment for the adjournment of the debate, in order that the suggestion of the member for Motueka may be agreed to, and that the Bill may be read a second time pro forma, I shall have very great pleasure in withdrawing my amendment. Amendment, by leave, withdrawn. Mr. G. W. RUSSELL (Riccarton). - When the Premier introduced this Bill on the 2nd July he gave the House the assurance that the Government intended to take the same course in respect to it that they did in regard to the Municipal Corporations Bill of last year. The course then adopted was that the second reading was taken pro forma. Now, nobody knows better than the member for the Grey that there can be no discussion of a second-reading nature, unless the second reading is taken pro forma, when the Bill comes back from the Counties Committee. But what I desire to point out to the Premier is that earlier in the session he gave an assurance that not only the County Councils should be able to discuss this matter, but that a Conference, which should consist of representatives of Road Boards and other local bodies interested, as well as of County Councils, should have an opportunity of going into it. Mr. Seddon Now, no such Conference has been held. What did happen was this : A Conference of members of County Councils sat in Wellington to consider the Bill, and at least one of the Canterbury members-namely, the member for Ellesmere - who went as a delegate of a Road Board, was refused permission to take any part in its proceedings, and was told that he could only remain there by courtesy. Now, what becomes of those Road Boards in the County of Selwyn, for instance, where the Counties Act is not in operation at all? There the system of local government is carried out by Road Boards. Then, at an earlier part of the session the question was raised by the member for Geraldine as to whether Town Boards interested in the Bill were to be allowed to take part in the proposed Conference, and the Premier said he hoped that the Conference would include delegates not only from Road Boards, but from Town Boards, whose interests should also be represented in connection with this matter. Under these circumstances, I certainly think that the Bill is being pushed on too hastily, and that the general body of people, who are interested more in the form of Road Board government than of county government, have not had any voice in the conference on the Bill. I do not hesitate to say that I prefer the Road Board system of local government to the county system. In my opinion, the counties do not provide a really efficient form of local government, and the attempt that has been made year after year in this House to set up some kind of bastard form of county system, which is neither " fish, flesh, fowl, nor good red-herring," seems to me to be one of those things which emanate from the Premier's brain, because on the West Coast they hardly know what a Road Board is. There they have the county system, and that is why the enthusiasm of the member for the Grey is so strong on that point. Mr. GUINNESS .- Why, the Premier entered politics through a Road Board. Mr. G. W. RUSSELL. - But he would not have been where he is to-day if he had stayed on a Road Board. It was through the county system the Premier was raised to the Premiership of the colony. Mr. SEDDON .- I was in the Provincial Council. Mr. G. W. RUSSELL. - Yes ; I think the member for the Grey can remember some of the incidents that happened when the Premier was a member of the Provincial Council. If the honourable member will take his memory back to those days, I think he will remember that the Premier was as smart then in managing the Provincial Council as he is now in managing this House. Mr.

GUINNESS .-- Hear, hear. Mr. G. W. RUSSELL. - I am glad to hear that the honourable gentleman agrees with that, and I think that some of the incidents that happened in those days show that the Premier was quite as astute long before he attained to the Premiership as he is now. There is no doubt that the powers conferred by this Bill are very

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local forms of government are concerned. I believe that the people of this colony would be prepared to part with the county system before they would be prepared to part with the Road Board system ; and, that being the case, it seems to me most unfair that the Road Boards of the colony should have had no voice in considering the Bill. I think the Premier is doing wrong in pushing on the Bill in the way proposed, in view of the answers he gave to the honourable member for Avon and myself earlier in the session as to members of other local bodies being consulted or taking part in the Conference. I do not intend to discuss the general principles of the Bill, because, like other members, I honestly admit, owing to the consideration I have given to the Land for Settlements Bill and other measures, I have not had time to read through this Bill. That being the case, I think we ought to have a fair opportunity of going into the provisions of the Bill and mastering them, and see how they affect our own constituents. In my own electorate there are two large road districts, both of them more wealthy than many County Councils in the North Island. I think the representatives of those Boards should have the opportunity of expressing their opinion as to how this Bill will affect them. I certainly think the Road Boards should have an opportunity of having their voice heard with respect to this Bill. Mr. SEDDON (Premier) .-- As to the statement I made to the House in respect to following the same course which I took regarding another Bill, I distinctly said at the time that it would be referred to a Committee. The question of a pro forma second reading was not in my mind at all. If the honourable member will show me where I said I would introduce the Bill pro forma I shall apologize to the House. I had no intention of moving the second reading of the Bill pro forma ; had I so intended it would have appeared on the Order Paper in that form. I myself thought we would get over the second reading. I find now that we are in this position : that we shall have a prolonged debate, and that we shall not then be any further forward. It may cause feeling, and that is what I wish to avoid. It seems to be the general wish of the House that the second reading should be taken pro forma, otherwise it might be contended that members would be approving of the principle of the Bill as it now stands. I wish to get the Bill before the Committee as soon as possible, and I thought if we could get the second reading to-day we could have the Bill before the Committee on Monday. To show the House that I want to further the passing of the Bill, I now move, That it be read a second time pro forma. I will thus get over the difficulty, and there are few difficulties that I cannot get over, particularly when I have the House unanimously with me. I ask leave to withdraw my motion for the second reading, and to move that the Bill be read a second time without debate. Captain RUSSELL .- What position shall I take the Bill ? Mr. SPEAKER .- There can be no further debate on the question to read the Bill a second time pro forma. When the Bill comes from Committee the second reading debate will take place on the motion for going into Committee on the Bill. Motion to read the Bill a second time withdrawn. Mr. SEDDON .- I now move the second reading pro forma, and the remarks I made on my former motion I repeat without taking up the time of the House. Bill read the second time pro forma. Mr. SEDDON. - I now move, That the Bill be referred to the Local Government Committee, and I hope, having met honourable members as I have met them this morning, I shall not be twitted with having run away from my Bill, because I tell the House there are certain departures made in the Bill which we deem to be in the best interests of the colony. I shall take the course in respect to it which I believe to be the usual one in respect of any matter where we consider the country is entitled to progressive legislation. I want to have this Bill dealt with entirely outside party ; but at the same time, as Minister in charge of the Bill, I do not intend to bring in a Bill and later on to have another Bill, one so changed as to depart from the general principle of the Bill as

introduced; and I think it best to get a perfect measure by referring it to this Committee. In the selection of the Committee there has been a choice made in respect to those who have had experience in local government, whether they may be in favour of the Bill or against it. It will then be for the local bodies interested to make their representations to the Committee. There has been plenty of time for any conference to be held. The County Councils Conference was held on the 16th, and if the Road Boards could not have held their Conference in the three weeks from the time I mentioned that a conference should be held it is no fault of this House. We cannot postpone and procrastinate because they have not taken action. They will still be in a position to make their views known to the Committee, so that they will not be deprived of their right. Mr. TANNER (Avon) .- Sir, on the motion that this Bill be referred to the Committee, I may say that I disagree with the last statement in the speech just made by the Premier. In the early days of the session communications reached the Premier through various members of the House, including myself, asking whether the members of Road Boards or Road Boards collectively would be allowed to have any opportunity of conferring with regard to the operation of this Bill on their particular functions. The Premier said he would give a conference of representatives or any one interested an opportunity to discuss the proposals. His statement that during the last three weeks there has been ample time for a conference of representatives to be held is, I think, scarcely

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is a letter, dated 16th July, from one of the most intelligent and capable gentlemen engaged in local government in Canterbury - and we have many such gentlemen in Canterbury. He writes :- "It is a pity that Road Boards were not invited to attend at the same time as County Councils. The latter's representatives will have first say, and probably Road Boards will be forgotten altogether. It will be a great mistake if Road Boards are abolished, as I think it would be impossible for road districts to be controlled by County Councils." No doubt the gentleman in writing these words was under a misapprehension. The various members who constituted the County Councils Conference belonged to a kind of association, to a meeting of which the Premier probably had no right to invite the representatives of Road Boards, and on which the representatives of Road Boards would have had no locus standi if they had presented themselves. But, all the same, the difficulty remains; and when the position was explained to this gentleman, he writes to this effect on the 26th July, some seven days ago :- "I have convened a conference of all Road Boards in the County of Selwyn for the 31st instant, to consider the Bill, and to urge that representatives may meet in Wellington." As it was impossible for the Road Boards to gather their representatives together to consider the proposed Bill until they were apprised of the position, they appear to have been unfortunate enough to assume that their representatives would be allowed to meet with the County Councils Conference, which was a mistaken idea. But as soon as they were seized of the fact they commenced moving in the South in the direction of having a separate and independent conference of Road Board representatives only. It is impossible for a conference summoned for the 31st instant to be in a position to forward any recommendation or objection or approval of the Bill at so early a date as the 2nd August, and I would ask the Premier not to unduly attempt to press the passage of the Bill through the special Committee appointed to deal with it, but to allow a reasonable time to elapse, in order that representations from those bodies may reach the House and the Government. In spite of the fact that the County Councils Conference has adjourned, and all its members have sought their respective homes, members of the House, except through the fragmentary reports which have appeared in the newspapers, are not apprised of their work or their sentiments with regard to the Bill. No report has been laid before us. It was urged early in the session, and promised by the Premier, that the Bill should not be dealt with until the Conference had been held. Of course, members held the reasonable assumption of the meaning of such a promise was that the passage of the Bill would be delayed till the members of this House were seized of the recommendations which might come from the Conference. As

that has not Mr. Tanner make a promise which may be kept in the letter, but which is being broken in the spirit unless the House gets time to know the objections which constitute a formidable proportion of the list of resolutions passed at the Conference. I do not wish in the least degree to oppose the passage of the Bill; I am heartily with the Premier in getting our local government put on a more satisfactory footing than it has been in the past ; but I hope nothing in the form of a surprise will be sprung on local authorities, and that they will be made well aware of what is proposed to be done before the Bill is actually passed into law. We have had several instances during the past year of the manner in which local authorities have been expressing surprise at some of the legisla- tion of last year ; and, though if we waited to pass a Bill until every one knew exactly what we were doing we should never pass any Bill at all, that is no reason why the Premier should not give reasonable facilities for these particular local bodies to be apprised of the proposals that have been laid before the House. Mr. McNAB (Mataura) .- It was mentioned in the preceding discussion that when this Bill was referred to the Committee the Committee should sit on Monday. I hope that in voting on the matter it will be understood that that is to be so. An Hon. MEMBER .- It has not been men- tioned. Mr. McNAB .- I am glad that is not the un- derstanding : because members might run away with the idea that that arrangement had been come to, and when the Committee is sum- moned the unfortunate Chairman would have to bear the brunt of any mistake. I hope there is no understanding that the Committee is to be called together on Monday. Mr. SEDDON. -- Oh, yes. Mr. McNAB .- If the honourable gentleman thinks that is so. it will be as well to have the matter definitely settled, so that we may know what is going to be done, 12.0. as you are aware the Committees now do not sit except on Wednesdays and Thursdays. On Tuesdays and on Fridays the House is occupied during the forenoon, and unless there is some distinct understanding given now with regard to the wish of the Com- mittee to meet on a certain day they will not be summoned until Wednesday morning at half- past ten. Mr. FLATMAN (Geraldine) .- I only wish to say a few words to indorse the remarks of the honourable member for Avon, when the honourable gentleman asked that the Road Boards might have representation : and I ask that Town Boards might also have repre- sentation on the Committee. We had a kind of promise from the Premier to that effect, and I took it upon myself to write to the Chairman of the Town Board within my dis- trict, and also to the Chairmen of the Road Boards, with the exception of one, and that Chairman is the Chairman of the County Council also, and I knew that he would be

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in Wellington. I told them of the day the Conference was to sit, but whether the Coun- cillors would permit them to mingle with them was a question that would have to be decided by the Conference. It is in consequence of what has fallen from one mem- ber that I make these remarks, as I under- stand the honourable member for Ellesmere appeared on behalf of a Road Board and was not allowed to vote ; consequently that led me to think that the Road Boards had no repre- sentation at all, and I think that they really ought to have some consideration. I might say that, in reply to a letter I sent to one Chairman, he wrote me as follows :- "I am not particularly anxious as to what becomes of the Road or Town Boards, but I do think the smaller local bodies are entitled to be heard, and their opinions are entitled to just as much consideration as members of County Councils." Now, I think that this is a fair argument, and that the Chairmen of the Town Boards and of the Road Boards have not had the oppor- tunity of laying their views before this House, or before the Committee that is to deal with the Bill. I trust the Premier will see his way, in some way or another, to provide for these Chairmen laying their views before the Com- mittee or by meeting in conference. Of course, there is no objection to their coming to a con- ference, but, then, we have already heard it stated that they were not allowed to speak or vote at the County Conference, and some pro- vision should be made for them to be able to express themselves with regard to the altera- tions that are likely to occur through the passing of this Bill. Mr. LANG (Waikato) .- It is not my inten- tion to delay the House, but there seems to be some mistake in reference to the Conference of the County

Councils lately held in Wellington. It has been generally admitted that that Conference has done a large amount of good work, and the Premier himself, when the delegates from the Conference waited upon him, admitted that they had done good work, and had gone very carefully into the business; but I regret that other local bodies were not represented at that Conference, and I wish to point out that it is not the fault of the County Councils Conference. It was generally supposed that the Conference was called together by the Premier. It was nothing of the sort. It was the usual meeting of the Conference which is held from time to time. I believe this was the fifth meeting of that Conference. It is certainly true they did not meet last year, or the year before, because they understood that there was no legislation going to be introduced dealing with the local bodies, and therefore they did not meet; but immediately they heard that there was a likelihood of the Local Government Bill being passed through the House this session the Conference was called together, but certainly it was not called together either by the Government or the Premier. But the Premier rather misled the people in the country, because they understood, as did the member for Geraldine, and also the member for Avon, that other local bodies were to be represented. The Premier stated, in other words, "Let them all come"; and I have had letters from different local bodies asking whether the Premier was going to call this Conference together, and whether he was going to pay the expenses of the Conference? Every county in the colony is entitled to send delegates to the Conference, and to have one vote. Where the Counties Act is not in force the combined Road Boards of that county are entitled to exercise one joint vote. And there is another thing that the honourable member for Geraldine is mistaken in. Every local body is allowed out of courtesy to send a representative to the Conference, and those representatives are also allowed to speak, but under the rules of the association they are not allowed to vote. Mr. FLATMAN.- I never knew that. Mr. LANG.- But that is the fact. I may also point out that there was no wish on the part of the County Councils Conference to exclude members of the other local bodies. It was not within their power to call them together. It was simply a Conference of the County Councils, and the Road Boards of such counties where the Act was hung up. I merely rose for the purpose of explaining these points. Mr. RHODES (Ellesmere).- I only rise to explain my action with regard to my attendance at the Conference referred to in this discussion. Relying on what the Premier stated, that members of the Road Boards should be asked to attend that Conference, I communicated with as many Road Boards as I could in my district, and asked them if they could be represented at the Conference. I attended the Conference myself, and handed in a letter appointing me as delegate of the Halswell Road Board, and the secretary said, "Oh, you merely represent a Road Board; I will see the Chairman." When the question of voting arose I asked the Chairman for a ruling on the matter, and he explained that as I was only there by courtesy I could not be allowed to vote. As the honourable member for Waikato has stated, I might have taken part in the discussions, but as I had no power to exercise a vote I thought I might as well be attending to my parliamentary duties in the House. I also understood that we should be in possession of a report of the discussions at the Conference before this Bill came on for its second reading in the House. As the member for Avon has said, the Road Boards had no voice whatever in the matter. In the Selwyn County there are no less than seventeen Road Boards, and in the Akaroa County there are seven, and they had no voice whatever in the Conference. I hope that the Road Boards will form a Conference of their own, and then put their views on the Counties Bill before us. Mr. BUDDO (Kaiapoi).- I do not wish to delay the passage of the Bill. I hope, however, the Premier will not insist on hastily forcing this Bill through Parliament, so that time may be given the local bodies to protest against any

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of the provisions which they think may operate local bodies with regard to the Bill that no to their disadvantage. I happen to represent a district where there are practically three different local bodies exercising jurisdiction in the same area, and it is very obvious that these local bodies will each require to

study how it will affect their respective local interests before they can offer an opinion. I have not heard of objections, except that a wish is expressed that local bodies should not be too large ; but they naturally wish to know the whole of the provisions of the Bill, and to study its effect on their particular local bodies. No doubt, as the report of the Counties Conference is published, they have heard something about the provisions of the Bill, and, as most of them have copies of the Bill, I think there is reason to believe those interested understand the Bill. I think the Bill will be useful in some parts of the colony, however much we may disagree as to its various details, especially where the Counties Act is not in operation, and I only express the hope that its passage through the House may not be unduly hastened. Mr. MASSEY (Franklin). - I hope the suggestion that the Local Government Committee should sit on Mondays will not be agreed to, because with the present arrangements for the sitting of the House on two mornings in each week members have not sufficient time to attend to their correspondence and business in connection therewith, and matters will be very much worse if this Committee were to sit on Mondays. Sooner than that it should sit on Mondays, I would suggest that on Tuesdays and Fridays the House should sit at half-past two, and adjourn at midnight, and allow the Local Government Committee to sit in the forenoons. I would suggest that to the Premier. Just a word about the representatives of Road Boards at the recent County Councils Conference. As stated by the honourable member for Waikato, the representatives of the Road Boards were treated with every courtesy at that Conference. They were allowed to express their opinions, but they were not entitled to vote, except in those cases where the County Councils Act was suspended, as in the County of Manukau, for instance, for which I was entitled to vote as the representative of the Road Boards in that county, and in the County of Eden, for which my friend Mr. Bollard appeared, and so on. But I would suggest to the Premier that he should make known publicly that the evidence of representatives of Road Boards will be taken by the Local Government Committee. Matters of the utmost importance to the Road Boards of the colony are dealt with in this Bill, and I think it should be made clearly known to them that their representatives will have every opportunity of expressing an opinion thereon. Mr. MONK (Waitemata). - I wish to add a word or two to the remarks just made, that all interested in local bodies, whether County Councils or Road Boards, should be allowed to give evidence at the Committee on this Bill. I represent some local bodies in the Waitemata electorate, and I should like to express some of the opinions they have on this Bill. I think Mr. Buddo that the House is so informed of the feelings of delay such as that suggested by the honourable member for Kaiapoi is necessary. I think the desire is that some finality should be secured this session in regard to legislation for local bodies, and automatic finance, as suggested by the Premier. and that all possible facilities should be given for despatch in the consideration of this Bill. Mr. MEREDITH (Ashley). - Sir, I rise to ask the Premier, will the honourable gentleman inform the House if the Government has circulated copies of the Bill amongst the various local bodies likely to be affected by the legislation ? An Hon. MEMBER. -- They are all over the colony. Mr. MEREDITH. - Then, if copies have been sent, if local bodies do not move in the matter no member is justified in asking for any delay in the matter of the passage of this Bill. Mr. SEDDON (Premier). - I would first of all remove the impression that the Government want to take some advantage of the Road Boards. I think it is just about time one spoke plainly, and, as far as I am concerned, if people will not move, and if they think they will keep back legislation by not moving, they are making a very great mistake. On the 3rd July I said, in answer to the honourable member for Avon, that there should be a Conference of Road Board representatives that should sit simultaneously with the County Councils Conference. That was on the 3rd, and the Conference of the County Councils did not sit till the 16th. And what have the Road Boards been doing? This was telegraphed throughout the colony. What were the Road Boards doing on the 16th July? Then, because one or two Road Boards, or the Chairmen of certain Road Boards, did not think fit to call a Conference for the 1st July, why should we be asked to postpone our proceedings? I do not see why that should be done. I want to know why we should

do it ? Mr. TANNER .- They were under the im- pression that they were invited to come up and attend that Conference in Wellington. Mr. SEDDON. --- 1 may tell you a little : secret. I received a certain communication desiring to know whether the Government would pay the expenses. An Hon. MEMBER .- That must have come from the West Coast. Mr. SEDDON .- No, it was not from the West Coast. An Hon. MEMBER .-- It must have come from Auckland. Mr. SEDDON. - No, not from Auckland either ; perhaps you had better not inquire too closely. In answer, Sir, to the member for Port Chalmers, who asked me if Town Boards would be represented at the Conference. 1 said that the Bill would certainly affect Town Boards, and there was no objection to their sending 1 delegates the same as Road Boards. At all events, there is no well-founded grievance as far

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as they are concerned. Then, the next question is, When is the Committee to sit ? With a Bill of four hundred odd clauses, it has to be dealt with properly, and there is no reason why, if some members want to go home for the week's end, those who stay here should not be allowed to attend to the business of the country. An Hon. MEMBER. - We want to attend to our correspondence. Mr. SEDDON. - Is the correspondence that has to be dealt with or the Bill more important ? I say it is more important to deal with the Bill. I suppose about 75 per cent. of the correspondence is from people who are asking for billets. I think, looking at the two ques- tions -billet hunters and the Bill-the billet- hunters might be allowed to stand over until after the Bill has been attended to. At all events, the suggestion made that the Govern- ment should give up the morning sittings on two days of the week is unreasonable, for it only means six hours on Tuesdays and Fridays for Government business, and three of those hours are taken off for questions. What, then, is to come of the rest of the business ? I cannot agree to that proposal. I have had my fears that. between the influence of the Road Boards and the local bodies and one thing and another to keep things as they are, that my Bill will not be able to get very far. Hon. MEMBERS. - It will go on all right. Mr. SEDDON. - Well, it cannot get far unless the Committee get time to deal with it, and if you take all the other Committees that there are sitting on the two free mornings of the week, I say unless we sit outside those mornings for this special Committee it is a moral impossibility to do anything. The Com- mittee must deal with this matter in a com- prehensive manner, and devote proper time to it, or one of two things will happen : It will come back to the House in an imperfect state and there will be no consensus of opinion, or there will be no Bill passed. We must suit the convenience of members as far as we can, but the Committee must sit either on Saturday or Monday, and it is my intention to ask the House to allow the Committee to sit on some day other than the sitting days of the House. I will consult members whether Monday or Saturday will be most desirable ; but unless we sit on one of these days it will be impossible to get through the Bill. It took the Counties Conference nine or ten solid days to deal with the Bill, and they only dealt with certain por- tions of it. The Select Committee will have Town Board and Road Board representatives on it. and if it took the Conference nine days to deal with it, it will take us two or three weeks at the very least. At all events, I do not wish to mislead members, and it is my intention to ask the Committee to meet outside the ordinary sitting-days. I move, That the Bill be referred to the Select Committee. Motion agreed to. TEACHERS' SALARIES COMMISSION. Mr. BOLLARD (Eden) asked, without notice, if the Premier would cause copies of the report of the Teachers' Salaries Commission to be sent to every School Committee in the colony, for the use of the Committee and teachers ? Mr. SEDDON (Premier) said the Govern- ment did not see its way clear to do that. Ho would inquire as to the probable cost. He thought every Board of Education should be provided with a copy of the report, and mem- bers of Parliament would have extra copies, and he thought they must leave it to members of Parliament to distribute copies to the School Committees. Mr. G. W. RUSSELL (Riccarton) asked if it would be possible for the Government to send a copy to each head-teacher of a school. Mr. SEDDON did not think it would be reasonable to expect the Government to do that. Members could send the extra

copies they have to the teachers. # MR. SPEAKER. Mr. SPEAKER asked that the Chairman of Committees might be allowed to take his place for the remainder of the day, as he wished to proceed to Christchurch by the boat at five o'clock. He would return by the steamer on Tuesday forenoon, and the Chairman of Committees had consented to act for him in his absence. He could not say that it was public business that called him away, nor yet was it pressing private business, but he might say it was a domestic matter that he wished to attend to. The House consenting, Mr. Guinness took the chair at twenty minutes to five o'clock. # GOVERNMENT ADVANCES TO SETTLERS EXTENS ON BILL. Mr. MILLS (Minister in charge of Government Advances to Settlers Office' .- Sir, in rising to move the second reading of this Bill I deem it necessary to give the House some little information about it, and for this purpose I have had a return prepared as near up to date as possible. I will explain as briefly as I can what the present position is, and then I will explain the provisions of this short but important measure. I find that up to the 22nd July the number of applications received at the office was 13,654, and the amount applied for was \$4,787,608. The number of applications on which, up to the same date, advances were authorised was 10,451, and the amount was \$3,437,385. Now, at this point I would briefly say that the department is one which is comparatively new yet, and I hope honourable members will be generous in their criticism if there should have been a few mistakes in valuations, or if the advances seemed to err on the side of caution, because no large business could be carried on without something of that kind occurring. Therefore I ask that the most charitable construction- Mr. SEDDON .- Not " charitable." Mr. MILLS .- Well, Sir, if you dislike the term I will withdraw the word, although I had not finished my sentence and conveyed its true meaning ; but I hope in any criticism from any member of this House that they will acknowledge that in starting a large business of this

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some small mistakes which I have referred to on the part of the valuers. But there have been very few errors indeed ; and I will also say at this moment, that, at any rate, the Superintendent of the Advances to Settlers Office and his officers have done their very best to keep clear of anything of the kind ; and I am satisfied that those who look into the system of working will acknowledge that the office has done its work in a first-class business way, and that it is an office which has come to stay. The number of applicants asking for advances from the office proves clearly what a satisfactory Government measure it is, and how well it has been appreciated in the country districts since its introduction. The number of advances declined up to the 22nd July of this year is 1,260, and they have been declined for various reasons which I need not go into. The Board have a discretionary power which they are bound by statute to exercise. amount authorised and accepted by applicants was 9,991 applications, representing a sum of no less than \$2,253,778; so that members will see the advances have reached a very large sum indeed, and that it has, generally speaking, given great satisfaction throughout the country. Now, referring to the measure I have brought forward, if members will look at it they will find in clause 2 that we are asking for power to raise an additional loan of two millions sterling. The present position of the office is this : there is a balance to be raised under the last statute of \$760,000, but there is a sum of \$200,000 already pledged against that amount, and the annual working of the office represents in round numbers about \$500,000. As this power, which was formerly given by Parliament, will expire in October next, it is necessary for the House to make provision as suggested here in the Bill. If the matter were deferred the balance we should have in hand would certainly be insufficient to carry on until Parliament meets next year, as the amount I have referred to - about \$500,000 - is required annually for investments. Clause 3 repeals certain parts of the various Acts now in force. In effect, the clauses which are sought to be repealed are those which bind the Government to a stated period for raising the balance of \$760,000, as authorised by the principal Act. If members will refer to the Government Advances to Settlers Act of 1894 they will see that subsection (4) of clause 28 refers to the time in which the Government may raise the

amount, and also to the amount that may be raised. That clause is dealt with again in the Act of 1895. Clause 7 states that the Acts " shall continue in force and may be exercised until but not later than the expiration of three years from the coming into operation of the Act." Therefore it is necessary that these clauses should be repealed. The other section alluded to is in the Act of 1898. Clause 2 of that Act says that the Act shall " continue in force and may be exercised until but not later than the thirty-first day of October, one thousand Mr. Mills Act or any amendment thereof to the contrary notwithstanding." Therefore, honourable members will see the reason for bringing in this Bill, and for increasing the amount we can borrow, is simply to meet the exigencies of the case. A great number of settlers in all parts of the colony have taken advantage of the means by which they can acquire loans or transfer their mortgages, and it is necessary that Parliament should be in a position to provide accordingly. I therefore have much pleasure, Sir, in moving the second reading of the Bill. Mr. G. W. RUSSELL .- Will the honourable gentleman state what the cash balance to the credit of the account was on the 31st March ? Captain RUSSELL .- \$29,872. Mr. MILLS .-- I cannot give the exact figures at present, as I have not got the last balance-sheet before me, but I think it is less than that amount. Mr. J. ALLEN (Bruce) .- I do not propose to discuss the principle of the original Act. I want to say a few words with regard to this amending Bill ; and I am sorry that the honourable member who moved the second reading of the Bill has had to apologise for the legislation, and to ask us to treat it in a charitable manner. I have no doubt we shall be charitable. Mr. SEDDON .- He withdrew it. Mr. J. ALLEN .- Yes, but he withdrew it on instruction from the Premier. The Premier's instructions, however, came a little too late. He ought to have schooled his child a little earlier in the day before he came down to make his speech on the second reading. Sir, we will be charitable as to the Act, and charitable to the honourable gentleman. We have no desire in this House to be otherwise than charitable to him. I desire to say a few words with regard to the amending Bill. It proposes to give power to the Government to raise another two millions under the Government Advances to Settlers Act. It goes further than that, and does away with the restriction which has always been placed in our legislation up till now. The legislation providing for the raising of money under the Government Advances to Settlers Act has hitherto always provided a limit of time. That limit of time now is to be done away with, and it will be competent for the Government to raise an extra two millions and the balance of the loan which has already been authorised at any time-even ten years hence -- if it is not raised within the period that the ten years expires. I do not know that there is any serious objection to that, so long as the policy contained in the original measure remains a safe one. We cannot tell yet -- and I do not suppose we shall be able to tell for a certain number of years -- how safe or unsafe this policy has been, and I feel that it was wise that Parliament should have placed a restriction upon the time during which these loans might be raised -- a restriction which was really a precaution -- so that if it was discovered later on that there was any likelihood of the legislation being injurious to the colony, or was likely to

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result in great loss, there was an opportunity of stopping the continual borrowing. But the honourable gentleman in charge of the Bill has not shown the House the necessity for raising another two millions. The loans granted during the last few years under the Act have been gradually falling off, and of necessity they must fall off. As the gap was filled up, it must have been patent to every one that those requiring loans under the Act would be gradually decreasing, and so that has been the result. The amounts have been gradually decreasing. And it is fair to assume that in years to come the amounts will still further decrease. Under the Act there was authority to raise three millions, and the honourable gentleman informed us that there remains \$760,000 of the old loan to be raised. I do not know where he got his information from. I suppose from the officers of the department, and one must therefore accept that statement as correct, although it does not correspond with the balance-sheets as placed before the

House. I have looked at the balance- sheets, and I find that of the loan there has been raised \$2,350,000, leaving a balance of \$620,000 only to be raised. Of course, the honourable gentleman might use the argument that that would strengthen his contention in asking for authority to raise more. I dare say the honour- able gentleman is referring to £140,000 which has not been subscribed. but which has been raised all the same under short-dated debentures. There has been inscribed as a loan \$2,240,000, but if honourable members will look at the balance sheet as given in Gazette No. 48, they will find that there are temporary advances on the security of short-dated debentures to the amount of \$140,000, so that of the loan there has been raised £2,380,000, and I cannot under- stand why the honourable member should tell the House that £760,000 is available, because it is in direct contravention of the accounts that have been placed before us. Mr. SEDDON. - The money can be raised and set aside without being advanced. There must be a certain amount in hand. Mr. J. ALLEN. - That will not affect the present loan. I understand the Premier to say that money may be raised and set aside. Mr. SEDDON. - It may be still held. Mr. J. ALLEN. - That is not the point. The money has been raised all the same. We know that \$1,500,000 was originally raised, and part invested in Government securities. Mr. SEDDON. - There was available for ad- vancing ■760,000. Mr. J. ALLEN. - That is not what the honourable gentleman said. Mr. SEDDON. - Well, he ought to have said it. Mr. J. ALLEN. - That is another story, and I think that the Right Hon. the Premier, who was on the point of rising to move the second reading of the Bill, should have continued to do so. Mr. SEDDON. - You are wrongly stating what he said. Mr. J. ALLEN. - You admit that he ought to have said it. There is the fact that the mover of the second reading said there was \$760,000 available to be raised. Mr. SEDDON. - Not "to be raised," but " \$760,000 yet to be raised under the authority of the principal Act, and of this only \$560,000 now remains available for investment on mortgage." Mr. J. ALLEN. -. It is either that, or, as the accounts show, that there is \$620,000 yet to be raised. And now authority is asked for another two millions. I would ask, is Parliament justified in giving authority for this sum? I do not think it is. I maintain that this Go- vernment Advances to Settlers Office is being used, as it has been in the past, not for the purposes only of Government advances to settlers but for the purposes of general govern- ment, and that this authority that we are now asked to give for two million pounds is not so much for the purposes of the Advances to Settlers Office as for the general needs of the Government. Sir, if we are to have a fresh loan let us have a straight-out one. Let it be for aid to public works if you like, or for the purposes of Native lands or land improvement, but to utilise the Government Advances to Settlers Office for the general needs of the Go- vernment is not the right way to do it. I say it is better to be straightforward. It can- not be shown that there is any need of \$2,000,000, for last year a little over \$500,000 of advances was made by this office. That does not, however, represent the real require- ments, for there were repayments to the extent of over \$155,000. Therefore, the real require- ments of the office were under \$400,000. The advances on mortgage last year were \$539,000, but the repayments amounted to \$155,237, so that the real requirements of the office so far as loans were concerned were under \$400,000. We may assume that that amount will decrease each year, partly because fewer loans will be re- quired and partly because repayments are going on all the time. Therefore, it is safe to assume that the requirements of the office will decrease from \$400,000 to say \$300,000 in a very short time. That being the case, we have available -so the Minister says-\$760,000 of the old loan. That, I take it, will see us through two years from now, and I cannot understand why any fresh loan is being asked for this year. If there is any real necessity for a fresh loan it cannot be said that there is any necessity for two millions, and I think Parliament should halt especially at a time like this, before it gives authority for another two million loan for the Advances to Settlers Office. This is not the right time to go on the market. And I am quite certain that all the requirements of the office for another year, and I believe for another two years, will be met by the authority given under the Act of 1894. Mr. SEDDON. -- Oh, no. Mr. J. ALLEN. - The honourable gentleman cannot say it is not so. Even if the

advances are half a million this year that is in progress, there would be sufficient of the old loan to advance that half million to carry us on for another year. It has not been proved to us that there

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is a necessity for a fresh loan, at any rate ; nor is it the right time for us now to authorise new loans unless there is absolute necessity for it. The London market is not in a condition to supply us with money at the rate we should require the money. Honourable members must recollect that the whole scheme is based upon our borrowing in London at 3 per cent., and if we go to London and borrow money at 4 per cent. for advances to settlers, there is not sufficient margin to pay the State. The State will lose, and the whole scheme will break down. It is a pity that it should break down, because if we have a law on the statute-book providing for such a scheme, I want to see that scheme a success, and, of course, the right honourable gentleman himself must wish to see it a success. If the honourable gentleman is in earnest about this he must know he cannot afford to pay more than 3 per cent. for his money ; and I hope Parliament will hesitate before it gives authority to borrow to such a large extent as another two millions at this particular time. There is no need for it, and it is not the right time to go upon the London market for the money. The amendments proposed in the Bill, of course, are technical amendments. They do away with the limit of time. The amount authorised in the Bill can be raised at any time, either at once-the whole two millions-and invested in securities of the Crown, and realised for Government purposes, or the loan may be delayed for a year, or two years, or ten years, or any period whatever. I do not think it wise that the precautions which have been embodied in our legislation previously should now be done away with. I feel certain myself that Parliament would be safe in throwing out the Bill altogether-at any rate, it would be wise if we limited the loan to half, or even a quarter, of what is proposed, and when this Bill is in Committee I shall myself move that the amount which is to be authorised in the Bill shall be cut down by a considerable amount. Mr. GUINNESS (Grey) .- Sir, the question when the amount of money to be authorised under this Bill should be raised is one which I think should be left entirely in the hands of the Colonial Treasurer. The mere fact of giving authority does not imply that the Colonial Treasurer is going to raise the money at once or at a time when he cannot carry out his financial operations to the best advantage. The honourable gentleman must have forgotten the fact that in 1899 we passed an amending Act enlarging the scope of the authority of the Advances to Settlers Act, so as to give authority for the money to be advanced upon the security of urban and suburban lands. Necessarily, a much larger demand would be made upon the money borrowed to satisfy the needs of those who require advances, hence I can see there is every necessity to give the Government what authority they require for this purpose. The credit of the colony will not be in any way pledged, nor has any detrimental effect been brought about in consequence of this scheme of lending money by the Government, be- Mr. J. Allen cause this money which is borrowed is, as the honourable member must know, fully covered by the securities taken by the department. The particular matter I rose to speak about was the injustice, under the Act of 1899, which is being committed-unintentionally, I think-to the owners of property in the Town of Greymouth, which I have the honour to represent. Most of the land in that town is held under lease from the Public Trustee under the Westland and Nelson Native Reserves Act of 1857; and, under the original " Government Advances to Settlers Act, 1894," if lands leased under this Native Reserves Act were situated in the country the owners of such land had a right to borrow money from the Advances to Settlers Department. Then, in 1899, the privilege was given to those who lived in townships to have the same advantages as those who lived in the country. The Advances to Settlers Office have interpreted the Act of 1899 so that these lessees who hold lands in the Town of Greymouth under the Westland and Nelson Native Reserves Act are not entitled to get advances from the office, because the land is held under these leases from the Public Trustee. Now, I maintain that if those who hold under similar conditions in the country are entitled to get loans, there can be no possible objection taken to lending money on land

held under lease in townships. I have already brought the matter under the notice of the Minister, and I ask him to take it into his consideration and have the question looked into, with a view of preparing such necessary amendments of the Act of 1899 as that there will be no difficulty in those lessees who have good and ample security for advances, if they wish to avail themselves of the privilege of getting money cheaply by applying to the Advances to Settlers Office. The honourable member knows that loans have been applied for ; but it has been pointed out by the office that the clauses in the Act of 1899 are not sufficiently explicit to empower the office to lend money. I do hope that no portion of the colony will be allowed to be treated so exceptionally as Greymouth is now, if the law is allowed to remain as it at present stands on the statute-book. Mr. BARCLAY (Dunedin City) .- It is not my intention to offer any very extensive remarks in regard to the policy of advances to settlers. There can be little doubt that it is highly approved of by the whole colony. Some of the arguments used by the honourable member for Bruce have already been replied to by the honourable member for the Grey, who has pointed out that very likely more money will be required under this Act now that suburban lands are being included in the operation of the Act. I should like to say I think the time has now come when even a further advance should be made, in respect to lending on urban and city properties. The honourable member for the Grey also pointed out that, although this Bill does authorise the borrowing of two millions, there is no obligation on the Government to borrow it at present or in an unfavourable market ; it merely gives the authority, and the

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Government may choose their own time for using it. I arose, however, chiefly to draw attention to what some might perhaps call a small grievance-I say a small one, although it is a very annoying one, and one very wide-spread - in connection with the department. What the Law Officers or the Board who has charge of the advances do is this: When a mortgage is to be discharged by the Board their officers say, " We will not issue the discharge of mortgage until we actually have the cash in hand." Now, supposing a borrower sells his property to a purchaser, he has to pay off his mortgage and hand it over to the purchaser on payment of the purchase-money. The purchaser says, "All right, you produce your release of the mortgage. produce your conveyance to me, and I will hand you over the money." The Advances to Settlers Department says, " No, we will not sign any release ; we will not even execute the discharge of the mortgage until the money is actually in our possession." Well, of course, honourable members who know anything whatever about business know that this is an impossible situation. The ordinary way in which these things is done is that the discharge of mortgage is prepared, the conveyance to the purchaser is prepared, and then all the parties meet at some office on a particular day, the purchase-money is handed over, the mortgage is discharged, the deeds are released, and the whole thing is settled. But this Board says, "No, we will not do business in that way at all ; we will not even execute the discharge of mortgage until the actual cash is in our possession." Of course, the purchaser says, "I am certainly not going to hand over my cash until I get my conveyance executed, and until I see the discharge of the mortgage executed." There can be no objection to the execution of the discharge of the mortgage, because, at all events, under the Land Transfer Act until the discharge is registered it has no effect. If the release were executed and the money was afterwards never paid it would make no difference, because, in the first instance, the receipt or discharge would always be retained in the hands of the Advances to Settlers Department ; and if it were not registered, then even if it were in anybody else's hands it would be of no avail. Now, this that I have been speaking of is a case which actually occurred. There was a hitch, of course, and the result was that the solicitors acting for the mortgagee had actually to finance the matter themselves, to find a considerable sum of money in order that the cash might be handed over to the department before they executed the release. I have here a considerable amount of correspondence on the question, which took place between the firm of solicitors who were

engaged in the transaction and the Advances Department-the firm of Messrs. Bathgate and Woodhouse, of Dunedin-and I shall be happy to show the correspondence to the honourable gentleman in charge of the Bill, or to any other members interested. It is, of course, too long to read just now ; but I would ask the attention of honourable members to one passage. The solicitor wrote to the officers of the department, and said,- " For example, if the discharged mortgage be sent to the Crown Solicitor, to be handed over to us on payment of the money to the Postmaster, we shall gladly pay his costs of attending at the post-office to settle." Practically the solicitors say. "Sign the discharge and let the Crown Solicitor take it to the Postmaster in the district. We shall pay the money into the post - office, and we shall pay the costs of the Crown Solicitor attending at the post-office and receiving the same " ; but the department writes back and says, " On no account can we see our way to do anything of the sort, or to depart from the rules." And then the solicitors write and say,- " If the matter cannot be arranged as we requested in our last, we suppose we must take steps to find the money temporarily for Mr. So-and-so, and it will facilitate matters if you will at once send the certificate of title," et cetera. And steps have to be taken to find the money temporarily. Then, here is what the Superintendent writes :- "I have to inform you that I cannot see my way to depart from the ordinary rule of the office requiring loans to be repaid before the discharge of the relative mortgage is executed by the Board." Now, did anybody ever hear of such a thing ? It seems to me, as it must to any man of business, to be quite indefensible, and I am quite sure that the Minister will consider whether some more businesslike method of arranging this matter cannot be adopted. The solicitors, in replying, again say, -- "Supposing, however, in this instance we send the money belonging to the lender to Mr. - to pay off the mortgage to you, and before the discharge came to hand a writ of sale at the instance of some creditor of Mr. - was lodged, we should look very foolish if all we could give our client were nothing but the un- registered discharge of your mortgage for his money. We say unregistered, for to register the discharge would only put Mr. - 's creditor in a better position." And this rule is generally adopted by the department as far as I can gather. These transactions are continually occurring, and they probably will continue to occur more frequently in the future. I suggest, therefore, and I am sure the suggestion will receive due consideration from the Minister, that the matter might well be looked into, and a more satisfactory method of arrangement come to if possible. Mr. HERRIES (Bay of Plenty) .- Sir, in listening to the lengthy speech from the honourable member who introduced this Bill we heard very little of argument in favour of the Bill. The Bill, as I take it, is an amendment of the principal Act in order to allow the department to borrow a fresh sum of \$2,000,000 before spending the original \$3,000,000 granted to them by the Act of 1894. Now, it seems to me that the Hon. the Minister did not show any reason or cause-in fact, I do not know that he addressed

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himself to the subject-as to why this fresh sum of \$2,000,000 should be granted at all. If you look at the history of the Advances to Settlers Act and its amendments you will see that the amending Bills of the principal Act have all been in the way of delaying the borrowing of money, instead of trying to get more money. The original Act of 1894 provided that €3,000,000 should be borrowed in two years. That brought the time up to 1896. In 1895 an Act was passed extending the time of borrowing that \$3,000,000 to 1898, giving them another three years. In 1898 an Act was passed extending the time of borrowing that €3,000,000 for another three years, bringing it up to 1901; and the honourable member in charge of this Bill admits that at the present moment they have in hand for advances to settlers a sum of \$760,000. Well, Sir, it seems to me he should have addressed himself to showing why, with that sum in hand, it was necessary still further to borrow the sum of \$2,000,000. Mr. MILLS .- I said there were temporary advances against it. Mr. HERRIES. - Well, the honourable member, or the Premier, in interjection, said there was \$760,000 ready to be applied for advances. We all know what temporary advances are. That means that the sum is invested in temporary security, so that the department has in hand the sum of

\$760,000 practically at call, which they can at any time advance to the settlers. Besides that they are having every day the repayment of instalments, which they can also use for the same purpose. Now, I ask the House to read carefully, for I have not time to do so in full, the speech of Sir John Mckenzie in introducing the Bill of 1898, in which he deprecates the idea of borrowing fresh money, and in which he points out, very properly, that it is a wrong thing to have power for borrowing money in a Bill unless you can invest it. To quote a portion, he says :- " It would be impossible to advance the money in the same careful and prudent way as we have been advancing the money from the Advances to Settlers Office for the last few years without extending it over a very long time. I should think it would take at least three years to get the money out in the same way as we have been dealing with the money in the past ; and, that being the case, it would be folly to borrow the whole of the money that has been passed. and pay interest on money that we cannot invest." Now, not only has Sir John Mckenzie's prophecy been fulfilled, but we still have, according to the statement of the Minister in charge of the Bill, \$760,000 of the original loan that has not yet been advanced to settlers. And, as the honourable member for Bruce pointed out, the rate at which the money has been advanced does not bear out the idea expressed in this Bill. In 1899 the advances were \$181,000. in 1900 they were £448,000, and in 1901 \$539,000, showing that the \$760,000 which is in hand is ample for a year's allowance. On the other hand too, we have the repayment of instalments, which ought to be Mr. Herries considered as the same thing as loan-money, for they are available for advancing to settlers. We have these instalments steadily increasing. In 1899 they were £104,000; in 1900, £136,000 ; and in 1901, \$155,000. Next year we may fairly expect the repayments will be \$175,000, so that that will be available for lending, as well as the \$760,000 that has not been raised, making a sum of £935,000 available for advances to settlers. It seems to me that sufficient can- has not so far been shown why the \$2,000,000 should be borrowed. The honourable gentleman, in introducing the Bill to us, did not explain for what reason the extra money should be borrowed. The honourable member for the Grey expressed the opinion that it was required because the Act had been extended to apply to urban properties. But I would point out that that Act was passed in 1899, so there is ample opportunity of seeing whether that extension to urban properties has operated in the way the honourable member for Grey suggests. That should be shown in the returns of the operations for the year ending the 31st March, but on looking at the figures do we find a large increase in the amount lent ? On the contrary. we find a decrease. As I pointed out, in 1899 the advances were \$281,000; in 1900 they were \$448,000, an increase of about £157,000; whereas last year, though the advances were \$539,000, the increase on the previous year was only £90,000. Where, then, is the large increase that was to go to the urban borrowers ? It seems to me that the amendment of 1899 should have operated before now. Evidently it has either not operated at all, or it has not operated in the mode suggested by the honourable member for the Grey, and therefore this \$2,000,000 cannot be required for the reason which has been suggested by him. Of course, as far as the general policy of the measure is concerned, every one of us-and I especially-is in accord with the policy of advances to settlers. I say straight out I believe it has been a benefit to settlers when properly administered. We all admit that, but are not addressing ourselves now to the main principle of the Bill. We are not, in pointing out our objections to the Bill before us, expressing ourselves in any way contrary to the general principles of the policy. We want to know the reason why this extra two millions is to be borrowed, when the department has not yet spent the three millions that was authorised in 1894. They have taken six years, and they have not yet spent the three millions, and they have still \$760,000 left. Well, now they come down to us and say that they want another two millions. They have been six years trying to spend the three millions and have not succeeded, and I think that this House should have very cogent reasons why we should authorise them to borrow another two millions. That money, I believe, must be spent in advances to settlers. I hope and trust it is not the intention to borrow and then invest the money in temporary securi-

ties for the benefit of the Colonial Treasurer. I would not suggest such a thing, but I hope it will be made clear, and I wait for the Trea-

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clear up lingering doubts that may arise from a suspicion of that kind. I also hope that these two millions, or any part of them, are not necessary to make up any losses that have occurred, although it seems to me that in a lending department like this there will be necessity sometimes to make allowance for depreciation and bad debts. I notice in this balance-sheet that there is some suspicion of this kind that appears to me to be present. For instance, I notice among the assets, which I trust the Minister in charge when replying will explain. the following item : "Bills re- ceivable (Prior's deficiency), £1,090 11s. 7d." It seems to me that there was a deficiency some- where which has to be met by a bill. I do not know whether that is the right interpretation of it. Mr. SEDDON .- The honourable member for Rangitikei will tell you all about it. Mr. PIRANI .- That was money that was embezzled. Mr. HERRIES .- Then, if the money was embezzled, I would like to know why it is put down as an asset. Mr. LETHBRIDGE .- He is paying it back. Mr. HERRIES .- I thought we would get some explanation, but why did not the Minister in charge give it. But it looks rather peculiar to see it put in as a bill receivable, and as an asset. If the honourable member for Rangi- tikei thinks it is a good asset, well and good, and I suppose it is all right. Then, we have " Interest receivable, overdue, £4,734 6s. 7d." I do not know whether that means that the interest has not been paid up, or that it is really an asset, and is only recoverable on ap- plication. I trust the honourable member in charge of the Bill will explain that when he is replying. Now, Sir, I should like to make some reference to the question of valuation. I see according to the accounts that this department pays the Valuation Department some \$2,500, and that the settlers to whom the money is lent repaid to the department the sum of \$2,398, so that practically the settlers are paying the whole of the valuation. Now, Sir, I would like to ask whether it is right to charge the settlers with the valuation. When the Valuation Department was instituted, the valuation of the Valuation Department was to be taken as the valuation under which loans to settlers were to be granted. Now, Sir, any one cognisant with the case knows that that does not take place, and that the valuations of the Valuation Department are not accepted as the valuations under which loans shall be granted, and that fresh valuations are made, for which the unfortunate settler has to pay, whether he gets the loan or not. I say that when the Valuation Department was set up it was in- tended that the valuations of that department should be accepted by this office, and it seems to me, therefore, that it is wrong to charge the settler with the cost of the Valuation Department. The country settler is not only taxed in his rates for the cost of the Valuation Department, since the local bodies ment, but also again when he borrows money he is taxed to pay for the cost of the Valuation Department. He is got at in two or three ways to keep up this department. If these valua- tions are not accepted by the department, why should the settler be obliged to pay for fresh ones, and why should the department not go and look at the rate-book, where these valua- tions made by the same department are to be f und, and the advances lent on those valua- tions which would not cost a penny ? An Hon. MEMBER. - The borrowers would not like that sometimes. Mr. HERRIES .- That is so ; but I point out how the borrower gets had. He very often thinks that the value is too small if he wants to borrow; but he does not think it is too small when he is paying the rates. This is what happens : A settler applies for a loan, and a fresh valuation is made, because he thinks the value in the rate-book is too small. A fresh valuation is made, the amount is raised, and very often the loan is not granted ; but the valuation goes into the rate-book, and the unfor- tunate settler, though he does not get his loan, has to pay higher rates. That is a matter of general complaint in the district I come from. I cannot see why any charge should be made for the valuation, considering that it is done by a Government department. Of course, if a special valuation has to be made, then there is provision in the Valuation Act by which any one who applies for a special valuation can get it on payment of the special charge. I think that is all right. But where the department

goes right through the county and makes a valuation, and charges the county for it, those valuations should be accepted by the Advances to Settlers Department, and the borrower should not be charged for the valuation, because they can be obtained without any fresh charge. The local bodies are charged for the valuation, and the settler should be exempt. I am sorry to see no amendment in that direction in this Bill. It is a matter of very common complaint in the country districts. As far as this Bill is concerned, it is largely a technical Bill to borrow two millions; but I think we are entitled to have some explanation as to what is to be done with that money, and as to the necessity of why this money should be borrowed at all. It seems to me that the department have got enough of the \$3,000,000 already raised to last for two or three years, certainly enough to last for one year, and this Bill might well be relegated to next session till we see how the accounts stand. especially as we know that the financial position is very strained indeed. Hints have been dropped by the Premier of further taxation on the land, and we are now asked to consent to the further borrowing of \$2,000,000, without the slightest bit of necessity having been shown for it by the member in charge of the Bill or any one else. It cannot be argued that the extension of the 1899 Act has anything to do with it because, as I have shown, the advances have not increased in proportion since that Act was passed.

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tween \$400,000 and \$500,000, and we have still got \$760,000 in hand, and no reason has been shown why we should borrow more money at all. Mr. MONK (Waitemata). - There is one matter, Sir, which excites my interest, and upon which no satisfaction has been afforded by what previous speakers have said. It is proposed to borrow this two millions of money at the high rate of interest which the lenders will now demand-not less than 10 per cent. If so, will the rate at which the Government will lend the money under the Advances to Settlers Act be sufficient to cover the cost of the lending under that Act? These are questions which I should like to have answered. I know the Premier does not expect me to vote for this measure. He knows that in such matters as this I go upon principle, and my belief is that we are unnecessarily interfering with private enterprise under the Advances to Settlers Act. No statement made by the supporters of the Government or by those who have advocated the Act-audaciously made, I might say-as to the lowering of the rate of interest, has affected my mind in the slightest degree, because I know that many money-lenders have been advertising and continuously lending money at a lower rate of interest than the Government have been doing under the Advances to Settlers Act. And, as I have mentioned before, the Government are operating at a very unfair advantage over private enterprise, as these private money-lenders have to pay 1d. in the pound, or equivalent to land-tax, upon their loans. The Government are announcing that they are lending money at a lower rate of interest than private enterprise, but they exempt themselves from the land-tax which is paid by the private lenders, who, on the two millions of money, would have to pay not less than \$8.300 per annum. I say, therefore, it is inequitable in principle and it is unfair in its practice; and, while I objected to it from the very first. I more especially do so now, when I believe the Government cannot borrow money at a sufficiently low rate of interest to advance to settlers without liability of loss to the tax-payers. There is no doubt that this borrowing of two millions of money will bring capital into the country; and no doubt it will enable the Minister for Railways at some future function, such as he was at the other evening, to announce the increased amount of money lying at deposit in the banks, and the plethora of cash there is at the present time. Of course, the sixteen or eighteen millions of money that we have borrowed of late years must of necessity be added to the deposits in the banks - a bad sign that they cannot put it to better use-and this money will help in the same direction. Then, I want to know whether this two millions of money is merely for the purpose of keeping the banking account free or in credit with moneys received under this Bill. There is no doubt that they have already sated with their advances to settlers those who are needing to borrow on the kind of securities which will induce the Government's opportunities of lending money

against private enterprise in the future than in the past. But I admit the Government will be able to confer this benefit on the country : that they will be able to keep buoyant their public works policy by the lending of this money on short-dated securities, and even keep advancing in abeyance. There is nothing easier, as we have seen in many instances, in the case of persons who have applied for loans and have been refused on the plea that the security was not sufficient. The would-be borrowers have afterwards disposed of their properties at a much higher rate than the security which the Government professed to require, and they were forced to place themselves in the unfortunate position of having to sell their homesteads. This I know to have taken place. But, while I say the Government has not been lending money at as low a rate as private enterprise, there has been this feature, and the only one that I will allow to be of advantage to settlers: that they have lent money in the country districts where the experience of private enterprise is adverse to placing loans, because in the past many have been unfortunate in so doing. We know there have been times -and we cannot be sure that those times will not come again-when country securities have fallen, and the money-lenders have been surprised at the shrinkage of their securities ; and there only requires to be a lowering in the value of land for the Government to find out that their securities may be too near in value to the amounts loaned upon them. In the first place, as I have stated, I consider we are without benefit in interfering with private enterprise, and it should be the policy of any Administration in any country to as far as possible avoid interference with private enterprise, provided it does not in any way encroach on the interests and well-being of the community. We knew money is being borrowed at the rate of 4 and 4} per cent., and that the money-lenders have to pay land-tax. And mark the difference between the 5 and 6 per cent. which the Government must necessarily demand for the advances they will make under the Advances to Settlers Act and the rates demanded by the private money-lenders. Those are a few of the questions which I should like to have fairly answered. No doubt the Right Hon. the Premier will endeavour to obscure the issues, as we know he is so clever in doing. Why can he not give us a genuine exposition of the state of affairs ? We want to know whether this money is required for the purpose of keeping his banking buoyant. and in the hope of postponement and to cover the tightness which he necessarily has to suffer under the present condition of the country, or whether he really believes it a benefaction to settlers. Mr. SEDDON (Premier). - Probably it might facilitate the passing of the Bill, and allow the [House to get on with some other business, if I say now that this is purely a borrowing Bill. It has nothing whatever to do with the administration of the Advances to Settlers Department-

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authority to raise \$2,000,000, not raising more than \$1,000,000 in any one year. That is really what you are asked to do in the Bill. Nothing more nor less. Formerly Parliament gave the right to raise £3,000,000 without any safeguards or restrictions. An Hon. MEMBER .- As to time ? Mr. SEDDON. - Well, I shall come to that ; but I wish now to say that it is advisable in the interests of our borrowing that we should have an extension of time, and that we should not be fixed to a definite time, more especially at the present juncture. Honourable members have taken the returns laid upon the table, and from them we have had different amounts given as to the money available. In fact, the honourable member for Bruce, I think it was, made out the amount available on the 31st March to be \$400,000. Mr. J. ALLEN .- I said that the amount now out-borrowed was £620,000. Mr. SEDDON. - On the 31st March last the amount not then raised was \$760,000. the honourable member will not find it in the accounts at all. The amount, as I say, not raised was \$760,000. The amount available on the 31st March was only \$560,000. Now, honourable members will find that at the rate we are lending-approximately you may put it down at \$500,000 and \$560,000 being available on the 31st March, if you take six months of that there is \$250,000 gone, or, in round numbers, a quarter of a million. Take the use of that between the 31st March last and the 31st March next, and An Hon. MEMBER .- What about the repayments ? Mr. SEDDON .-

They may come in or they may not; but at most those will not reach £100,000. But is that the manner in which you are going to run the Advances to Settlers Department ? Are the advances to future borrowers to depend on the amount that is to come in? Is that what is asked to be done? I do not think so. I say straight out we are lending now at the rate approximately of half a million a year. If you look at the return here you will see your authorities have been £3,600,000 ; some of them are not taken up. If a person comes to you and offers you security, and it is good security, you must be in a position to say you will advance him money. If subsequently he gets better terms, or the mortgagee lets him have the money on better terms than the Government, then the object sought has been achieved. We do not cry because a person gets his money on better terms outside than from the department ; we do not cry because he does not take the money from us ; but we must be in a position to lend it to him. That is the object of the Bill. If you have no money at your command you will not have applications. If it is understood that we are limited to a million, and up to the 31st March could borrow no more money, people would never come near us. They would say, " What is the use of going to the Advances to Settlers have all your machinery, but people would not come, because we should have no money. It is the same as a banking or other financial institution : the more power you have behind you and the stronger your finance the more applications you will have and the stronger you will be. We started this by publishing to the world that Parliament had authorised us to raise three millions ; we now desire to show intending borrowers and those who have already borrowed that we have got power to raise two millions, and that the only limitation in connection with it is that we should not be able to borrow more than a million during any one year. That is very simple ; if we did not get power by this Bill to raise two millions we should have to pass a Loan Bill again next year for another million-we shall have to pass a Bill this year for a million and another next year for a million. Why, then, should we make two bites of a cherry ? It is exactly on the same principle ; there is no reason in it at all. I hope I have made it clear. I say, unless you give this extended power, that our present powers will be exhausted by the end of the financial year. Then you have to go on till Parliament meets again, and there is another quarter of a million gone. I do not think it is desirable to come to the House, as some members would suggest, or to limit the Bill to a million, when, as I have said before, your million will be exhausted prior to the session of 1908. And this brings me to a point as to limiting the time. You should leave it open to the Government to select the best time for floating the loan. It may just happen-by holding on and not going on to the market for your loan-that your sum, being limited, would almost be exhausted, and, with your demands coming in, you would be forced to go on to the market and borrow on terms which would be against you as compared with watching for the best market. The honourable member for Bruce was illogical in his argument. He said you are borrowing now, and you pay 4 per cent., whilst the basis of your borrowing and the construction of your finance is on a 3-per-cent. basis. He is right so far. Why, then, in the next breath does he say, "I am going to limit you as to the time when you are to borrow"? He apparently wants to force us to borrow when money is at 4 per cent., knowing as he does that the basis of the Advances to Settlers Office loans was 3 per cent. You must leave the discretion as to the exact time to borrow to the Government, and that is one reason why we say there should be no limit, except that we should not raise more than a million in one year. Let the Government use their discretion as to a favourable time to borrow within the million limit. I think, after reflection, the honourable member for Bruce will see such a discretion should be given, and that the time should not be limited as under the present Act. I hope I have made things clear to the honourable member for Waitemata. He wants to know whether this money raised under the Advances to Settlers

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is, No; and it can and will only be used to lend to settlers, and it will not strengthen my general finance in the slightest. My finance for public works depends on itself, and a Bill will be brought down asking for a further loan for aid to public works this session. Mr. MASSEY .- Another Loan Bill ? Mr. SEDDON .- Yes,

another Loan Bill. My honourable friend and others have forced it upon me. Mr. MASSEY .-. I did not force this on you. Mr. SEDDON .- No; but you like it all the same, and you will not vote against it either. So far as I know, the settlers in your district have benefited very much by it. At all events, in answer to the honourable member for Waite- mata, whether it is intended to be used as a means of improving my finance in regard to public works, I say it will not affect it. The money will be raised, if we can get it, at 3 per cent. ; it will be raised to the best advantage and when the market is most favourable, and I ask the House, under these circumstances, to leave this discretion with the Government. Having dealt with the financial part of the Bill, there may be some who will ask when the de- partment is going to round the corner. The an- swer to that is very simple. Last year there was a profit of about \$2,200; at present there is about £20,000 to the good, and that is there practically as an insurance fund. And I must say that in respect to our advances we have been very fortunate. I made an exclama- tion when my worthy colleague was speaking this morning, asking members to be somewhat merciful- An Hon. MEMBER .- "Charitable." Mr. SEDDON .- That was only a little slip of the tongue. That is not wanted at all in respect to this department. It is on the whole a well-conducted department, and investments made are very safe, so that there is nothing to be found fault with in that respect. The honourable member for the Bay of Plenty is very good at ferreting, and he thought he had done something when he had ferreted out that matter of the £1,000. and he thought the world ought to know more about it. Probably it might be a slip of my memory, but I really thought the House knew all about it. It so happened that a clerk to a barrister who was conducting the business of the Advances to Settlers Department embezzled the \$1,000 while he was in course of conveying it from the department to the people who were borrowing it. The barrister and solicitor was responsible, and he has ac- cepted his responsibility, and, to his credit, he is doing his best to pay it off by half-yearly in- stalments. We therefore had to show on one side the deficiency and on the other side the credit. I think, under all the circumstances, we must sympathize with the barrister : and, as far as the department is concerned, they have shown it as a business transaction, and, with this explanation, I hope there will be nothing further said about that £1,000. Then, some- thing has been said in respect to charging Mr. Seddon ought to be free and not required to be paid for by borrowers. I do not see that that is possible. There must be in this department at all times, where you have almost week by week sales of land and transactions in land taking place, a live spirit in respect to its business, and the valuations must be care- fully watched during the whole time. Now, that phase of the business -- the valuation por- tion - is really the most important part of the department, because, as a lending institution, unless you are careful in watching your values, on the one hand you will make mistakes in not lending, and on the other hand you will make mistakes in advancing too much. You may, unless you watch carefully, make the mistake of refusing advances, and thereby doing an in- justice to probable borrowers. It is absolutely necessary, therefore, that these valuations shall go on. Now, when you contrast the position in respect to such advances and the different amounts chargeable thereon before this system became the law, with the expenses now-taking even the amount paid for valuation before as compared with what people have to pay now when borrowing from the Government-I say the contrast is greatly to the advantage of the settlers who are borrowing under this Bill. An Hon. MEMBER .- NO. Mr. SEDDON .- I undertake to say that any person who takes what the charges were for- merly and compares them with what they are now under this department will find that they are reduced by more than 20 per cent. But outside that there is the fact of its having brought the outside fees down-the charges of outside persons-and therefore it has been an advantage to the settlers. I also wish to deny the statement that has been made that there has been an advance in the valuations, and that that has gone on the rate-book. I say that is not so. I say the larger value is not placed on the rate-book. The Valuation Act especially states that the valuation returns for loans are not to be used for rates, taxes- An Hon MEMBER .- They are. Mr. SEDDON .- Then, according to your law as you have laid it down the valuations are not to be

used for taxes or rates. There is your answer, and you must accept it, because you yourself have enacted that it shall not be so. And I suppose that you do not want the head of the department to shut his eyes and to lend your money blindly. If so, I think if you asked him to do so he would not be ready to please you. Mr. HOGG .- They are honest valuations. made by the same valuer. Mr. SEDDON. - I have been asked once or twice to allow the valuations for the Government and for the local bodies to be made conjointly, but we could not possibly agree to that. The result is now that in some districts there are over-valuations and in other districts under-valuations, and where the valuation is for State purposes, and there is a responsible head to the department, and that department is an important one-it would

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responsible. If you were to rely on outside valuers, and it was found that you had over-lent, who would be to blame ? Would it be said that the wrong persons had been appointed, and that the wrong valuations had been made ? No ; it would all come on the Government and against the department, and I say that, as regards valuations, the responsibility must be with the department, and, having taken their own valuations, the responsibility in respect to the advances also must be on the department, and you cannot introduce the three-year assessment element into it at all. If any attempt is made in that direction I would say that you are weakening the structure, and you are causing a risk which should not be run. The fact demonstrated by one and all the speeches here to-day is that at the present time, in round numbers, approximately, of the three millions we were authorised to borrow there is somewhere about \$250,000 left. An Hon. MEMBER .- Where is the balance ? Mr. SEDDON .- Members ought to know that in connection with a Financial Statement you must have a certain amount of liquid security when you are borrowing and lending out daily. I say that this money is in a liquid state, and there was £560,000 available on the 31st March. We have gone on lending on the basis of half a million a year ; about \$250,000 has been authorised since the 31st March last, and another quarter of a million will be gone by the 31st March, 1902 : and therefore if you do not get this Bill through we cannot after that go on lending. So that the matter depends entirely on repayments ; and I think the House will admit that it had better give us power to borrow the two millions at once, rather than that we should have to come again next session to borrow another million, and then have another debate, while the people are not sure if the policy is going to be continued. I say to the House that, although you are giving us these two millions, you would not raise more than one million a year ; but in doing so you are showing to the world that you are going to continue this policy, and the people who want to borrow will know that the money is there for the next year, and for the year following ; and I say if we cannot look that far ahead, then I am sorry for members and for myself too, more especially in a matter like this, where the Government cannot transgress. We do not want the money for any other purpose. It is intended purely for the purposes I have alluded to. I will further say this : that in the opinion of some honourable members we have been somewhat tardy in the advances we have made, taking half a million as our estimate for the year. It ought to have struck, and has struck, honourable members, I think, very forcibly, from the number of rejected applications, that we have been very careful in our advances. It has been urged against us more than anything else that we have been too careful-that there ought to have been more advances. That is one of the strongest arguments. VOL. CXVII .- 14. things that have been urged to-day. Mr. HALL. - Nine hundred applications refused. Mr. SEDDON .- " Nine hundred applications refused." Well, of course, it would be unsound finance to be lavish, more particularly when you are raising your money under a disadvantage, as you must under existing conditions. That is not the time lavishly to lend out your money. It is inadvisable, I say, to do that. At the same time, even with that disadvantage, we have kept to the policy of lending out reasonably, and there has been no sound or sufficient security that has been refused. Another reason that may be stated is that during the last two or three months, owing to the increased rate of interest outside, there has been a rush on the office. People, when their mortgages fell in, were asked by the mortgagees for a

higher rate of interest, because higher rates of interest have been ruling outside, and they, of course, naturally then rushed to the Advances to Settlers Department. Mr. TANNER .- They do not rush much out of it. Mr. SEDDON .- Well, that state of rush shows you, of course, that every precaution and care have been taken. At the same time I believe we can go with perfect safety beyond half a million a year. At all events, members can well trust the Government with respect to this matter, and in asking what we are doing now we are not asking for anything unreasonable. If I had brought in a Bill for a million, as some members think, I should positively have to come to Parliament next year for another million. The time for operating on the London market is from January to March, and it may be next January or March-say, twelve months from that time is the time you want to raise your money. If I was not empowered to do it-if I should be confined to the one million-I might have to raise it at a disadvantage owing to the state of the money-market, and it is therefore to the advantage of the department to have the power that we are now asking you to give us. It gives facilities for raising the money advantageously, and I am in no way injuring our credit. It will not, in my opinion, affect the credit of the colony. In fact, I believe it will help it, by showing that we have limited our advances for the next two years to a million a year, and to that extent I believe it will have an effect quite different from what some honourable members think. We can fix definitely what we intend to raise, and we fix it at the rate of a million a year. I think, with the explanations that have been given, and with the fullest control, even the honourable member for Waitemata may have confidence that I do not want to help my public works money. I think, with that explanation, the Bill ought to be passed unanimously. Mr. G. W. RUSSELL (Riccarton) .- I think it would have facilitated the passing of the Bill if the right honourable gentleman, who has just now made the real speech for the second

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what he proposes to do with the money while waiting investment. That, Sir, I think is the crux of the whole position. Mr. SEDDON .- If you do not raise it, how is it going to be available for investment? Mr. G. W. RUSSELL. - The honourable gentleman has taken power in this Bill to raise \$2,000,000, and he limits himself to the raising of \$1,000,000 in each financial year. When the House meets next year we may find that the \$2,000,000 have been raised. He would be able to raise one million during this financial year, and raise the second million before the House again met-that is, between the close of the financial year and the meeting of Parliament. The question is whether he or the Hon. the Minister in charge of the Bill, will explain to the House what form of investment the Government proposes to adopt in connection with that money while it is waiting investment. Now, I have listened very carefully to the discussion that has taken place on the Bill so far, and I wish to point out to honourable members as nearly as I can what is the exact position at the present time. If honourable members will look at page 4 of the Advances to Settlers Report, B .- 13, they will see that under the 3-per-cent. loan (A) \$1,500,000 has been raised, and under the 3-per-cent. loan (B) \$500,000 has been raised, making \$2,000,000; and then the next line is "Temporary advances, \$380,000." Now, I cannot understand why \$380,000 are called "temporary advances" in that table. An Hon. MEMBER. - They are not. Mr. G. W. RUSSELL. - Will the honourable gentleman allow me to say that this statement of assets and liabilities on page 4 of the Advances to Settlers Office report says distinctly, "Temporary advances, \$380,000"? Now, the Public Accounts, as published in the Gazette No. 48 of this year, 16th May, says, under the heading of the "Government Advances to Settlers Office Loan Account": "3-per-cent. stock created, 9240,000, and temporary advances on the security of short-dated debentures, £140,000." The position, therefore, is that the \$210,000 has become part and parcel of the permanent loan, and that only £140,000 remains as temporary advances. Now, what is the position at the present time? Allowing, as I have shown, that the moneys actually raised under the principal Act amount to £2,240,000, we get the Premier's \$760,000, being the amount unexpended as at the 31st March. And allowing that he has \$760,000 as at the 31st

March unexpended, during the current financial year he will certainly receive nothing less than \$175,000 from mortgages and instalments repaid. During the year ending the 31st March, 1900, he received \$136,000 from this source ; during the year that has just expired he received \$155,000 ; and, estimating that there will be €20,000 more than that sum during the present year coming in to the Advances to Settlers Department, I estimate for this year €175,000. Adding that amount then to the \$760,000 remaining of the three- million loan, we have a total of \$935,000 available, less \$140,000 temporary advances, Mr. G. W. Russell temporary advances are repaid there will remain in the hands of the Treasurer as between the 31st March of this year and the 31st March of next year the sum of \$795,000 available for the purposes of the Advances to Settlers Department. That being the position, what, I would ask, can be the reason that the honourable gentleman, with that available cash balance for operations during the financial year, desires at the present time to force the House thus comparatively early in the session into sanctioning a loan of \$2,000,000 for the purposes of that department in addition to what he already has? I venture to say, and I say it without hesitation, that an answer to that question has not been given in either of the Ministerial speeches that have been made on this Bill up to the present time. Now, in connection with the balance sheet that is before the House, I desire to draw the attention of honourable members to one or two points. In the second paragraph of this report it is stated : "The instalments of interest and principal to the 31st March, 1900, have been collected in full, no sum remaining outstanding on the 31st March, 1901." Now, can honourable members believe that in any great department like this, on any particular day, it was able to wind up its accounts so absolutely that there was not one penny owing for interest or instalments ? An Hon. MEMBER .- That was for the previous year. Mr. G. W. RUSSELL .- I admit that. And yet, Sir, we find that overdue interest is said in the statement of assets to represent no less a sum than \$4,734 6s. 7d. Now, I come to another point. The Premier drew attention to the fact that the sum of \$70,000 was in hand in connection with the Insurance Fund. That is quite correct ; but, Sir, the honourable gentleman omitted to notice here that there are \$143,928 loan-flotation charges that have still to be brought up, and he also omitted to notice the fact that during the past year, notwithstanding that the operations of the department in the way of borrowing money have not been very large, the loan-flotation charges again come to nearly \$10,000. I only wish to say that, in view of what I have stated. I think, if the Government are invested by the House with power to borrow \$1,000,000 in addition to what they hold in hand, the effect will be to give them a thoroughly assured finance so far as the next financial year is concerned and the probable necessities of borrowers. There is no chance of people coming to ask for money and not being able to obtain it. I shall therefore support any motion that may be made for the purpose of reducing the amount that is borrowable under this Bill to the sum of one million of money. I would like to say before I sit down that I do not in the slightest degree share in the pessimistic views of the honourable member for Waitemata. I cannot understand that honourable gentleman, while members of his own party are recognising the great value this department has been to the colony in lowering the rates of interest, and in giving

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cannot understand that honourable gentleman saying, as he did to-day, that the Government in bringing in this great measure were attacking private interests, and doing that which was not proper, right, just, or equitable. My own opinion is that this scheme has been of enormous benefit to that class of the community who especially needed it; and I think, after the tribute by the honourable member for the Bay of Plenty, Mr. Herries, to the success of the scheme in the way of benefiting the settlers of the colony, the honourable member for Waitemata was certainly ill-advised in making the long-standing and repeated attack he did to-day, and which members of the House have been accustomed to from him on this question year after year. Mr. LAURENSEN (Lyttelton) .- I will not detain the House at any length. I only want to draw the attention of the Minister in charge to one thing, and that thing is this: I should like to see

a larger sum allowed by law to be advanced to people in village settlements. At present the maximum is a sum of \$50, and one can understand that when a person builds a house for \$50, with perhaps \$30 or \$40 of his own added, he cannot have much decency or comfort in a house costing \$80 or \$90. I have had that represented to me from quarters that I think can hardly be questioned, and my attention has been drawn to reports from the Government officers, which speak of substantial dwellinghouses valued at \$30—a substantial dwellinghouse valued at \$30, for a man, his wife, and family ! I think the Government ought to introduce a provision which would enable a larger advance than \$50 to be made upon a dwellinghouse. I think, too, that the time has now come when the people of the towns as well as those of the country should derive some benefit from the Advances to Settlers Act. I think it ought not only to be advances to the settlers in the country, but advances to the people of the whole country ; and, when the Government can get sufficient security and get a surplus from the working of the department, it means no loss to the State and incalculable benefit to the people. The people would benefit greatly by the extension of the provisions of this measure. I heard the remarks—what the honourable member for Riccarton calls "the pessimistic remarks"—of the honourable member for Waitemata. Well, I think all we need say is that the honourable gentleman can hardly help himself, " 'tis his nature to." He looks at things from a Jeremiah's standpoint, and he thinks that everything is going to the dogs, that everything is black and dreary and bad, while all the time we can see progress and advancement everywhere. I think surely we can trust the Government. Mr. MONK .- I want to trust Nature, and the people. Mr. LAURENSEN .- Sir, the honourable member for Waitemata wishes us to trust Nature; but he is too true a student of nature and too deep a thinker not to we should have nothing to eat—that what we have to do is to help nature, and that if we did not we should soon relapse into barbarism. It is those people who trust altogether to nature who go down in life, and, that being so, I trust the honourable member for Waitemata will rouse himself, and realise that we are progressing in these days. Allusion has been made to the rate of interest. The most reputable writers on political economy point out that as science and machinery are at the present time, the rate of interest is bound to go down, because, after all, capital does not consist so much of money as of the products of human skill and human labour. I have not the slightest doubt but that within the next ten years we will see money advanced in this colony at 3 per cent. I do not think that is at all an exaggerated estimate. At the present moment we know there is a tightness in the money-market, but any one who reads and studies knows the cause of that. The cause is simply this : The English Government have put on the market during the past twelve months bonds for some hundred million pounds. That has caused the tightness in the money-market ; but as invention progresses money is sure to come down, and within twelve months, unless a big war intervenes, I have no doubt the Government will be able to raise the money at a reasonable price. I cannot sit down without, like other members of the House, expressing my satisfaction at the very able manner in which this department is administered. I know there is a good deal of dissatisfaction sometimes at loans being refused, and the member for Waitemata has pointed out that the Government have refused advances of money upon good security upon which afterwards a larger sum was advanced. Now, the Government have a very difficult path to walk on. If, on the one hand, they advance money recklessly, no one would condemn them more furiously than the member for Waitemata ; and, on the other hand, if they are chary about making advances they are apt to get into very ill-favour with the people who want the advances made to them. What I say is this : if they err on any side, let them err on the side of caution. I can only express my satisfaction with the department ; but at the same time I trust that the Minister in charge will see his way to have this alteration made : that a larger advance may be given to the people in the village settlements, and that the Cabinet will take into consideration the advisability of introducing a clause which will enable the Government, under certain provisions and safeguards, to make advances to the people in the towns as well as to the people in the country. Mr. ELL (Christchurch City) .- Last session I stated that so long as I was in this

House I would seize every available opportunity of bringing under the notice of honourable members the danger that is looming up in constantly piling upon the shoulders of the taxpayers interest charges. I was surprised to hear the Premier deprecate the time that had been taken up by honourable members in discuss-

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ing a proposal to give authority for the raising of \$2,000,000. One would think we were talking of 2d., or some such trivial amount, to suggest that we were wasting the time taken up by discussing a proposal to give the Executive power to raise \$2,000,000. We are paying out now about one-third of our total revenue in interest on our public debt. Then, Sir, we have on top of that the private indebtedness ; and it seems to me that the members of this Legislature, the representatives of the people, seeing that there is such an enormous amount of money being paid out of the pockets of the taxpayers as interest-charges to foreign bond-holders, it is therefore quite time to seriously consider and see whether we cannot devise some means of reducing the charges upon the taxpayers of the colony-whether we cannot devise some means whereby we may provide credit - which is absolutely necessary if we are to progress at all-to put into the hands of the people of the country in order to develop the resources of the country. An Hon. MEMBER .- State note issue. Mr. ELL. - The honourable gentleman is perfectly right. We have examples with regard to that that should remove any feelings of nervousness on our part from taking any steps in that direction. Only last session, I would remind honourable members, the Premier, in speaking on the Consols Bill, suggested that the time was not far distant when it might be desirable in the interests of the country to take some such step, and he also referred in somewhat similar terms in reply to a question put to him by the honourable member for Dunedin City (Mr. Barclay). The honourable member for Waitemata, in speaking on the question of a paper currency, said that the people would not accept it, and that they only would accept when they knew there was gold behind it. If the honourable gentleman will take the banking returns published in the Gazette every quarter he will find this : that in the five banks trading in the colony the interest-bearing deposits amount to £8,186,350 -- I am not quoting from the last quarter, but the preceding quarter ; the deposits not bearing interest amount to £6,925,369 ; and the Government deposits amount to \$770,503- a total of nearly sixteen millions; while the notes in circulation of the five banks amount to less than \$1,400,000. The coined money amounts to \$2,752,000, and the bullion to \$133,000. Now, taking the notes and the coined money and bullion, we only have four millions and a quarter of currency : yet, according to the banks, we have sixteen millions of cash deposits. In the Post-Office Savings-Bank we have over five millions. They are cash deposits, just the same as they are in the other banks, so that there are twenty-one millions of deposits between the five banks and the Post-Office Savings-Bank, and we only have a little over three millions of coin in the country. Where is the gold behind it ? The fact of the matter is that the gold, the copper, and the silver is a trifling part of the currency of the country. The currency of the country is manufactured credit, manufactured by the ! Mr. Ell banks, and that, Sir, is what we are paying interest on. It is not because the people know there is gold behind it that they accept it, but because they have confidence in the currency. The banks could not possibly meet all the demands if they were made on them. The honourable gentleman contends practically that you must have sold behind your notes or otherwise they are not worth anything. Sir, we have had a lot of talk about the bale of paper and the printing-press : and every man who is opposed to a State bank, or the State having greater control of the currency than now, raises that bogey to frighten nervous people that they are going to be ruined if you give the State authority-to have absolute authority-over the currency of the country, and power to manufacture credit the same as the banks do. An Hon. MEMBER. - The Government made the Bank of New Zealand notes good tender. Mr. ELL .- Where would the bank have been if the State had not come to the rescue? The question of this advances to settlers and the currency are very much involved. You cannot separate the one from the other, and

therefore I do not make any apology for touching upon this question this afternoon. We have had statements made here this afternoon to the effect that the advancing of credit for that is practically what it is to the farmers to enable them to develop their resources, to enable them to produce all that is possible to be produced from the rich lands of this country, has done a large amount of good. Sir, they are simply following the advice and plans advanced many years ago. Pennsylvania was in a somewhat similar position. They were without credit to enable them to develop the rich lands of their country. They had everything but the wherewithal to make the most out of what they had. Benjamin Franklin then advised the people that they should create credit. They did, and they issued thirty-five issues of paper-money in that State, and the system extended for fifty years. They charged 5 per cent. for the credit that was thus loaned out. Then, as the interest came in they called the notes in and destroyed them, and that operated very successfully. When the British Government took away the right of issuing notes from the States it was represented to the British Government that it had been carried on with such success and with such care that the Government allowed the State of Pennsylvania to retain this privilege, and subsequent events showed that the authorities were quite justified in taking the step they did take in creating credit, because success follows upon the issue of credit to the people, as it enables them to develop their resources. Now, we have another instance given by MeLeod, who is one of the recognised authorities on banking. MeLeod stated that agriculture was impeded, that the development of the resources of Scotland was impeded, because they did not give credit to the farmers. The farmers had not the cash ; and what was their device ? They sent down boxes of notes to the different branches of their banks

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in the different agricultural centres of Scotland, which were lent out to the farmers at a small rate of interest. An Hon. MEMBER .- Was there good security ? Mr. ELL .- Yes. They only advanced on good security, and 50 per cent. was the value up to which they advanced ; and a very good safeguard it was, as it enabled them to carry on with safety and success. It had a most wonderful effect in developing the resources of Scotland. They manufactured the credit, and they charged interest on the credit they manufactured. We borrow money from people in the Old Country, and we pay them interest for the credit they have manufactured, extracting it from our surplus. Now, if the banks can safely manufacture credit, cannot the State do it ? say the State can, and we have abundant evidence of it in one country. We want the State to establish a State bank, and that State bank should create credit as the bankers do. And as to what the honourable member for Waitemata says about there being nothing tangible behind it. supposing a merchant in a grocery business sells five hundred pounds' worth of goods. He takes a bill from his customer. He lodges this bill in the bank, and he has the cash credit up to \$500. But before that bill matures where are the goods? Consumed. They have all gone. There is no tangible security behind that. The good name and the confidence in which the merchant is held by the banker is the authority that the banker has for advancing the cash. That is how credit is created -- piled up in huge bills in the banks. Then, if a local body wants a \$5,000 advance it goes to the banker. What does the banker do? He has to be satisfied that proper steps are taken to secure the bank the payment of interest, and the local authority is absolutely credited with £5,000, and the bank issues to the local authority a cheque-book, and the local authority proceeds to draw upon the amount credited to it. Prior to 1844 nearly all the money that was created was created by the issue of bank-notes. After 1844 the bankers devised another plan. They do not now issue notes for every \$10,000 of credit, but simply make a book-entry of that amount and supply the customer with a cheque-book, who draws on his credit of \$10,000 at the bank as he requires it by cheques. That is how it is multiplied by means of cheques and by means of bills. Nearly the whole of the commercial transactions in this country are carried on by the creation of credit, and not by the notes, and the gold, and the coin. You could not do it. It is absolutely impossible. I simply mention this to show that you do not want a bale of printing-paper, and you do not You merely want to want a

printing-press. Vest in the authorities of this country the power of manufacturing credit in the same way as the banks do. Then, I do not think we should have the cases we have now of local authorities paying 6 or 7 per cent. for an over- draft of €5,000 or \$6,000. Why should not a local authority be able to go to the State bank, and the State bank create the credit? We were told by the Premier a few evenings ago that the result of the year's operations of the Bank of New Zealand has been most successful, and that an amount of over \$300,000 had been made during the last year. That shows very well that the power of manufacturing credit- which is the means that the banks have of making money-should be given to the State, and that the State should have the prongs which are now going into the pockets of the bankers. We have an accumulation of reserve profits held by the banks amounting to three millions and a quarter of money, and the amount paid in dividends by the five banks, according to the returns just issued, amounts to \$242,500. So you see the power there is under our present system given to the bankers to make enormous sums of money out of the people every year ; and it occurs to me, Sir, that it would be a statesman- like act on the part of any Premier to tackle this question of the growth of 4.0. interest and see if something cannot be done to reduce it. I just wish to make one or two remarks in regard to the proposal to borrow this money. If anything could remove from the minds of members any feeling of uneasiness as regards this department, about trusting the Executive of this House with the power of raising a loan of two millions, it should be the complaints that have reached this Chamber, not only last year but many times this session, that the Government are too careful. I have not heard a case yet where they have been reckless. That is a very good point. It is far better to be careful than reckless, and this should remove all feeling of uneasiness with regard to giving the Executive authority to raise the money. While it is true that money can be borrowed as cheaply as from the department, I do not think it can be questioned that the Government having these advances to settlers in operation is a distinct check on the rate of interest ; it keeps the rate down. It is quite true you can borrow as cheaply as from the Government, but the very existence of the department has a very wholesome effect, and helps to keep down the rate to a reasonable amount. I shall support the Bill. Mr. HOGG (Masterton) .- The honourable member for Christchurch City has given us a very good address on the science of banking, borrowing, and finance generally. But while I was listening to his remarks, which are of a distinctly controversial character, I was reminded of an old fairy story about a king, a miller's daughter, and a wizard, who went by the name of Rumpelstiltskin. The king wanted money, as sovereigns frequently do. He came to the miller's daughter, who was at her spinning-wheel, and asked her to take some straw and convert it into gold. The miller's daughter, in fear of pains and penalties if she did not perform the wonderful work required of her, began to be very down-hearted ; but a little elf made his appearance and helped her to spin this straw, and golden coins rolled from her spinning-wheel. Apparently, from what we have heard from the honourable member for Christchurch City, the

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settlers of New Zealand resemble the king, the Advances to Settlers Office is the miller's daughter, and Rumpelstiltskin is the honourable member (Mr. Ell), who intends to show us how to manufacture money at will. No doubt, if his sanguine anticipations can be realised, he has made a splendid discovery. We have been told that sunbeams may be made out of cucumbers, and in these days of science and enlightenment some very wonderful developments occur, but I doubt whether capital can be manufactured by the easy process suggested. But, leaving this abstract question altogether aside, I should like to say a word or two for the honourable member for Waitemata, who has been attacked by some members in the House this afternoon. I rather admire the honourable gentleman ; if he is characterized by one peculiarity more than another it is that he has the courage of his opinions. There is no more valiant man in the House. He says exactly what he thinks. When I listened to him I was reminded of the old Scotchman who went to church and heard the clergyman constantly denouncing the enemy of mankind,

till at last his heart melted, and, turning round, he said, " Let's say a guid word for the puir auld deil.' The honourable gentleman has been saving a good word for that man of large private enterprise, poor old Shylock. Sir, the honourable gentleman shakes his head, but I am certain if no other man in the House or in the country would put in an ingenious apology for poor old Shylock that he is prepared to do so. He has been telling us that we are interfering with private enterprise. There is not a reform you can establish that does not tread on the corns of this ingredient called private enterprise. We are constantly disturbing it. I have no doubt the honourable gentleman must be horrified at the fact that the private money-lender is going to the wall. We only have to go a step further and take the advice of the honourable member for Christchurch City (Mr. Ell), and we will be able to grow our own money in the same way as we grow our corn and wool and dairy produce. It is out of this that money is made. Our produce is the source of our wealth, and there is no part of the world where wealth can be more easily grown than in New Zealand. It does seem an anomaly to go abroad for our money. But has not the Government recently been floating a loan in New Zealand ? They floated it most successfully. They have shown there is plenty of money in the country ; and, if money can be obtained easily at 4 per cent., surely it is the duty of the Government to keep their departmental money-lender - the Advances to Settlers Office-in easy circumstances. If we raise money within New Zealand at 4 per cent. and lend it to the settlers at a slight advance, are we not assisting those who wish to invest money ? They could not have better security than that of the State, and the Government can make good use of their money by advancing it to the men in the back blocks and Crown tenants who require it. Mr. HORNSBY .- But they do not. Mr. HOGG .- My honourable friend the member for Wairarapa says they do not. I sympathize very much with him, but at the same time I recognise that the Government Advances to Settlers Office must exercise caution. The Act has been doing extremely useful work. It is doing more to help the prosperity and progress of the colony than anything else that has been attempted in past times. If our settlers had to depend on the private money-lender, do you think we should find the huge amount of work and the advance of colonisation that is going on in the bush districts? What happened yesterday at the Wellington Land Board, of which I am a member? There were no fewer than about sixty applications to mortgage Crown leaseholds, and of these-I am only speaking from memory - about fifty were applications to mortgage to the Advances to Settlers Office. This is about double the business of the kind in one month that has yet been done by this office. I am pleased to see it. The present is the season when the settlers have to carry out bushfelling and spend a good deal of money in improvements. I am pleased to see the business of the office growing so rapidly, because it indicates conclusively that the country settlers are displaying plenty of energy and enterprise. In the face of facts like these, and seeing that the Crown tenants are taking such advantage of the office as they are doing, I consider it is our duty to see that the office is well supplied with capital. I am sure that that is the feeling of members on both sides of the House. I was very pleased to hear the remarks made by the member for the Bay of Plenty, who has plenty of settlers in his district requiring the assistance of capital. He knows they are getting that assistance to a very large extent through the medium of the Advances to Settlers Department. This department has been the means of keeping down the rate of interest and building up the country for years past. It is quite immaterial whether the office advances half a million a year or one million. It is doing a useful work in keeping the rate of interest within fair and reasonable bounds. The question of valuation having been raised, I would like to suggest to the Minister in charge of this department that it would be a very great improvement on the present system if settlers who pay to have valuations made were supplied with the particulars of those valuations in every case, whether the loan applied for is advanced to them or not. There seems no reason why they should not be supplied with the information, and it would be a source of great satisfaction. If their applications are refused, they should be supplied with the value that is placed upon their property. As it now happens, they are left entirely in the dark. They may meet with a refusal, or be told that they can have a reduced

amount : but they do not know what valuation has been placed on their improvements. Having paid a fee to get the valuation made, they ought to be supplied with the information. I can assure the Minister that it would give a great amount of satisfaction to settlers generally, and it would also be a matter of justice to the valuers con-

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nected with the office if that information were regularly supplied. There is another thing that I think the Government might take into consideration, and that is whether the funds at the disposal of the Public Trustee and the Government Life Insurance Department should not be distributed through the medium of one office. We have several Government departments advancing money, and I think it is most desirable, for various reasons, that the money should be advanced by one office, instead of having several lending departments. One department or one Board should do the whole of the work. It would be much more efficiently done than through the medium of several Boards belonging to different departments. I would like to see the whole of the lending departments grouped together, and the Advances to Settlers Department intrusted with the whole of these funds. I strengthen that office and prevent Government departments competing in the money-lending business. I merely point out certain suggestions that have occurred to me. They seem valuable. I intend to support this Bill, for the reason that I believe the Advances to Settlers Office is doing a wonderfully fine work for the colony, and that it ought to be well supported with plenty of money in order to help the settlers in their efforts. Mr. MASSEY (Franklin) .- Sir, in spite of the speeches which have been made in support of this measure, some of them much beside the question, like that of the member who has just sat down, I do not think the Government are justified in introducing this Bill, for the reason admitted by the Minister in charge of the department-and by the Premier himself-that there was available on the 31st March last for the purposes of the Advances to Settlers Department something like three-quarters of a million of money. We are lending at the present time at the rate of about \$500,000 a year in the Advances to Settlers Department, and that will probably decrease as the repayments increase. All the time money is coming in, and consequently it is reasonable to suppose that the money which is in hand and available at the present time ought to be sufficient to last for the next two years. Such being the case, Sir, I do not think the Government are justified in proposing to borrow two millions for this purpose this session. Then, there is not a word in the Bill to show how it is proposed to raise the money - whether it is intended to raise the money in the colony or on the London money-market. And here I feel strongly, just as strongly as the honourable member for Christchurch City (Mr. Ell), that there are two purposes in connection with the government of the country for which we ought not to go outside the colony to borrow. One is the Land for Settlements Department and the other is the Advances to Settlers Department. I feel strongly, Sir, that, as far as the Advances to Settlers Department is concerned, we ought to utilise the lending departments of the Government. Of course, two of them already lend money on mortgage-the Government Insurance Department and the Public Trust Office ; but I think we ought also to utilise the Postal Department-that we ought to use the moneys of the Post-Office Savings-Bank for the purpose of lending either directly to the settlers of the colony or indirectly through the Advances to Settlers Department. I think it would be better for the colony as a whole, and it would certainly be very much better for the depositors in the Post-Office Savings-Bank, which has lent very large sums of money to the Government at 3 per cent. net. If they lent it to the settlers on mortgage I believe they would be able to get a higher rate of interest than the rate they receive at the present time, and the benefit would be mutual. But I feel strongly, in spite of what has been said to the contrary, that this money is not being raised for the purposes of the Advances to Settlers Department. I am inclined to think that the Government intend to take advantage of the Act of 1895, which allows the moneys of this department to be invested in the securities of the colony, and that probably we shall find later on that the money which it is now proposed to borrow will be used, perhaps, for public

works, or for land for settlements, or for some other purpose. I want to tell the Premier that I am quite willing to support a loan straight out for the purpose of carrying on public works-I am willing to support such a loan-but I am not willing to raise a loan for such a purpose in the roundabout manner that this Bill proposes. Another point that I wish to find fault with is this : that we are not supplied with sufficient information in the report of the department. Honourable members, I think, will remember that two years ago we amended the Act in the direction of allowing the department to lend on urban and suburban properties as well as on country lands. Now, there is nothing in the report to show what proportion of the capital is lent on such properties. I want to tell the Minister that there are ugly rumours about some of the urban properties on which advances have been made, and I hope the Minister, in the interests of the colony, will give some information to this House about those properties. I do not think anything has been said about two very peculiar statements in the report. told in one place that "The instalments of interest and principal to the 31st March, 1900, have been collected in full, no sum remaining outstanding on the 31st March, 1901." In another place the accounts show that there was interest overdue on the 31st March, 1901, to the amount of £4,734 6s. 7d. I am willing to admit that that is only a very small sum in proportion to the amount of business being done, but I have heard over and over again- and I have reason to believe it-that what the department is doing is this : that where the settler gets behind in his interest the interest is capitalised and added to the mortgage, and the mortgagor has to pay not only the interest on the money borrowed, but also on the back interest as well. I hope the Minister is paying attention, because I wished particularly to bring this matter before his notice. That is about all! I wished to say. I am as anxious as any one

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else that the settlers of this colony should have the benefit of cheap money, because I know how hard a matter it is for them to compete, as they have to compete, with other countries which are nearer to the great markets of the world than we are; and if I thought it was absolutely necessary that we should borrow for the purposes of the Advances to Settlers Act I would support the measure, but, in so far as it has been shown that the department has sufficient money to last for a long time to come, I intend to oppose the Bill.

Mr. J. W. THOMSON (Clutha) .- About an hour ago I thought the debate was coming to a close, but it seems to have taken a new lease of life, and I think I also might say a word or two. The honourable member for Masterton began his speech by speaking in very kindly terms regarding my friend here, the honourable member for Waitemata. I thought he would follow on in the same strain and bring out the many good qualities of the honourable member, but in this I was mistaken, for he went on to compare the honourable member for Waitemata to a very unworthy personage, of whom only Scotchmen like myself and the honourable member for Masterton have heard. The person who first introduced a Bill of this kind into Parliament was the late Mr. Macandrew. This was in the session of 1886. I voted for the second reading of Mr. Macandrew's Bill, but our present Premier, who was then a member of the House, voted against it. I mention this simply to show that I am not opposed to the policy of the Bill, but I think there is no occasion for the Bill at present. To show this I would simply require to repeat figures that have been referred to by a good many members. The report of Mr. McGowan shows that during the last six years the average of money lent has been \$446,000 per annum. The sum lent during the last year was about \$500,000. It also appears from what the Premier has said that there is a balance available of something like three-quarters of a million. With these figures before us, I think the Government are in a position to carry on without borrowing for the next twelve months. That is the reason why I shall vote against the second reading of the Bill.

Captain RUSSELL (Hawke's Bay) .- Sir, the debate on this Bill has been so thoroughly exhaustive that it seems almost ridiculous to point out anything further in connection with the passage of this Bill. I shall venture only to offer a few remarks, therefore, and they have been called for to a certain extent by the remarks of the honourable member for Christ-church City (Mr. Ell),

who evidently is not afraid of the bogey that he alluded to-the printing- press and the bale of paper. Sir, I will come back to that presently. With regard to the precise amount of money which is available for the advances to settlers, it seems to me that no honourable member agrees with any other as to the actual amount of money that is available. As for the Minister who introduced the Bill, may I not venture to compliment him on his cou- rage in taking charge of his own Bill, notwith- Mr. Massey standing that it was almost in the hands of his leader. I think it does him infinite credit that he has the audacity -I will say the courage -to speak to the Bill when his overpowering leader wished to take it from his hands. The honour- able member would have followed a course more consistent with his dignity had he followed a similar course more often, and I venture to say we should get the business through more ex- peditiously and be more likely to curtail the length of the session if Ministers took charge of the Bills connected with their own departments than by the Premier attempting to force every- thing down our throats. Mr. SEDDON. - I took exception to my worthy colleague asking members opposite to be charitable ; there was no reason for so doing. Captain RUSSELL .- Well, I did not take any exception to the word "charitable," which was used by the Minister. I recognise that it just slipped from his tongue, and that he did not mean it, but that the whole administration has been a great success. But I am quite in agree- ment with those honourable members who say that there can be no necessity for borrowing so large a sum as two millions of money at the present time. There is a sum of \$760,000, as mentioned by the honourable member in intro- ducing the Bill, or \$600,000 odd, as mentioned by others-nobody agreeing as to what is the exact sum available -- but, taking the figures set forth in B .- 13, it would appear that there was \$620,000 of the original \$3,000,000 still unlent on the 31st March last I may be told that in the very first page of this paper, where we are told that "The instalments of interest and principal to the 31st March, 1900, have been collected in full, no sum remaining outstanding on the 31st March, 1901," there is sufficient inaccuracy to throw doubt on all the subsequent figures, and to show the divergences in the honourable gentlemen's figures from those of the return. They show that the interest re- ceivable and overdue is \$4,734 6s. 7d. I hope the Minister, when he comes to reply to the speeches which have been made in connection with this Bill, will explain the difference be- tween the statement, almost in the first lines of the report presented to the House, and the figures contained in the statement of liabilities and assets. Although I do not attach any great importance to the deficiency, it is a considerable sum to be in arrears, for the amount, in round numbers, is a little over 5 per cent. of the amount collected. And as the next line shows the interest receivable and accrued at \$22,084 93. 2d., in all proba- bility of all that interest which is properly shown as assets a good deal may be in the form of interest in arrears on the due date. But there was, at any rate, taking the figures in the paper which is laid before us, a sum of \$620,000 available for investment on the 31st March last. It may be argued, if the figures are reliable, there was \$620,00) available on the 31st March, to which you may add. taking the reclamations of last year at \$155,000 -one may fairly argue, at any rate, that there will be an increase on that amount this year of \$20,000. I find that

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the reclamations in 1809 were £104,473; in 1900, \$136,532 ; and last year, \$155,000. There- fore it is only reasonable to suppose there will be a still further increase this year, and there is every reason to believe there will be, with prin- cipal, and sums for reinvestment, \$795,000 available between the 31st March, 1901, and the 31st March, 1902. And as I find by looking at the figures of the various reports and the various papers which have been laid on the table that the advances on mortgage were only \$539,220 last year, that they were \$445,955 the year before, and \$281,540 the year before that, it is reasonable to believe that the amount which will be required for advances this year will exceed by a very small sum the amount of \$600,000. Therefore we have an ample sum in hand, along with the reclamations which are coming in and any further pay ments that may be made. The Premier told us it was necessary the power should be in hand so that it may be possible to borrow it at any expedient time. But I find, under the 32nd

section of the original Act of 1894, that no debenture can be sold at a price that shall yield more than 4 per cent. to the buyer. But there comes in the clause, sub- 4.30. sequently to that restriction, which gives the Government the power to borrow at any rate they may choose to pay. Under that provision I think we are likely to run into great dangsr. The words are, " Such debentures or other securities may, for the purposes of temporary advances, be hypothecated or mortgaged upon such terms as to interest as the said agents may deem expedient." Sir, under that part of section 32 the Government have ample power to borrow at any rate of interest they may think fit. And there is where the danger comes in. Whereas under the first part of the clause the Government is limited to the rate at which they may borrow, under the latter there is no limit whatsoever. Well, every person who has taken the trouble to look at the prices current in the money-markets of Europe, and realises what rate of interest the present price of Consols yields, must understand that it is practically impossible for New Zealand to borrow in the English money-market at the present moment. The result must be inevitably that the two millions, which, as the honourable member for Riccarton pointed out, may be borrowed on and before the 2nd April next year, will be money borrowed on short-dated debentures from financial institutions in this colony, at such rates as the Colonial Treasurer chooses to pay. That is an extremely dangerous position in which to place our- selves. There is no immediate prospect of the money-market - I mean the English money- market - improving, and so the loan cannot be advantageously floated in London, and there- fore the power we are asked to grant of borrow- ing two millions of money must have, and I conscientiously believe has, some other object than advancing money to settlers. The amount, as so many honourable members have pointed out, that is available at the present time, from the original loans and from sums repaid to the Treasury in the shape of interest and in the reduction of mortgages, is such that there can be no absolute necessity for borrowing any money within the current year, unless there is some other object for its employment than the mere lending of it to settlers. Well, in this clause you will see there is power for the Go- vernment to borrow at any rate they think fit. And I may say I think we ought not to give them power to borrow so large a sum as two millions, even though it was shown there was urgent necessity for some money ; and no Minister has yet shown that there is a neces- sity for any at all. Then, with regard to the advantages of State credit, I understood the honourable member for Christchurch City to speak as though there was no instance of harm happening owing to the issue of a paper currency by a State. I ask him, does he remember the history of the great French revolution, and what became the value of the assignats? Does he remember - Mr. LAURENSEN .- Under what circum. stances were they issued ? Captain RUSSELL .- Quite so ; but that does not affect the question. What was the honour- able member's argument? It was that if the credit of the State was pledged it was immaterial whether there was any gold at the back of the credit-that the issue by the State itself was sufficient to make paper-money valuable. Well, I quote as an instance that of the assignats, which became absolutely valueless, though issued by the State of France. Then, I would quote the instance of the Confederate bonds at the end of the war of secession in America. Mr. LAURENSEN .- Two instances of war. Captain RUSSELL .- The honourable mem- ber must not forget that it is possible that our credit may hereafter be injured by war or by other causes, and that more powerful States than New Zealand have had their credit vanish and their paper currency become absolutely value- less; and what has happened to others may happen to us. The honourable gentleman then spoke of the extreme success of the issue of the State of Pennsylvania bonds. I had an idea that I had read something about their not being a very great success ; but I will quote two instances, one from a book on the history of the United States by J. M. Ludlow, a writer on historical subjects, a man who well knows what he writes about, and not merely an irresponsible trifler, but in reality a man who has carefully studied history, and therefore may be taken as more or less an authority upon what he writes. He speaks of the action of various Presidents and people in connection with State debts, and continues here : - " After Biddle's attempt to create in Eng- land a famine of cotton, the President still declared (2nd

December, 1839) that the American banking system subjected the country 'to the money-power of Great Britain.' 'The want which presses upon a large portion of the people of the States,' he said, 'is an enormous debt, foreign and domestic. The foreign debt of our states, Corporations, and men of business, can scarcely be less than 200,000,000 dollars.' "

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This, it must be remembered, was in America, and in 1840 America was certainly as powerful and had more inexhaustible resources than New Zealand has at the present time. The debt was 200,000,000 dollars, which, reduced to pounds, is much the same as New Zealand's is now, and yet it was the cause of embarrassment and of temporary ruin to that great continent. Now, I would ask the special attention of the honourable member for Christchurch City (Mr. Ell) to the condition of his much-vaunted State of Pennsylvania, which was the special instance quoted by the honourable gentleman in favour of the financial policy of the bale of paper and the printing-press to create prosperity :- " In his message of the next year (5th Decem- ber, 1840), he reverted to the subject, dwelling on the heavy debts of the States, on which more than 12,000,000 dollars annually went to the subjects of the European Governments. And, although he had previously (1839) urged that 'the faith of the States, Corporations, and individuals already pledged be kept with punctilious regard,' yet in dwelling on the burthen of the debt, in urging its extinction, he must evidently, to many of his more un- scrupulous hearers, have seemed to suggest or sanction those short cuts to this end (in the shape of ' repudiation ') which were taken about this time, or a little later, by too many of the States (wealthy Pennsylvania herself suspending payments)." And the passage continues, - " The guilt, indeed, being equally shared by the North and the South, free-soil Michigan giving hands to slave-soil Mississippi, destined one day to give a President to a southern confederacy. Repudiation in Mississippi, with which the name of Mr. Jefferson Davis is disgracefully connected, dates from 1837." Now, where is the soundness of the argument of the honourable gentleman that it is specially desirable that New Zealand should imitate the financial polies of the State of Pennsylvania ? That is the serious view of the question. Let us examine a lighter treatment of the same subject. There is an extremely amusing book which I have no doubt most honourable mem- bers have read. It is called "Bon Gaul- tier's Ballads," and in that book there is a wonderful description of a fight in America, "The Fight with the Snapping Turtle." The meaning of the metaphor I have no intention of stopping to unravel. The snapping turtle was a monster af great malevolence that lived " In the dreary Swindle Swamp," which " Philip Slings- by, Slingsby of the manly chest," was peculiarly anxious to kill. But before entering into com- bat he was anxious as to his chances of re- muneratation. This is how he entered into nego- tiations for payment :- Listen now, sagaceons Tyler, Whom the loafers all obey ; What reward will Congress give me If I take this pest away ? Then sagacious Tyler answered, " You're the ring tailed squealer! Less Than a hundred heavy do lars Won't be offered you, I guess ! Captain Russell " And a lot of wooden nutmegs In the bargain. too, we'll throw, Only you just fix the critter ; Won't you liquor ere you go ?" And then there is a long account of the fight with the snapping turtle, and Philip Slingsby does as he promised, succeeds in killing the monster, and then comes back for his payment. How was he paid ? I have no doubt the honour- able member for Christchurch City is familiar with the ballads and with the history of the fight in which Philip Slingsby killed the turtle. He will recollect that when it comes to the question of payment Slingsby says,- Post the tin, sagacieus Tyler ! But the old experienced file, Le .ring first at Clay and Webster, Answered with a quiet smile- "Since you dragged the 'tarnal critter From the bottom of the ponds. Here's the hundred dollars due you, All in Pennsylvanian bonds !" And at the bottom of the ballad is a little wood- cut showing " the only good American securi- ties " in those days was a pair of stocks and a chain. I fear the honourable gentleman may think I am flippant. I have no desire to ap- pear so, but have quoted a serious passage and a comical passage, and both of them go to show that with the printing-press and bale of paper the State of Pennsylvania was remarkable not for its solvency,

but for its failure. Mr. ELL .- The honourable member for Hawke's Bay has taken one illustration to try and kill mine. What I stated was this: that the Government of Pennsylvania had created credit. Captain RUSSELL .- I am sorry to interrupt the honourable gentleman, but I must rise to a point of order. As a personal explanation, of course we would be glad to hear him if I have misrepresented him, but surely he cannot make a new speech on Pennsylvanian bonds. Mr. ELL .- The honourable member for Hawke's Bay was referring to my utterances about a bale of paper and a printing-press, and my illustration was this : that the Government of Pennsylvania had created credit, and ad- vanced that credit to the farmers on good security. The honourable member for Hawke's Bay quoted to show that the Government of the United States issued State money and that that was depreciated. I admit that. My illus- tration was simply to show the power of the State to create credit, and to let that credit out at a low rate of interest. Mr. MEREDITH (Ashley) .- I exceedingly regret that so little interest is being taken in a question of so vast importance as that. before the House at the present time. A ques- tion of the voting of two millions of money is a very important one, and I think if members only realised the position fully we should have a large attendance of members on the floor of the House, and a deeper interest taken in the question submitted for our consideration. I have always supported the Government ad- vances to settlers, and I shall continue to do so. In looking through the report of the Government Advances to Settlers Office for the

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year ending the 31st March, 1901, I find a great deal of valuable information. I notice that the total amount advanced from the inception of the scheme up to the 31st March last was \$2,626,785. Out of that, \$495,684 has been refunded, and there remains outstanding on mortgage securities £2,131,100. The Govern- ment have power to raise for advances to settlers the sum of \$3,000,000. This £3,000,000 has been operated upon so far to the extent of 92,000,000, and there are temporary advances of \$380,000, so that the total amounts raised up to date are less than the amounts authorised under existing legislation by, according to the figures of the Hon. the Premier, which figures were corroborated by the honourable mem- ber for Riccarton, the sum of \$760,000. In addition to \$760,000, which is still to be operated on, the member for Riccarton antici- pates that there will be from refunds available during the present year #175,000 at least, making a total of \$935,000; and providing out of that for temporary advances and short-dated bills to the extent of £140,000, there is still available for the Government to operate on an amount of \$795,000. That is a large sum of money. An Hon. MEMBER .-- It is not there. Mr. MEREDITH .- The honourable gentle- man says " The money is not there ; " but the Premier says it is there. Now, under the exist- ing authority the Government has power to operate to the extent of \$795,000. The amount advanced last year was £539,220. This was in excess of the previous year by £90,000, which was in excess of the previous year by £257,678. What do these figures show? They disclose this fact: that there is an easing-off in the applications for advances. The advances last year show that the amount advanced, though in excess of the sum advanced the previous year, was nothing like the excess of advances that the year 1900 was over the preceding year. Taking into consideration that the Go- vernment still have \$795,000 to operate upon, there is no necessity whatever to bring in this loan of \$2,000,000 this session. The honour- able gentleman who introduced this Bill has not made out a good case in favour of the Bill, inasmuch as there was advanced in the year ending the 31st March, 1901, a little over half a million of money ; and surely if there is \$795,000 still to operate upon there is suffi- cient there to provide advances for the next eighteen months, so that if we authorise a million of money under this Bill instead of two millions that would enable the Government to carry on the advances to settlers for the next three years or longer. At any rate, it is per- fectly safe for two years. An Hon MEMBER .- There is no money for it. Mr. MEREDITH .-- Yes ; you could continue to lend money as you have lent it for two or three years under the Advances to Settlers Act. I cannot for the life of me see any justification for

introducing this Bill. The Advances to Settlers Department is in a flourishing condition. It has been remarkably well managed, no losses have been sustained, and it has been of wonderful assistance to the farming industry and the settlers of the colony generally. I cannot see any necessity for introducing this Bill during the present session of Parliament. The money-market at the present time is in a depressed condition, and we do not know what is to eventuate. I think we ought to hesitate before we commit the colony to further loans and thus jeopardize our credit at the present time. As I have already said, I cannot see any justification whatever. I know that the Government Advances to Settlers Department has been the means of lowering the rate of interest in this colony. There can be no denying that fact ; but at the present time, while the Government Advances to Settlers Department are clearing at the rate of 44 per cent., there are private individuals who are now negotiating mortgages at 41 and 4% per cent .; and before I left Christchurch I was told by a legal gentleman, with whom I was conversing on the question of the money-market, that there is a gentleman in Christchurch who has a large sum of money to his credit in the banks in that city who is prepared to advance moneys on good securities at 41 per cent. I believe if the Government could lower the rate of interest to something like 4} or 4 per cent. there would be a larger demand for money from the Advances to Settlers Department. I am of the opinion that, considering the condition of the money-market at the present time in New Zealand-we know that colonists have been realising on their estates and that money is accumulating in the banks of the colony-there will be no rush on this department for loans during the next few years. Then, again, it has been pointed out that instead of going to the money-market and raising the proposed loan of two millions sterling, why should we not avail ourselves of the accumulations to credit in the Insurance Department and in the Savings-bank Department. That would be a proper course to take. However, I shall be prepared to vote for reducing this amount from two millions to one million. I consider one million abundance to enable the Government to operate on. If there was any real necessity for more, it should have been pointed out by the honourable member who is in charge of the Bill, or by the Premier, who spoke in support of the measure ; but so far no valid reasons have been brought forward by the Government to show that it is necessary in the interests of the Advances to Settlers Department to raise the sum of two millions. Mr. FLATMAN (Geraldine). - Sir, the honourable member for Ashley thinks it would be an easy matter to utilise the Government Savings-bank money for the purpose of making advances under the Government Advances to Settlers Act, but I think if the honourable gentleman considers the position for a moment he will see that, as some of it may have to be tied up for thirty-six years, it would be a dangerous precedent to interfere with money which has to be kept practically in a liquid condition. Sir, I thought the honourable gentleman was more of a farmers' friend than he has proved himself to be by his speech to-day. I find that he professes to wish the farmers success, and at the

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of this Bill by arguing that by raising the sum of \$1,000,000 the demands of our settlers for money will be met for some time to come. I can scarcely follow the honourable gentleman's argument. There is no doubt the Advances to Settlers Department cannot be in a healthy state unless it has money at the back of it. If the people know there are no funds available they will not apply for loans required, and consequently the office suffers. Some members have said there is a falling-off in the number of applications for loans from the department. Well, Sir, that may be so or it may not, but if such is the case I do not think it is in consequence of a high rate of interest charged by the office. I have been told by those who borrow from the Advances to Settlers Department that they feel in a greater state of security than they do under the system of borrowing from private individuals with whom they have to renew their mortgages every three or five years. Under the terms of the Advances to Settlers Department they get their money and may retain it for thirty-six years, and the interest together with a 1-per-cent. sinking fund will repay the principal at the end of that time. Then, the member for Ashley advocated that the Government should lower

the rate of interest, while in the same breath he said there was a tightness of money in the Home market. He is actually asking the Government to do impossibilities. You might as well try to make the round peg fit the square hole as try to do such a thing as he suggests. However, what I chiefly want to draw the attention of the honourable gentleman in charge of the Bill to is that, according to a table in the annual report (B. - 13) which has been handed to members this year, it appears that, while the sum of \$2,721,695 has been authorised for advances on freehold securities, leaseholders have had only \$439,785 authorised to them. I am given to understand, Sir, that, although leaseholders offer more than the security the Act demands, they are often refused advances, although the district valuer may have recommended the loan. I do not see why they should not be given due consideration, at any rate to the extent to which they are able to give security. The Bill was really introduced with the object of relieving the small farmer, and I trust, Sir, that the Government will keep that object steadily in view, and give these people justice. I do not say they have not had justice. I am only showing, by a comparison of figures, the amounts authorised for loans to the two classes, and stating what has been told me about the matter. If any injustice is being done to them I hope the Minister will look into it and see that as long as a leaseholder offers fair security his needs will be attended to. Members on the Opposition benches speak as if they were in favour of assisting the farmers in every possible way, yet at the same time they are talking against this Bill. Sir, we know from the tone of their speeches they are opposed to the measure, just as they opposed the first Bill of the kind that was introduced. Sir, I cannot understand what objection they can Mr. Flatman success, and that it has done good, and that those whose requirements are satisfied under the Act are the ones who are paying the interest on the money raised under the Act. Then, some members say that the Government should not have the authority to raise two millions when one million would meet all requirements for some time to come. That is simply a Committee objection, and the sum can be reduced when the Bill reaches that stage if the House sees fit to do so. When the first Bill was passed three millions were authorised, the whole of which the Government might have raised in far less time than they did; and if that loan has been treated in an honest, straightforward, and statesmanlike way, I would ask the House why the Government should not be trusted again to raise a further loan? I do not think that even our friends on the Opposition side can say there was anything corrupt, dishonest, or unstatesmanlike in dealing with the three-million loan; and, consequently, I conclude that there is no reason now why we should not trust the Government to raise a further loan, which the department state is required, and which is shown to honourable members by figures that have been laid before us, that the money will be required in the near future; and, that being so, I trust the Bill will meet with hearty support. I think that, when the question is put, even those members who have spoken against the measure will not vote against it; in fact, I doubt if there will be a division called for on the second reading. I myself have every confidence that the money will be treated with all due care, and therefore I shall have much pleasure in supporting the second reading of the Bill. Mr. WITHEFORD (Auckland City). - Sir, the redeeming feature of the Bill is that its object is to encourage an important industry of the colony; though I should have been more pleased, or shall be more pleased, when a motion comes before this House to reduce the public debt of the colony by two millions, rather than to increase it. But under the circumstances of the case there is a difference. What I would like is that, instead of going to the English money-market, the Government should endeavour to raise the whole of the money in the colony and keep the interest in the country, even if we have to pay a little more for it. Regarding the question of gold reserves, I do not think it would be any use for the colony, in view of the experiences of America and other parts of the world, to endeavour to underestimate the value of these reserves. Now, I do not think, in regard to our goldfields and other great resources of the colony, that we are making the best of them at the present time. Many miners are leaving the Auckland goldfields at the present time on account of English capital being withdrawn. I do not think the Government ought to allow a single miner to leave our

shores if that man can be retained by giving him work to help to develop our resources, and particularly the gold-mining industry. It may seem to be an extreme way of dealing with

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the question, but I do not think the colony would be the loser by employing experienced miners in the development of our mineral wealth ; and we could establish a New Zealand mint and coin our own sovereigns, because all the money which would have to be expended in producing gold would have to go in the necessities of life, all of which can be produced in the colony; and there is no better internal market for settlers' produce than a prosperous goldfield. Therefore to keep on perpetuating the system of going on the English money-market to borrow money and paying interest is, I think, a mistake, particularly when we have in the bowels of the earth here more gold than England, Scotland, and Ireland has. If there was that great wealth to be developed in those countries it would soon be unlocked by the strong arm of the working-man ; and in this country, particularly with a Government which is a labour Government, something should be done to produce gold, and no better avenue for labour could be created for those miners who are out of work than to put them on to extract gold from reefs that would be payable, in the richest known gold-mines, which are being abandoned for want of capital. Let us turn our Geological Department into practical account, and let them go to work and thoroughly test some of these partially developed mines, and point out the best method of treating certain reefs, like as in the case of the Waihi Mine. I believe that for a long time the reefs in that mine were unpayable by the ordinary process, and the mine was open for sale for \$60. A young man named Russell experimented with it, and proved that by adopting a different treatment the ore would pay-just as the Geological Department should experiment upon other reefs, and find out, as he found out, the right way to treat the quartz- and the result is that that mine has turned out over a million and a half pounds' worth of gold in the last ten years. I mention that as an instance that we should apply our Geological Department to promote goldfield success ; and we should make the best use of the unemployed working-men within the colony, and produce more wealth than we do at the present time. I do not think there is any necessity to go to the English money-market for these loans. There are millions on deposit in the savings-banks and other institutions in the colony, and I do not think it is impossible to arrange that all future money for the Government should be raised in some shape or form in the colony, and so keep the interest in the colony instead of allowing this enormous stream of money to be sent out of the country every year. Mr. G. J. SMITH (Christchurch City) .- Sir, I do not think it would be for the good of the colony to raise this money within our own borders. I take it that the intention of the original Act was to introduce cheap money into New Zealand, and if the effect of the Government going to the Home market and raising money there has been to reduce the rate of interest, then it seems to me it would be absolute folly for the Government now to attempt to raise a two-million loan in the colony. The inevitable result would be that those who had to borrow money privately, outside the Government institutions, would have to pay a higher rate of interest for it. If the money is to be borrowed, the Government will take the right step by raising it at the lowest possible rate on the London market, and leaving available the money in the colony to supply all needs outside the Government Advances to Settlers Office. Now, the honourable member for Auckland City (Mr. Witheford), referred to the advisability of the Government going in for quartz-mining and gold-producing. Well, Sir, in one district in this colony I would like to tell the honourable gentleman that there is gold produced at a cost of \$5 per ounce, and it is only worth £3 14s. The honourable gentleman mentioned the Waihi Mine ; will he mention any other that has had a like career ? The Hartley and Riley Dredging Company of New Zealand has been phenomenal in its return ; but I say it is pure chance as to whether you strike good quartz or whether you get on to a good lead for dredging purposes. And for the honourable gentleman to suggest that the Government of New Zealand should go into quartz-mining, and take the risk of finding a rich deposit, it would be the maddest thing the Government had done for

some considerable time. Now, Sir, so far as this Bill is concerned, it is in continuation of the principle laid down by the original Act ; and it appears to me that the only question for the House to consider is whether at the present juncture we require to raise an extra two millions or not. About £620,000 is available for this current year, and that plus the repayments that will come in will probably bring the amount up to £800,000. Now, if the regular advance goes on this year as it has done in the past, probably between \$500,000 and £600,000 of that amount will be taken up, and the result will be, if this sum of money is not raised this year, that the department will have to get its authority next year. Before the amount is raised several loans will have lapsed; and the consequence will be that the department will be embarrassed so far as its future operations are concerned. I confess that when this system was first brought down I had grave doubts as to whether the department would be such as to make the scheme prove successful. The scheme itself has proved successful, and it will be bad policy on the part of this House to embarrass the department by refusing to allow it to raise a certain amount of money. Supposing the amount of the loan is reduced, as suggested, by a million, that would give- if the Government raised that million, with the amount now available and the repayments that will come in-an average of \$600,000 or \$700,000 for three years; and I think that ought to be quite sufficient to satisfy the department that the House is willing to treat it generously and to enable it to carry on its business operations. I do not know that it is necessary to go into the whole question of the Government Advances to Settlers Department.

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table of the House has proved conclusively that the department, as a department, is successful. Members of the House all round have generally conceded that point. There is only one clause in the report which refers to the amount of principal and interest outstanding on the 31st March, 1900, and it states that these have been settled and collected in full, and there is some slight misconception as to what that means. I read it that on the 31st March last all instalments owing on the 31st March, 1900, had been duly collected. The report is wisely silent on the amount outstanding for the present year, but we get that from the statement of liabilities and assets on the 31st March, 1901, where it is stated that the interest now overdue amounts to £4,734. The two statements are compatible one with the other ; but I think that the report itself would be a little more clear if in the second paragraph attention had been called to the fact that the only amount outstanding for the present year was £4,734. I do not think there is anything to hide so far as that amount is concerned. I say a department which has advanced the amount this department has, and collected its interest so far, has nothing to be ashamed of, if at the time of the annual balance there is only a sum of \$4,734 outstanding. I shall support the second reading of the Bill, and it will be for the Minister in charge of the department to prove to the House, when in Committee, that the second million is absolutely necessary, and unless he can do that I shall vote in favour of reducing the loan mentioned in the Bill by one million. I think if we make provision for three years for an average amount that ought to be quite sufficient so far as the amount is concerned. Mr. PARATA (Southern Maori) .- I should like to say a few words with regard to this Bill. It asks this House to authorise the borrowing of a further sum of \$2,000,000 to be used by the Government Advances to Settlers Office for cash advances to settlers. Now, Sir, I want to see the Maoris participating in the benefits to be derived from this department. Maoris who hold titles to individual blocks of land should be allowed to participate in the benefits to be derived from the advances-to-settlers scheme : but up to the present it is only Europeans who have come from a distance and settled on the land who have been able to avail themselves of the benefits of the Act, while the Maoris are debarred therefrom. I have known applications to be made by the Maoris to the Advances to Settlers Office for money by people who are actually in possession of their own land, and were working it at the time of making their application ; they desired to get the money to improve their land ; and I would point out that if the Maoris are debarred from participating in the benefits of this Act they cannot possibly be expected to run in the same street as Europeans, and they will fall far

short in the attainment of knowledge as to how their land should be worked. In many instances if the Natives got cheap money they would be Mr. G. J. Smith farming occupations. I very much desire to see the Minister in charge of the Bill insert a clause to provide that the provisions of this Act shall apply to Maori owners of land as well as European. I think the Minister should give his most grave consideration to this question. The Maoris certainly should be allowed to borrow money from the department. Now, there are certain Maori lands at the present time occupied under lease by European settlers on the west coast of the Middle Island, at Mawhera, Hokitika, and Arahura, and at other places in the Grey district, and yet the Advances to Settlers Department will not lend money to those people to enable them to improve that land. At present that department will not advance money to Maori landowners unless the lands on which they desire to borrow are leased to Europeans, so that the rent may be devoted to paying interest on the advance. I do say, Sir, that any Maori who honestly desires to make a home for himself and his wife and his family should be permitted to borrow money from this department. The Government, Sir, have competent valuers going about the country, who are personally familiar with the districts and know the individual occupiers and owners of the land, and it is for them to inform the department whether or no the applicants for advances should or should not have the money for which they ask. Again, I will ask the Minister in charge of the Bill to lend a careful ear to what I have said with regard to allowing the provisions of this Act to be taken advantage of by the Maori landowners, and I would suggest to the Minister in charge that he should submit a proposal of that kind to Cabinet. If the Government, as they profess, have really the welfare of the Maoris at heart, then this is a peculiarly suitable opportunity for them to show it by giving favourable consideration to my proposal. Sir, I should like to make one more remark. Certain members who have spoken have said that, in their opinion, a \$2,000,000 additional loan is too much, and I agree with them. However, I do not propose to say a great deal about that. I have simply done what I considered it necessary to do: I have told the House what my views are in regard to the Bill. Mr. CARNCROSS (Taieri) .- Sir, seeing that this debate has been drawn out to such a length, five or ten minutes more talk will not make much difference, so I propose to say a few words. I am always interested when the subject of advances to settlers comes up for discussion, because it takes me back a long time -- before I had the honour of a seat in this House. Before I came into this House I strongly advocated from Press and platform that the Government should adopt the policy of borrowing money and advancing it to agriculturists at low rates of interest. I quite well remember one of the financiers of Dunedin heckling me at a public meeting, and telling me that my ideas were merely those of a political tiro, and utterly impracticable. But time has brought about its revenges, and my

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self I may say, has since discovered to his cost that this practical and workable measure has been brought to a head by the Government, and has done an immense amount of good to the colony in general. I cannot help thinking of the strong opposition that was brought to bear whilst we were endeavouring to get this measure through the House. I should not have referred to this but for the fact that there has been an all-round discussion this afternoon, in which the principle of the whole thing has been entered into. There was very strong opposition to this measure in 1894. Where is that opposition now-I mean the Opposition arguments, not the individuals, although I might even include them? The argument was that this was going to be a huge political engine of corruption, that it was an iniquitous scheme for simply one purpose: that the Government might have money to advance to people of the right "colour," and no one else was to get it. Well, that argument has been fairly well exploded by this time. Then, we were told also that not only was this money to be advanced to people of the right "colour" only, but there was to be a general laxity of administration, that the securities would not be properly looked into, and that huge losses would be entailed. Sir, that prediction also has been falsified, as every one of the predictions made concerning the evils that were likely to ensue from the passing of such a measure have

been falsified by what has taken place since this—which is one of the finest measures we have ever placed on the statute-book—was passed. I consider this measure has done more good to the agricultural portions of the community than any other measure that has been passed by this Government. We have been told over and over again that this measure has had nothing whatever to do with reducing the rates of interest, that the rates of interest were naturally dropping, and that therefore it was no thanks to the Government for passing the measure. Sir, that is the veriest claptrap and nonsense, and is unworthy of credence. I know people who, when their loans came due, simply went to the money-lenders and said, "If we cannot get better terms from you we will go to the Government," and the money-lenders in each instance said, "We shall have to meet the Government in the money-lending field; we must reduce our rates and fight them on their own ground." But, Sir, they have never been able to go quite so far as the Government: as, for instance, to accept \$10, or even smaller, instalments by way of paying off the principal. This is the largest measure ever passed for the relief of the agricultural people of New Zealand. It has come to stay, and I shall not have the slightest compunction in supporting the Government in their proposal to borrow another two millions for this particular purpose. I know, of course, they will only get authority to the extent of one million per annum. I know there is a tendency at the present time for the rates of interest to rise, but I have sufficient faith in the capacity of the Ministry to know that they money on a rising market, that they will seize the proper opportunity for obtaining it, and, I have not the slightest doubt, at reasonable rates. Now, I think the honourable member for Bruce misled us to-day when he was dealing with this measure. He told us that he would, at all events, approach the subject charitably. Mr. J. ALLEN.—I was asked by the Minister to do so. Mr. CARNCROSS.—Possibly so; and you agreed to do it. Well, I admit the Opposition has been charitable to-day. But, Sir, it is the force of circumstances that has brought about this charitable mood. How much charity was shown when the measure was sought to be placed on the statute-book? Just by way of curiosity I looked up the journals to-day to see how many members of the Opposition were influenced by charity when we were getting the measure through. I see that the "Ayes" in favour of the Bill were thirty-six. An Hon. MEMBER.—On the second reading? Mr. CARNCROSS.—On the third reading, the crucial test as to whether you are in favour of the Bill or anything attaching to it. I find that only two members of the Opposition recorded their votes in its favour—namely, the honourable member for Egmont (Mr. McGuire) and Mr. Wilson, who is not now in the House. And in those days I may say Mr. McGuire was not so closely allied to the other side of the House as he is at the present moment. An Hon. MEMBER.—Oh! was he not. Mr. CARNCROSS.—If you turn up the early speeches of that honourable member you will find that no one spoke so strongly in favour of the policy of the Liberal Government as did the honourable gentleman himself. An Hon. MEMBER.—He gets wiser as he gets older. Mr. CARNCROSS.—Yes, he is wise in this respect: that you will not find him to-day opposing this Bill; and a good many of the Opposition have grown wiser in that respect. But where, I think, the honourable member for Bruce misled the House a little to-day was when he said that the working of the Act, was based upon money at 3 per cent. Mr. J. ALLEN.—I said the scheme was. Mr. CARNCROSS.—Yes, the scheme. Well, Sir, I think he is scarcely correct there. I take this to be the scheme upon which it was based: Turning to the original Act of 1894, you will find that clause 32 reads thus:—"No debenture or other security issued under this Part of this Act shall be sold or otherwise disposed of at a price which will yield to the purchaser thereof a higher rate of interest by the year than four pounds for every hundred pounds of the purchase-money." Sir, it is very plain that the general scheme of this Act was fixed on a 4-per-cent. basis. An Hon. MEMBER.—What about Mr. Ward's speech at the time? Mr. CARNCROSS.—I contend that I have nothing to do with the speeches at all. What I am bound by is the Act we passed. There is the scheme, I take it. It is quite true that

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tions given in the House that it might be possible to borrow for less than 4 per cent. The Hon. Mr.

Larnach held that view very strongly. and when we went on the market it was found that the money was obtainable at a lower rate than 4 per cent. Sir, the whole basis of the thing was calculated upon the clause as laid down in this Act, and that clause authorised the Government to borrow money at 4 per cent. That we obtained the money cheaper was a fortunate circumstance. There were gentlemen on the other side who ridiculed the whole thing. It was utterly impossible, they said, to get it even at 4 per cent. ; and so their confusion was very great when the news was cabled out that the money had been obtained at 3 per cent. I think that is a fair reply to the honourable gentleman's argument that the whole basis of this Bill was framed upon a 3 - per - cent. scheme. Sir, I reiterate once more that I will support this Bill. It contains a principle that I regard with the greatest satisfaction. I look upon it as one of the best measures ever passed. In my knowledge it has done an enormous amount of good to the agricultural community. Its scope has been further extended, and other people are now able to obtain money at a lower rate of interest. It has proved a considerable check on money-lenders, who, were it not for its existence, would never have advanced money at the rates at which people now obtain them. Mr. J. ALLEN (Bruce) .- May I make a personal explanation ? The honourable gentleman said I misrepresented the facts. I said the scheme was based on the money being secured at 3 per cent. My authority was the whole of the debate in 1894, and especially the speech of the Minister-the Hon. Mr. Ward-who introduced the Bill. There can be no doubt he based the whole of his argument for the success of the scheme on the colony securing money at 3 per cent. It is true under the Act the amount the debentures should yield in interest to the purchaser is not to exceed 4 per cent. We place that in every Act; but that is not the amount we are supposed to borrow at. The honourable gentleman knows the Premier, in a Bill the other day, suggested 4} per cent. as the limit which purchasers should receive as interest, but the money would undoubtedly be secured at 3 or 4 per cent. Mr. WITHEFORD (Auckland City). 7.30. -I wish to make a personal explanation. In suggesting that miners should be employed rather than allow them to leave the goldfields I was misunderstood by the honourable member for Christchurch City (Mr. Smith). I did not propose to put men on unprofitable mines, but that payable lines of reef now partially developed should be selected by the Geological Department. I said it would be better to put our miners to work on these reefs and develop the hidden treasures of the country than let the men leave the country, and I instanced the case of the Waihi Mine, where a young man went practically to work and by tests and assays found out the best method. Mr. Carneross discovery upwards of two millions of gold has been extracted from that reef within the last ten or twelve years. This was an immense thing for the country. It was with a desire that the Geological Department should be put to the greatest use, and so help us to reap the greatest benefit from the miners and able-bodied men on the goldfields, that I suggested they should be put to work in the payable, not the unpayable, mines. The honourable member for Christchurch City (Mr. Smith) quoted a district where gold to the value of \$3 15s. cost £5 to obtain, but the result was different in Auckland, and, I believe, the West Coast, where figures in the past show that for every £1 spent more than a pound's worth of gold has been obtained. When we consider that every sovereign taken out of the ground and put in circulation is created wealth, and there is no interest to pay on it, and that every sovereign passing from hand to hand leaves a little profit to each and is a blessing to every tradesman, we shall see that the more we take out of the ground the better ; and we do not need to go to England at all for gold, because there is more in this country than in the Old Country. Mr. HASELDEN (Patea) .- I should like to say a few words on this question of borrowing two millions of money to help the advances to settlers. I cannot see that two millions are required, when we have the word of the Premier that the average grant is only half a million. It seems it is to be used to fill up gaps, and not all applied to advances to settlers. A great deal has been said about the reduction in the price of money, but if we look at the thing fairly we shall find that the price of money had fallen before the three-million loan was authorised. When Sir Joseph -- then Mr. - Ward went to England, even with his great financial abilities and his persuasive tongue, he could not have

persuaded the English money-lender to lend money at 3 per cent. if he could get 4 per cent. elsewhere. The fact was the price of money had fallen at the time not only in England, but all over the world. I believe the A.M.P. were then lending at 43 per cent. I do not consider this Advances to Settlers Act has been so unmixed a blessing as some people suppose. There has been considerable expense in obtaining the money, and I have a letter from a back block settler, who complains of the way in which he has been treated in the matter of a loan he applied for ; and I know of another instance where an expenditure of #11 was incurred in valuation-fees before the applicant received a letter saying that the money could not be lent on the class of security he was offering. This man, of course, was not of the right "colour " ; but his neighbour, living a few miles from him, who held his land exactly on the same tenure, applied for and got a loan for the amount he asked. I have no doubt there are two sides to every question, and there may be another aspect of this question ; but, so far as I know, the fact is as I have stated. I have received the following letter from a settler in the back blocks :-

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" We respectfully beg that you will air following grievance before the House, re the way back-block settlers are treated from the Advances to Settlers Office. I will only give you my case: I have 400 acres leasehold, of which 200 is felled and in grass, 45- or 50-chain wire fence, house and storeroom, yards, orchard, and garden. I got an advance of \$75 three years ago, and I applied for \$100 last January, and I have just got \$75 - all I could get, 'or was offered,' after waiting six months. Now, don't you think I ought to get what I applied for, when you see what improvements I have got ? I will give you an example how it is valued : 45 chains of fencing, \$45 ; house and store, insured for \$50: 200 acres felled and grassed, including yards, orchard, gardens, and other improvements, should only be worth \$205 : total, \$300. Now, do you think this is fair valuation ? Ought I not to get what I applied for ? Mine is not the only case. Every one else in this block is the same. There is from 25 to 50 per cent. less offered, whether for a big or small amount. The valuer for this district, in my opinion, don't know the difference on 2 or 20 acres. He generally asks his way about. Now, I will show how the charges are made for executing the mortgage : For the first \$75, #1 14s. 6d. ; valuation, 10s. 6d. = £2 5s. : and for the last \$75-Execution of mortgage, \$2 9s. 6d. ; valuation, 10s. 6d. ; exchange of cheque, 2s. = \$3 2s. Now, why should the last one cost 17s. more than the first one, when the mortgage is the same ? I should fancy it should be cheaper ; 17s. isn't much to some people, but it is a lot to a struggler up here. Now, I won't trespass upon your valuable time. If I had written to the department they would not take any notice of this, but I am sure you will let those who in power is hear of this." I have very little more to say upon the Advances to Settlers Act, except that I do not think it is working satisfactorily. I certainly object to the two-million loan which is asked for. I would not oppose a million loan, because the Act is on the statute-book, and it would cause a great deal of additional trouble to the settlers in the back blocks if they could not. However, I shall obtain further advances. oppose a two-million loan. Mr. LANG (Waikato) .- I wish to explain my position in reference to this Bill. I think, with the last speaker, that the amount asked for is far too large. Judging from the speeches made by many members of this House, the Government have enough in hand to last considerably over one year ; but, so far as I am concerned, I am quite willing to support sufficient money being raised to carry them over one year, at any rate. I do not wish to cripple the Government or the department in any way, but I desire to point out that the money is far more urgently needed in other directions than in advances to settlers. I am speaking now purely from a settler's point of view. I maintain that if the two millions were expended in the opening-up of roads in the country, to give access to land that is being opened up by the Crown, it would be of far greater benefit to the VOL. CXVII .- 15. settlers than if expended under the Advances to Settlers Act. I have known of cases in which people have obtained loans under the Advances to Settlers Act who have been sorry afterwards, for they found that they could make better terms privately. They have been under the impression-and that is one thing I have

been ready to admit until I found it to be to the contrary -- that they would be able to get the loan cheaper, as far as legal and other expenses are concerned, from the Government than from private lenders, but they have found that the expenses were quite as high, if not higher than if it had been obtained in the ordinary way. My only reason for rising is to express my views on this Bill, because I do not believe in supporting the second reading of a Bill simply in the hope that it may be altered in Committee. I believe we should vote for the Bill as we find it, while, when it goes into Committee, I hope the amount will be cut down in the way I have indicated. Mr. PIRANI (Palmerston) .- I would like to say a word or two before the Minister replies. Personally, I have always supported the system of advances to settlers by a Government department, but I do think the Government are asking too much in asking us to support the borrowing of two millions at the present time. I do not think for a moment that the Government intend to borrow the money in the immediate future, because there can be no doubt that, at the rate the department is going at the present time, instead of the amount of advances increasing every year, there will be a less amount asked for. But it is the fact that, in asking for two millions in addition to other loans the Government will be asking for this session, we have heard from the Premier that he is contemplating another million loan for public works, and before the session goes over I suppose there will be something like four millions authorised to be borrowed. And, in addition to that, I believe the Government have authority from last year to borrow another two millions ; so that it really means that we shall be authorising this year the raising of loans for New Zealand to the amount of six millions. This means that if we attempt to float a loan on the London market-and I am not at all sure that we shall be able to do this-the people whom we ask to lend us the money will undoubtedly be informed of the position New Zealand is in, and that we have to borrow something like six millions during this year in order to carry on our ordinary services. Under those circumstances, I am sorry the Government have not thought discretion the better part of valour in regard to these loans, and only asked for one million instead of for two. Several speakers have also alluded to the danger to property-owners in the colony of asking the Government for an advance under the Advances to Settlers Act, on the ground that their valuations for ordinary tax purposes are frequently raised in consequence of their very often unsuccessful applications. This was met by the Premier referring to the Act, which did not permit it ; but I was glad to see

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of this, and point out that the reason was that the same valuer was employed by the two departments. Undoubtedly it is so, and that is, to my mind, one of the worst features in the system-the placing of two departments, which ought to be separate and distinct, under one head. If they were separated, or if local bodies were allowed to make their own valuations, you would not find the machinery of the Advances to Settlers Act used unfairly for the purpose of increasing the valuations upon properties. Reference was also made to the charges of solicitors employed by the Government under the Advances to Settlers Act, and I will say- and I say it plainly-that it is an improper thing for any person employed by the Government in this capacity to be a member of Parliament. No matter where he gets the remuneration from, his appointment is practically a matter in the hands of the Government, and it means that he is really in Government employ, and it seems to me to be an improper thing that any member should owe a position of pecuniary advantage in this respect to the Government. We have been told that some of those who are engaged by the Government as solicitors for the Advances to Settlers Department charge far more to their clients than the rates fixed by the Act. Unfortunately, there has been good reason to believe that sometimes that is the case. It is said that the charge is made in a way which entirely evades the Act, and I would like to ask the Minister if it is not possible to devise some amendment that would prevent that being done. I am told as much as \$20 is charged for searching a title by solicitors who are engaged under the Advances to Settlers Department, and it will be easily seen how it is possible to mount up costs in this way, so as to make it almost prohibitive to the man who wants to borrow money from the Government. I

think the only charges that should be allowed are those laid down under the Act; and if any further charges are to be incurred they should come under the review of the department, and not be a matter between the department's solicitor and the intending borrower. I think the Act has proved undoubtedly a very great benefit to the settlers of the colony, and if it is wisely administered, as it has been in the past, I have no doubt we will never have cause to regret having instituted this department of the State. Mr. MILLS (Commissioner of Trade and Customs). - Sir, when I was introducing the Bill we are now discussing to the House this morning, I used the expression "charitable construction" in my speech, and the Premier, who was in a playful mood, suddenly interrupted me, and it was quite evident that his objection could only have been raised because he did not hear the words with which I intended to conclude the sentence and that portion of my remarks. I would not have alluded to it again but that the honourable member for Bruce, in a bantering tone, endeavoured to make out afterwards and wished to construe a meaning from it which, if left unchallenged, might Mr. Pirani ferent from that which I intended. We know that some people claim the privilege of speaking twice, while others are allowed to speak until they are understood. When I used the remark referred to I contend it was perfectly right. I was alluding at that time not to the department, but to some of the younger valuers who had been engaged at an early stage of the work by the department, and I said, if it was true there had been any errors committed by them, we ought to place a charitable construction on their action, because I was perfectly sure it was done with quite an innocent intention. What is the meaning of "charitable"? Johnson's Dictionary says it means "kind, favourable, indulgent, generous," and last, but not least, "liberal." Surely under that interpretation there is no harm in such a phrase as "charitable construction." To pass now to the remarks of the honourable member for Bruce, Mr. James Allen, the first thing he had the audacity to state was this- An Hon. MEMBER.- Oh! Mr. MILLS.- Well, Sir, it was audacious for the honourable gentleman to say in effect that the business of this Advances to Settlers Department was decreasing. Why, Sir, a Fourth Standard boy would draw a different conclusion after reading the printed balance-sheet and reports, which are in members' pigeon-holes; and, after his making a statement of that kind I could not allow it to pass unchallenged. In fact, the honourable member for Masterton has already partially saved me the trouble of making a statement in contradiction, because he has shown us that there were no less than sixty mortgages from Crown tenants passed through the Land Board and sanctioned by them only yesterday or the day before, and out of these they were all, with the exception of nine, from the Advances to Settlers Office. Therefore that is direct and sufficient evidence of what our settlers and the Crown tenants think of this great policy measure. Why, Sir, I know not of one, but of hundreds of settlers in this colony who have been relieved from a miserable existence by this great policy measure being placed on the statute-book, since it gave them a chance of recovering from that hideous burden of from 10 to 15 per cent. interest they had laboured under for years. And, Sir, I state, as a fact, the interest in the colony had not lowered before Sir Joseph Ward went Home; and I could, with very little trouble, put my hand upon letters and show this House where those engaged in money-lending in the colony stated that unless the scheme was successful there was no question that higher rates of interest must prevail, and that very soon. I think it was well understood by the general public that such was the case. The honourable member for Bruce went on to say something about the figures in the balance-sheet not being correct for the 31st March. If he recollects aright, he will remember that I explained all about these matters, and quoted some figures up to date. We all know that certain mortgages are paid in as they mature, and thus amounts

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those mortgages, while new ones are issued, and therefore the balance must vary, and always will do so, monthly. But if I did not clearly explain the position with regard to the I claim to have figures let me do so now. done so before, but I spoke more on the broad facts of the measure; and when I have a com- plate

report such as I hold in my hand—a report which honourable members should read, mark, learn, and inwardly digest—it is not too much to ask them to look at the details. At any rate, I will give the figures once more, and, of course, honourable gentlemen will realise that I am speaking not from my own book, but from the books of the Valuer-General—the Superintendent of the Advances to Settlers. According to this statement, we had a balance of \$760,000 of the old loan that we could raise by way of debentures or otherwise. Against that sum \$200,000 has to be set as temporary advances already obtained. An Hon. MEMBER .- It is only £140,000 according to the published accounts. Mr. MILLS .- Well, I shall be able to explain to the honourable member for Riccarton, Mr. G. W. Russell, where his figures are wrong, as they generally are when he criticizes audited balance-sheets. The figures I have received are, in my opinion, from an undoubted source, and therefore I give them with the weight of that authority to the House. Now, then, there would be only \$560,000 available for the coming year ; and any one can understand at once that, if the office is putting through a sum of something like \$500,000 annually by way of investment, there could only be available under any possibility a sum of \$60,000 at the 31st March next year. An Hon. MEMBER. - How about repayments ? Mr. MILLS .- Repayments are falling in, but the business is also steadily increasing, and therefore the department is surely not to be tied down to a paltry sum of \$60,000 for its working balance in an immense business of this class. Sir, honourable members begin to talk about millions in such a casual way as if these vast sums of money meant nothing. Is there any lending business in this colony whose investments amount to a fifth part of the business of the Advances to Settlers Department ? Every one knows that there is not. But the office itself has grown up so steadily that it is only now and again members in this House realise the importance and magnitude of the advances made, and have anything to say in regard to it. It would never do to tie this office down to only a paltry sum of \$60,000 in credit. Really, Sir, I am astonished, because honourable members, one and all, have said, either by way of forcible discussion or by implication, that they believed in this great policy ; and if so, if they mean what they say, why not do the best that can be done and keep it moving in the way that it should go? Why should we not carry out the wishes of the people who sent us here? Of course, I know, and every one else in this House knows, that for some years past the Government has had the authority to raise They had the power to borrow £3,000,000 under statute ; but did they not show a wise discretion when raising that money, and only make a move to raise it when the time was opportune ? I say they did. They have guided this business, and they have done what they thought was best in the interests of the colony as good sound business-men ; because, after all, it is a business office, not a sentimental office, and one that is conducted on fair and reasonable business lines. Now, passing on from that, I will refer to the members as they spoke. The honourable member for Dunedin City (Mr. Barclay) said some one had a grievance, and he gave us quite a history with regard to some letter sent to him. Well, after all, let me ask you, what weight are we to place on an ex parte statement of this kind against the office and against the officers of the department, who have had no chance to refute it ; because I say emphatically that there is no wish on the part of any one in that office to do anything but what is right and proper. However, I will make it my business to ascertain if that statement was true, with regard to the Board refusing to sign the transfer or to release the mortgage until the money was actually paid, and also what were the reasons for so doing. Now, the honourable member for the Bay of Plenty also said that in introducing this Bill I gave no reasons for its necessity. It is impossible in the limited time at our disposal to go into minor details in introducing an amending Bill of this kind. It is not a new measure. It has been before the country for years and years, and those who have been in the House for some little time ought to show they understand the position, and give a little more reliable information than the honourable gentleman gave to this House. The main facts were given to the House by me, and 8.0. the report from which he was quoting conveyed—at any rate, it did to my mind -- all the information any honourable member need wish to have before him. The report probably required a little looking into to find

out what the figures referred to; but otherwise every member who gave it reasonable consideration would, I think, understand the position at once. However, I was pleased to hear the honourable gentleman admit for it was a great concession from that honourable gentleman that the Act had been of great benefit to the settlers. That admission from the other side of the House is really the best testimony we could have that good work is being done by the Government and by those who support them in this House. The honourable member also referred to the fact that settlers have to pay a certain fee for valuations. Well, would it be possible for the Advances to Settlers Department to lend money unless they conducted their operations on fairly sound business lines? If a man wishes to have his property valued, and pays the fee, the valuation is made for him. The fee, of course, is paid to the valuer, and it would really be impossible and quite unreasonable for any applicant to expect that his fee would be returned to him, even

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If the department were to initiate a system tomorrow of making valuations free they would be deluged with applications. At the same time I do not agree with solicitors making undue charges. Sir, I know that the responsible officer of the department is doing his best in the interests of the department, and it is the wish, I believe, of the Valuer-General to reach what we may term the "bed-rock" valuation -- one that will stand good in all cases, and act as a guide in all operations. But if a valuation has been made for some time it would be necessary to get a revaluation when an application came in for a loan. In any case, the cardinal principle of the whole business is the safety of the State. That point has been reiterated time and again in the House: the business must be a safe investment, and then no loss, comparatively speaking, will result. Now, passing on, I have a few words to say to the member for Waitemata, Mr. Monk. That honourable gentleman was greatly exercised as to the rate of interest that is to be charged. In reply to him, all I have to say is that the Government intend to proceed on the lines on which they have hitherto proceeded. They intend to raise money as cheaply as it is possible to do so, and to give to the settlers the benefit of it. That is the position the Government intend to take up; and why the honourable gentleman should object because somebody else had to pay 1d. in the pound under the Mortgages Act, and why he should want to penalise the poorer settlers, a number of whom live in his own district, I do not understand. Two wrongs do not make a right. The honourable gentleman laid down the law very strongly, as he generally does from his point of view, but sometimes he does not start from the right premises. At any rate, there was no reason -- and there is no reason -- why the hard-working settler who wishes to borrow money under the Act should pay a penny more than will leave a fair and reasonable margin of profit for the State. Then, the honourable member said, "Sir, we cannot tell the results of the advances that have been made." Why, Sir, how long does that honourable gentleman expect to live? It seems to me he will have to live as long as Methuselah before he will really understand the working out of a simple business transaction such as I have brought before the House. Look at the statement that is before the House now. What more does he want? It there shows very clearly that, up to the present time, the office has made advances up to \$2,675,920, and the security represents no less a sum than £5,859,039; and so, when he realises this statement that is made, and which cannot be questioned in this House, because it is solid fact, he should acknowledge its truth; and when he is told that the interest has been paid punctually he ought to be satisfied, for that does away with a number of the arguments which came from the honourable member for Waitemata a few years ago, and recently as well, when he stated that the system would in Mr. Mills' rowed from the State would never pay their interest. That statement has long since fairly exploded, and I think it should be fairly and publicly stated, so that the settlers who have discharged their obligations so faithfully and so well, and who are in favour of the system, should not be stigmatized as defaulters. Sir, I advise the honourable member to own up like a man that he was mistaken. Well, Sir, then my friend the member for Franklin, Mr. Massey, had a

word or two to say, and he said we were not justified in bringing in the Bill, while in the same breath he tells the country and his constituents that he believes in the measure. Mr. MASSEY .-- Who said so ? Mr. MILLS. - There is no doubt about it, because read the honourable gentleman's I speech. Mr. MASSEY. -. Have you got it there ? Mr. MILLS .-- I am referring to your speech ■ in your own electorate ; I know perfectly well that what some honourable gentlemen say on the platform and what they say in the House are two very different things. Therefore I say it has been clearly and conclusively shown that there is a necessity for this Bill. The Premier went into the matter in detail, and explained why and wherefore the Bill was necessary ; and if any one will be convinced by reasonable arguments and statements such as I have alluded to from the office itself, I think they will say, "I am in favour of this measure and will vote for the second reading and vote for every word of it in Committee." Then, Sir, I am sorry to say that my honourable friend has looked at the measure with suspicion. At times his better nature seems to sink into the depths of an abyss, and he becomes very suspicious, because he said this money was not to be raised for the department. I can assure the honourable gentleman that so long as I am the responsible head of that department-and I say it without fear or favour-any of this money raised here under this measure will be for the use of the department. Mr. MASSEY .- What are you going to do with the money not wanted at present for loans to settlers ? Mr. MILLS .- My reply to that is that we are not bound to raise this large sum at once ; probably it will be raised in portions as required. But, as the Premier explained in the afternoon, there are times when it would be judicious to float a large loan on the London market, and every sensible man must admit that, and there are times when it would be most injudicious; but the very fact of the Government having had power for so long to raise a very much larger sum of money than would be conferred by this statute proves that they have acted wisely and judiciously and that they only raised the money when it was practically required. If they had something more than was actually wanted at the time for the advances to settlers, then they have shown good business acumen by reinvesting it. Mr. MASSEY .- Where ? Mr. MILLS .- In the proper place. There-

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fore I do not think any one can find fault with that. With regard to the honourable member's statement that ugly rumours were about the city, I may say I have heard many ugly rumours about burglars lately-rumours about one thing and another ; but, if the honourable gentleman means that somebody is going to put his hand into the public chest and take this money out of it, all I can say is that I have never heard a word about such an absurd rumour, nor do I understand what the honourable gentleman means. What I can assure him of is this: that the accounts are carefully and jealously guarded, and that they are given in a clear statement, which any person who wishes to investigate them can easily understand and rely upon. Now, Sir, I come to the statement made by my honourable friend the member for Riccarton. Mr. MASSEY .- There is another statement. What about capitalising the back interest ? Mr. MILLS .- Much as I would like to, I cannot devote any more time to the honourable member for Franklin, but with regard to what the honourable member for Riccarton, Mr. G. W. Russell, said, at first I started taking his figures down, thinking there might be something in them, and that possibly this statement which I hold in my hand might, through some unfortunate circumstances, be incorrect. When I looked into it. however, and saw how he had mixed the figures, I was agreeably astonished and more than surprised at the numerous blunders he made. I will now ask the honourable gentleman to look at the report, and he will find that it bears me out in my assertion. Sir, he stated that we had this £760,000 at command, taking no notice of the €200,000 advance made against it, and he immediately added to that a sum found in the statement of mortgages and instalments repaid of £155,237, and said we should have the large sum of over £900,000 to work upon. Mr. G. W. RUSSELL .- I said that this year it would be £175,000. Mr. MILLS .- Does the honourable member not know that item goes to the Public Trustee immediately, and that these instalments are part of the settlers' savings to redeem his property, 1 per cent. being put

aside to repay the loans. The honourable member should have known that fact, especially when he presumes to be a financial critic. To say that all this amount will be paid over and over again shows how very carelessly the honourable member has studied the balance-sheet and statement ; evidently he only had a superficial glance at it, and made no attempt, even if he was competent, to master its details. It was simply absurd when he said that it would all be available for lending by the Superintendent. I saw at once where he was at fault, and realised immediately that the other statements the honourable gentleman made could only have about the same weight, so were unworthy of further notice. Passing from that, I hope that later on in our history some of these loans will be floated in the colony, as was done recently in the case of another loan. If we can do this, and get the interest circulating among ourselves, it will be better for every one. The moment we stop our interest from going to the Old Country, and have it permeating through our own circles, I feel sure that we shall get into a much more healthy and satisfactory financial position. Then, I was asked by the leader of the Opposition to explain how it was the report said on one page all the interest due was paid, and by another page showed over \$4,000 owing. Well, I am afraid the honourable gentleman, with some others also, must have read this report very carelessly, because the only member who questioned the statement in the House, and who seemed to grasp the clear facts, was my honourable friend the member for Christchurch City (Mr. Smith), who is a clear-headed business-man. The meaning is that the instalments of interest and principal due on the 31st March, 1900, have been collected in full, but that paragraph only refers to those outstanding amounts. If you turn over the leaf you will see that the interest receivable on the 31st March, 1901, was only £4,734 6s. 7d., and, as the mortgagors only pay their interest every six months, there is bound to be some accumulation. There must of necessity be more or less interest owing on balancing-day in a large business such as this is. I should therefore like honourable members to think twice before making such absurd statements, because a paper such as this is, when presented to the House, is not the result of the calculations of the department itself. It has to be checked in every possible way. It has to go through the fiery furnace of the Audit Department previously to coming before this House. It has to be certified to by the Controller and Auditor - General, and surely these checks are sufficient safeguards for Parliament. There are a few other minor matters in regard to these figures that I have been asked to give an explanation of by various honourable members, but the time-limit will not permit of my doing so, and I must therefore again refer them to the report and balance-sheet, or take an opportunity of doing it another time. Or, if any honourable gentleman will come to me or write to me at any time pointing out where they consider anything is wrong, I shall be only too glad to see whether there is any blame attached to the department. I must just say this before I sit down : The honourable member for Geraldine pointed out how unfair the leaseholders wishing to borrow on their properties were treated in comparison with the freeholders. Well, of course, there are members in the House who hold very strong views about the difference in those two qualifications ; but I would point this out : that formerly if you went to the money-market in order to borrow money on your leasehold you would have been told the lender could not make any advance on your leasehold at all, no matter what the improvements were ; but they always took care to include it in the mortgage-as the solicitor would say, " just as collateral security." Well, that day has passed by. At any rate, the department is

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lending up to 50 per cent. on the value of the improvements on those leaseholds, and that, I think, is a very fair advance. Now, it does not seem to be generally understood that if a borrower wants to know what his place is valued at he can send to the office and the Superintendent will give him the information. I should like to say, also, in reply to the honourable member for the Grey, Mr. Guinness, and the honourable member for the Southern Maori District, Mr. Parata, who in the interests of their constituents both referred to the necessity for extending the measure so as to enable advances to be made on Native

leases held under the Nelson and West Coast Native Reserves Act, that their proposal is a matter I can give no definite answer on ; but I will bring their request before Cabinet and advise them what decision is arrived at later on. Sir, I have to thank honourable members for their fair and reasonable criticisms of the measure, and I am pleased to see so much unanimity, for I can gather by the look of members around me they are all in favour of the measure, although there is a slight difference of opinion as to the amount which should be borrowed. In conclusion, I can assure honourable members after the Bill passes there will be the same care exercised in raising the money as the Government has displayed in the past, and full consideration given as to what amount it is advisable to raise at a time. Mr. G. W. RUSSELL (Riccarton). -- I wish to make a personal explanation. The honourable gentleman stated that I misinterpreted the position with regard to the \$175,000 I said would be available for mortgages and instalments in addition to the amount in hand. Mr. MILLS .- €155,000. Mr. G. W. RUSSELL .- It was \$155,000 last year, and I estimated with the increased sum lent during last year, it would be about £175,000 this year. To show that I am correct I desire to quote the 3rd subsection of section 55 of "The Government Advances to Settlers Act, 1894 " :- "The Colonial Treasurer may, however, from time to time direct the Public Trustee to pay over such sinking fund, or any part thereof, to the Superintendent for reinvestment on mortgages under this Act as part of the Debenture Fund, and the Public Trustee shall obey such direction." Mr. MILLS .- I still think the honourable gentleman mixed up the figures, and very much so too. Bill read a second time. # RATING ON UNIMPROVED VALUES BILL (No. 1). Mr. SEDDON (Premier) .- This Bill is simplicity itself. I will read clause 2 of the Bill to honourable members to save time :- "From and after the commencement of this Act all rates shall be made and levied on the 'unimproved value ' of 'land' as such terms are respectively defined in section two of ' The Government Valuation of Land Act Amendment Act, 1900.'" Mr. Mills Now, that is the Bill. I might have said this Bill is a repeal of section 6 of "The Rating on Unimproved Value Act, 1896." At the present time, before rating on the unimproved value can obtain under section 5 there has to be a percentage of the ratepayers to petition the local body. A poll has to be taken, and if the proposal is carried by a majority, then the Rating on Unimproved Value Act applies to that local district. That is the existing law. Public opinion and experience has proved that there should be no necessity whatever for taking polls declaring whether or not the Act should apply. I am speaking now from experience. In the number of polls which have been taken I think there have been only five or six where the proposals have been rejected, as against some forty that have been carried. The feeling throughout the country is that there ought to be one system, and I say it is a safe system. I should be surprised to hear any member of the House defending rating under the present conditions. The improving squatter, the improving farmer, and the improving frecholder, either in town or country -- I say, as the law now stands he is penalised locally for his thrift and for his improvements. That is what is the matter. The man who will not improve, who will not employ labour, and who simply makes his money on tussock, gets the advantage, because his neighbour who has improved is taxed for local rates three times as much in some instances as the man who makes no improvements. I say there is only so much money wanted to be raised for local purposes. and I say it is unfair, in respect to local taxation, to penalise the improver. And I say again, if it is fair and right and righteous that for taxation. for raising money for the nation, you shall raise your money on the unimproved value, excluding improvements, how can you consistently, then, say that for local purposes there shall be another system ? It is illogical entirely, and I am satisfied that if you had a referendum to-morrow of this country on this question --- An Hon. MEMBER. - There is no chance while you have got the present Upper House. Mr. SEDDON .- I am surprised at the delight of honourable members at the Bill being thrown out in another place. It shows they were insincere in supporting it in the House. I should not be surprised if they have been using their influence with the members of the other House to throw out that Bill. I am surprised at the delight of honourable members opposite when I mentioned the word " referendum," and said if a referendum were taken- An Hon.

MEMBER .- We knew it would be thrown out. Mr. SEDDON .- I read of a lady the other day who for fortune-telling lost her liberty ; and the member for Waitemata, if he goes on prophesying like this, will run a risk. But let us come back to the question at issue. 8.30. The question at issue is whether or not we ought to rate for local-government purposes on the unimproved value. I say that as introduced this year it is even in its infancy, but the results are most encouraging. It does not

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penalise the man who improves. I need only take members down Molesworth Street here, and they will see a lot of old buildings which are a discredit to a town of such importance as this city. I will not call them "hovels," but they are buildings which were erected some forty years ago, and that land is now worth from \$50 to £100 a foot, and to see buildings of that class on land which is of such value seems to me to be monstrous. An enterprising owner of land, of course, erects a magnificent building, and gradually the land is improved in value ; but under the present system the person who takes an up-to-date shop that has been erected on that land has to pay five times the rates that his neighbour has to pay who is utilising one of these poor buildings. Now, that man gets just as much from the use of the street as the man who has erected these fine buildings, and carries on his business year after year to a great advantage in regard to the payment of rates. Members would scarcely believe it, but I am told that there are three or four of these buildings in Molesworth Street-and I do not know that you can have a stronger argument-that at the time of the plague scare were condemned and had to be pulled down as being insanitary and unfit for occupation. Therefore, if you have such a condition of things in your principal city of this colony, and in its main thoroughfares, it is worse really than to have the vacant plot ; and I say that the time has arrived when you should put your rating for local purposes on a fair basis, for all that land will then be improved, and the man who owns it will have to do the same as his neighbour, because he cannot very well afford to continue to maintain the tenements that now exist on the land. Mr. BOLLARD .- Punish the man, and make him erect new buildings. Mr. SEDDON .- No, I do not punish the man at all. I simply say, Why should he reap the advantage of other people's expenditure ? Why should he not be rated for local purposes the same as the other, because his property is in the public avenues, and his premises command the same amount of public conveniences, pathways, streets, lighting, et cetera, as the premises of the man who has put up a magnificent set of buildings ? Mr. W. FRASER .- You cannot apply it to the country-apply it to the towns. Mr. SEDDON .- It applies to the country too. You will find that, if it is in a district where they cannot improve, the property-owners will always be on the same footing. At all events, I will come back to the other matter and deal with the local plot question, or the vacant plot question. As members are aware, there are in towns vacant plots of land where in some instances the owners are absent from the colony. Sometimes you cannot find their addresses, and it is only when a boom commences and high prices are ruling that the owners turn up. Some, to their sorrow, have taken these sections as being ownerless, but events have subsequently proved that the owners were there, but were lying back quietly allowing the thrifty and the enterprising residents to go on making improvements, paying all the time rates and taxes, and after the land had quadrupled in value, although during the interval the rates they had paid had only been one-fifth of what was paid by the other improving ratepayers, they quietly disposed of those vacant plots at a very large profit. I say a large share of that profit has been made out of the enterprise of their fellow-ratepayers, who have been penalised. That has been and is the existing system of our rating on the capital values, taking the improvements into consideration. At all events, after carefully noting what has been going on throughout the country, I am pleased to see that where the experiment has been tried in the country districts-in the counties-they are all well satisfied with the results. Hon. MEMBERS .- No, no. Mr. SEDDON .- Well, I would like any member to stand up in the House and give us a case where it has not been so. Mr. MASSEY .- I will give you one. Mr. SEDDON .- All I know is that wherever they have brought the Act into force they are very

well satisfied-in fact, I have not heard of one to the contrary. If the member for Franklin has met with an isolated case which he can give to the House, that will be good reason for saying its application should not be general, because the exception proves the rule, and there may be local conditions in perhaps one isolated case that may militate against this system being fair in its incidence. Probably the remedy in that case would be, if we carried the Bill and made its application general, that in a case such as the honourable member referred to we might give them, on the vote by the rate-payers, the opportunity of coming from under the Act and reverting back to the old system. An Hon. MEMBER .- How? Mr. SEDDON .- By making the same provision that there is under the Act now for bringing all the rest in : reverse the position. Mr. MASSEY .- That is not in the Bill. Mr. SEDDON. - The reverse is in the Bill. Mr. MASSEY .- You do not say so. Mr. SEDDON .- I have said you can amend the Bill in that direction if there is an isolated case that you know. If you made the law general in its application, that all local bodies should rate on the unimproved value, and there was a local authority, or those within the bounds of a local authority, whose conditions and the incidence were such as not to make it fair, then they, on the votes of a majority of the ratepayers so desiring it, could come from under the rating on unimproved value and go back to the old system. That is what I mentioned could be done. Mr. MASSEY .- Will you put something of that nature in ? Mr. SEDDON .- I shall have no objection to the honourable member moving in the matter. If you have a special case where there was hardship, and they want to come from under it, and by a majority of votes the ratepayers and burgesses decide to do so, then

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is this : I do not see why we should not make this the basis of our system of rating; when in every case almost, I think, there have been nearly ten to one cases recorded in favour of this system wherever it has been tried as against those who have been unfavourable to it. And the strongest argument of all is that there ought to be uniformity in respect of our system of taxation. If, therefore, we find the tax on the unimproved value works fairly, it is fair to rate and tax for local purposes on the same basis. I do not know, Sir, that there is any further elaboration required, except that under the 2nd section of the Bill. As the law now stands, section 20 of the original Act provides that, although carried by a majority of ratepayers under the existing law that the rating shall be on the unimproved value, that will not apply to water rates, gas rates, electric-light rates, sewage rates, or hospital and charitable aid rates, and the argument, of course, is of great force that if it is right that the general rate should be on the unimproved value, why in respect of these other rates should there be any distinction ? That is the argument, and I have never heard an answer to it yet, except that, as a matter of expediency, and as we were experimenting, this clause 20 was put in the Bill. But surely a drainage rate or a sewage rate is for an improvement which, if necessary to a town, benefits all the property in it, and the property that is benefited should pay evenly and fairly for the improvement. But it does not do so at the present time. And the same applies where water is brought in. If a water-supply is obtained, the whole of the property of a town, from that one act, is improved in value; but, when it comes to paying rates to meet the interest on the loan for the construction of waterworks, again the improver, again the man of enterprise, is penalised, and the man who has a vacant allotment pays a nominal amount. Now that the rate-payers by large numbers have agreed that the rating shall be upon the unimproved value, why should it not apply to rates other than the general rate ? However, I know that I am on dangerous ground here, and so as to let those down lightly who differ from me in this respect I have left this matter for the decision of the local body :- " This section shall not apply to the rates mentioned in section twenty of the principal Act unless the local authority by special order declares that such rates shall be made and levied under this section." It practically, therefore, rests with the local authorities, if the Bill becomes law, as regards these special rates, whether it applies to them or not. At the same time, if when the Bill is in Committee there seems to be a strong desire that it shall be made mandatory right through, I shall not fight very keenly for this

provision that I have placed here. I will leave it, of course, to the Committee. In the meantime I do not think it necessary to say anything further. I expect honourable members' minds are pretty well made up on the question, and I Mr. Seddon value must have been demonstrated, and, such being the case, the time has arrived for us to have the law brought into conformity with public opinion. That being so, I move the second reading of the Bill. Captain RUSSELL (Hawke's Bay). - The Right Hon. the Premier says our minds are made up about this Bill, or most of them are. Mine, at any rate, is, and it has been made up for several years past. I am thoroughly convinced that the attempt to discover the unimproved value of land is as futile as the pursuit of a Will-o'-the-wisp. I was interested to hear the Right Hon. the Premier, in his argument, quite unconsciously to himself, depart from the principles he usually lays down. He usually says it is solely the increase of population that creates the value of property. Mr. SEDDON. - I did not say it was the only one. Captain RUSSELL. - That is the general line of argument of the Premier. To-night what did he say? I think seven-eighths was the proportion that he used. I do not suppose that he would be particular whether he used one-eighth more or less as the proportion of increased values of urban properties caused by rates levied upon the properties. However, to-night he admitted the improvements made by roads, by bridges, by gas and water were all paid for by local rates, and to those rates was due the increased value of properties. I was extremely pleased to hear him say that, because, speaking purely as a country man, I have never been able to realise where unearned increment commenced. An Hon. MEMBER. - You have to accept that from the valuer. Captain RUSSELL. - The valuer ordinarily knows less about the unearned increment than the owner of the property. He is generally a man who knows nothing about successful farming or he would not be a valuer. I think it was Disraeli who described a critic as "a man who had failed in literature or art." So I say a land-valuer is usually a man who has failed to work any property successfully, and therefore is appointed to value other men's. But the Premier wailed about the work. unbuilt-upon allotments in the towns; and there, again, he departed from his usual stock arguments. I have heard him in this House rail about the necessity of pulling down the cab-shelter sheds in Wellington, because in this the windiest place in the world there was no spaces for the people to breathe in -- no lung-room for the city. When he wants to pull down sheds and make vacant places to suit his own prejudices his argument is an entirely different one from the one he uses now. But if we are seeking after hygiene, if we are anxious that the people should be healthy, why not encourage the people to keep vacant spaces in the large cities, rather than by ever-increasing taxation compelling them to build whether they wish to or not.

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places in Wellington. Captain RUSSELL. - I have heard that there is a garden somewhere between Golder's Hill and Molesworth Street, and that there the Premier wants to make a solitude surrounding his own house; but he will find by doing so he is not creating peace. But, Sir, if in the city it is difficult to conceive what the unimproved value of a section really is, it is still more so to describe how hardly it bears upon the back-block settler and upon the country residents. Parliament has not yet begun to hear about the grievances of the country settlers, but it will hear a good deal about them as time goes on. Of all unequal systems of taxation that upon so-called unimproved value is the most nefarious, for, while it practically taxes every improvement put into a farm, it exempts the buildings erected by the denizens of the towns and those of the rich residents in the suburbs of the cities. Though for local taxation this may not be important, for any general scheme of taxation it is most iniquitous. The Premier told us in his speech to-night of the hardships of the man who makes a start in the back blocks and has his property taxed. But, Sir, I thoroughly understand he does not realise the position of that pioneer settler. He is one of those honourable members, of whom there are a great many in this House, who know nothing of the difficulties of the pioneer settler. Let us take the case of a struggling settler under the proposal to tax his unimproved value. From the very moment when the man takes up a piece of ground-which has hitherto

been almost untrodden on by the foot of man, where there are no roads and no signs of civilisation and no advantages, where everything he buys is carried in under extreme difficulty, and where there is no local store at which he can obtain the few necessities he must have to keep body and soul together - he is to have imposed on him taxation on the full selling-value of his farm. That is to say, he is to be taxed on its unimproved value. Alas, poor man ! his property is all unimproved. He buys it as Nature made it. And then, for- sooth, we are not to tax a man who has accumu- lated wealth ; it is called "taxing his thrift" ; but we are to tax to the uttermost this man who takes up a waste of country. There may be resident only a few miles from him a man of wealth, who has inherited, possibly, from some one an estate in good working condition, and out of which he can derive an immediate income. But the man who is in affluence is to be taxed practically at the same rate as the wretched man who has not had an axe swung on his property, who has no sheds, no fences, no drains, no house, no barns. He is to be taxed exactly to the same extent as the man who has a farm in a paying condition. I may be told that to tax a farm in a paying condition is a tax on thrift. I do not care whether we tax thrift or not. It is a catchy phrase, but there is nothing in this world that is taxable but thrift, unless a poll-tax. Until a man has by thrift accumulated something there is nothing farm or establish a business, and therefore you Unfortunately, Sir, I have not tax his thrift. brought with me an interesting correspondence that took place not long ago about the taxation of some properties on the West Coast. I think it was in the vicinity of Marton. It has been im- possible there to arrive at anything like an equal system of taxation. It is held by all of us who live in the country that we are indifferent as to a value being struck on our property so long as there is some reasonable basis on which the valuation is fixed and the taxation is imposed ; but under our present system of taxation, which, I contend, will be made more cumber- some and less intelligible under the proposi- tions now before us, there is no understandable basis of taxation whatsoever. There is no en- deavour to establish definitely the value of the best property in the district and also the value of the worst property in the district, so that between the two extremes a fair relative value of all the others may be arrived at, so that people will know they are to be rated according to the relative value of their property to that of the whole district. The consequence is that all through the country-at any rate, in the part where I live-there is the very gravest dissatis- faction with the valuations, which often bear absolutely no relation one to another. The valuations which are imposed have no relation one to the other, and so the people are dissatis- fied. I may be asked, What has that to do with rating on unimproved values? Because if it is impossible at the present time to ascertain a true basis for taxation, the only true basis of which, according to my views, should be that of the selling-value of the property, for it seems to me there is no other true value on which you can ascertain the sum on which a property can be taxed than what is the actual selling- value in the market -- if that value is fixed all through a district, I cannot see that there would be any injustice in the amount of a tax if all the properties in that district were taxed proportionately to their value to sell. But so long as a system is employed, such as we are suffering under at the present moment, of imposing taxation in a purely empirical manner, I maintain there will be the greatest dissatis- faction ; and it must be so, because there is no true and natural basis upon which that taxa- tion is being imposed. Now, I commenced by saying there is a vast difference between the imposition of taxation upon the unimproved values in the country and in the towns, and that that form of taxation would be a material hardship to the persons owning property in the country. I recognise that for the purposes of local taxation my argument is of little appli- cation, so long as in the particular local govern- ing district there is equality of valuation. But when it is applied relatively to the country and to the town for the purposes of general taxa- tion, then the hardship commences. Why, Sir, it is believed-at any rate, I believe it most thoroughly-that instructions are given-per- haps "instructions " is too strong a word, but, at any rate, there is an intimation given-to

ments as low as they possibly can, and that they are to fix the unimproved values as high as they can. Well, the intimation -- An Hon. MEMBER .-- An intuition. Captain RUSSELL. - An intuition - what the precise and proper word is I really do not know. I hear the Right Hon. the Premier groaning; he recognises we are discovering his little tricks, but so it is. Mr. SEDDON .- You are doing a grave in- justice to good, honest, and upright public officers. Captain RUSSELL .- I am extremely sorry I should do a grave injustice to anybody, and I am not prepared to go so far as to say there is proof of this ; but I do go so far as to reiterate that it is universally believed that that in- timation or intuition has gone abroad amongst the valuers-and the valuers, at any rate, act upon that principle. Well, now, we find this also : that not only is the sum allowed for im- provements reduced to what is becoming-I was going to say an irreducible minimum ; they have unfortunately all but arrived at it-but continually we hear, "Oh, that is an exhausted improvement " : and the process of exhaustion is going on year by year and month by month, and I may almost say day by day. The im- provements being put upon country properties are, according to the valuers, daily becoming exhausted. I have in my mind's eye the case of country that has been under dense bush, where the timber has been felled, where in due course of time the land has been stumped, after having been logged and burnt off, and that pro- perty, which was originally primeval forest, has been brought into what is called a highly im- proved condition, with the result that the cost #cc-zero of bringing the land into that condition has been greater than the actual selling-value of the property so cleared. Then. I would ask, How in a case such as this is it possible to ascertain what is the unimproved value ? What unimproved value has the land if the money it has cost to bring it into the con- dition in which it is has been equal to or greater than the selling - value? I have in my mind's eye also another instance -- the case of a swamp which was almost bottomless, where drains were dug to a certain depth with spade and shovel when they first were cut, next, at almost incalculable expense, with the axe and adze through buried timber, and by degrees this land has been drained and has be- come dry. The swamp, which was a quaking bog, has become valuable paddocks, carrying great quantities of stock and growing good crops. And yet we are told that because some of the drains are no longer running drains-they have been so once, but only carry water now at certain seasons-on that account they are exhausted improvements, and no allowance is made for them. I have been told actually of a case of a man who drained by subsoil drains, and the valuer went over the country and said he could see nothing but grass, and good grass, and he could not allow for any improvements he could not see, and therefore the cost of pounds per Captain Russell as improvements at all, because, indeed, it was an improvement the valuer could not see. I can tell how plantations have been made, but which, being young, have no saleable value, so are not called improvements. I have been told that they could not be taken into account be- cause they were not saleable. I have known thousands of pounds in river - bank protection works - willows planted at great expense-and have been told that willows are an unsaleable commodity, and therefore river-protection works could not be charged as improvements. These illustrations are given to show how the system of rating on unimproved value works out in prac- tice. More and more the tendency is to reduce the country settler to the position of a man who has no improvements, because, under instruc- tions from the department, nothing will be allowed for improvements such as felling bush and grassing land after a certain period of time, because they are improvements that become ex- hausted. As an illustration of how injurious it will be, relatively speaking, for the country settler as against the man in the town, take the case of a man living in the suburbs who has a vegetable garden, from which he supplies the town with fresh vegetables. Alongside him is the mansion of a successful business-man or successful pro- fessional man. He has probably expended on this mansion £7,000 or \$10,000, and there it towers up towards the sky, an untaxed improve- ment never to be "exhausted." The farmer, who has spent €10,000, and is causing two blades of grass to grow where one had been growing before, is penalised ; his £10,000 spent in im- provements is soon exhausted, while the man with the mansion is let off scot-free. Should that system of

taxation meet with universal approbation ? The Hon. the Premier tells us that wherever the case has been submitted to the ratepayers ten to one have voted in favour of rating on unimproved values, and that there had been no recession from the view that the alteration has been desirable. Mr. SEDDON .- That is the position at pre- sent. Captain RUSSELL .- It may be so. I can- not deny the accuracy of the statement, for I do not know the cases in point; but I do not think the people have thought the matter out for themselves if they have agreed to this. The Premier referred to the case of the holders of small tenements in Molesworth Street, and he said it was absurd that they should pay less taxation than those who lived close by in large houses. I do not at all agree with that theory. Because people live in small tenements it does not follow that they are bad citizens. They may be very deserving persons, although they may not have sufficient capital to put up large houses. Take as an illustration the case of the owner of a small house and the Gear Company, which owns a large shop and meat-preserving works on Lambton Quay. Am I to be told that a concern that has twenty or thirty carts constantly running on the streets, and which does an enormous business, is to be taxed only on the same footing as regards taxation as the poor

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artisan who chances to have a site on the Quay on which he has a four-roomed cottage on an equal road-frontage? In theory that may be all right, but in practice it would be monstrous; at least, I think so. Take another illustration of, say, a large linen-draper's establishment, from which carriages and cabs are perpetually passing to and fro. It is surely only right that that person should- Mr. SEDDON .- Vehicles are nearly all required to be licensed. Captain RUSSELL .- That has nothing to do with this argument. Surely it is right that a man who is doing an enormous business, turning over, as I believe is done in some cases, over a hundred thousand a year, should be in a different category so far as taxation, both local and general, is concerned from the man who lives in a small house. It seems to me that this principle of rating on unimproved value is one of those principles which people talk about, though they cannot really grasp it ; and, in fact, from what I gather, the Premier himself scarcely has a belief in his own Bill. At the present time, as the law stands, the Act can be brought into operation by a ballot of the ratepayers in any district. Now, the right honourable gentleman proposes by this Bill to make the Act turn a somersault, and, instead of persons who wish to bring the Act into operation having to get up a petition to do so, he says, in fact, that there shall be compulsory valuation on unimproved values unless a petition is got up in the opposite direction. Mr. SEDDON .- I was only pointing out to the honourable member for Franklin a way out of the difficulty. Captain RUSSELL .- Quite so ; but I think I have estimated the position of the Right Hon. the Premier quite correctly. Any body of ratepayers who wish to petition themselves out of the Bill shall be allowed to do so. am sure the Premier cannot deny that that is practically what he said. And I think we are invited simply to reverse the position. The Bill is absolutely compulsory ; but the Right Hon. the Premier told us he was prepared to put in an amendment to make it voluntary. Well, the difficulty is, when there are two Bills both introduced by the Government, for one to know what either means, and one is rather at a loss. But under the Bill I have before me, with the name of the Right Hon. R. J. Seddon at the head of it, in clause 3 there are some of the most extraordinary pieces of doctrine I can conceive. It says,- "' The Rating Act, 1894,' and the principal Act, and all other Acts in conflict with this Act, are hereby repealed to the extent of such conflict, but not further or otherwise." Well, Sir, one hears that many Bills are drafted for the express purpose of giving employment to the lawyers, and this must be one of them. But whether this Act will come into conflict with some other Act, or what that other Act is, or whether there is a single local government Act which might not come into conflict with this Bill it is impossible to say. I would urge upon the Right Hon. the Premier modify, and clause by clause have it placed before the House, so that the House will be able to understand what the repeals or modifications are. I have no doubt in my own mind that the system of rating on unimproved value must prove a failure. At any rate, I am prepared to vote against this Bill, and to divide the House against it. Mr. STEVENS (Manawatu) .-

Sir, I am very much surprised at some of the statements made by the honourable member for Hawke's Bay. No doubt the honourable member has had a very wide experience in country settlement, and a considerable experience also with respect to the various kinds of rating in this colony. But, Sir, when the honourable gentleman stands up in his place in this House and says that some- thing occurred in a particular locality which he could not understand one can easily understand that the honourable gentleman was somewhat fogged in respect to the whole question upon which he has been speaking. Now, I will help the honourable gentleman out of the difficulty as to what occurred in the locality of Marton, to which he referred, and when he has heard my explanation he may be satisfied that upon other points in connection with this matter he may have been as much mistaken as he has been in connection with the various kinds of rating in the locality of Marton. There is an estate there, and when the valuation was made for the purpose of rating on unimproved value, when the Land-tax Act first came into force-I am not speaking of the Act introduced by Sir George Grey, but the existing Act . this is what did occur : In the locality of Marton, to which the honourable gentleman referred, there was an estate the unimproved value of which was fixed at 7s. 6d. per acre ; but, on the opposite side of the road, the land being practically equal, there was a thrifty farmer who had erected his farm-steading and good outhouses and fences, and had his farm well laid down in grass ; and his unimproved value was \$7 per acre. That was Heaton Park in one case, and Mr. Hempseed's property in the other. I know what I am talking about. and that is exactly what did occur. Now we come to something that occurred more recently. The unimproved value of another portion of the Heaton Park, nearer Bull's, was \$6 per acre, and a small property on the other side of the road, belonging to Mr. Stevenson, of Bull's, was. valued at #14. He pays taxes on £14 per acre to the local bodies, and the Heaton Park pays taxes on £6 per acre. An Hon. MEMBER. - The same class of land ? Mr. STEVENS .- Exactly the same class of land in the latter case. I wish to be perfectly fair and not mislead the House or the honour- able gentleman, and I will say there is a great deal of the Heaton Park land that is not worth €7, or anything like it, because a great deal is light land lying at the back. But it is absurd to say that the value of that estate, taking it all over-sandhills included-is not worth at least £3 an acre. This I am prepared to say : that if it were put in the market to-morrow,

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purchase the improvements afterwards, he would get a very cheap bargain. These are two points. Captain RUSSELL. - I can assure the honourable gentleman I had neither of those cases in my mind's eye. Mr. STEVENS. - Well, I am merely pointing this out as a circumstance which did occur in the locality of Marton, to which the honourable gentleman referred. Now, another point : There is a portion of land belonging to the same estate which is leased at present to the firm of Walker and Nolan. The area is about forty acres, and so far as I know, the value per acre put on that property for rating purposes is about \$6 or \$7 ; the last valuation I remember was €6. Now, all round that property are small holdings belonging to small settlers, who have good improve- ments on their land, and pay at the rate of ■14 or £15 per acre. So if the principle be right that we should have a land-tax based upon the unimproved value of the land for general taxation, it must necessarily follow that the principle should apply to all kinds of taxation, whether for local or general purposes. It is absolutely impossible to say you can make a division in a great principle. Are we to levy our taxation on the improved value of the land, or upon the unimproved value of the land ? The honourable member who spoke last said it was impossible to ascertain what the unimproved value of land is. I admit that it is impossible to ascertain it to the finest point. It is impossible to ascertain what a straight line is, but it is as nearly possible to ascertain what the unimproved value is as it is to ascertain what a straight line is. If you take a piece of prairie land of, say, a hundred acres situated in the centre of a large block which has been cut up and subdivided, im- proved, and roaded, does the honourable mem- ber mean to say that the unimproved value of that land to-day would be what it was valued at many years ago before the improvements were made? Therefore, I say that the un- earned

increment brings that land from, say, \$1 to \$10 per acre, and that the unimproved value to-day would be £10 per acre. as compared with £1 per acre before any improvements were made in the vicinity of the land. That is what I call the unimproved value. Some members say that is the unearned increment. So it is. The owner of that hundred acres of land would have received, if he were to sell his land, the unearned increment, and he would be one of the leeches who live and fatten upon the thrifty and industrious settler. The honour- able member for Hawke's Bay said that the Gear Company used the roads very largely, and it made an enormous sum of money, therefore why should they not pay more than a small holder who only owned a cottage or small holding ? If the honourable member had reflected a little he would have seen that the Gear Company does pay a great deal more, because it is a great business concern, and it pays taxation upon its annual income, whereas the small person who makes no profit pays Mr. Stevens with the valuation of land which I have always held to be right and correct, and that is, whether it be for local taxation or whether it be for general taxation, the House should insist that whenever a valuation is made in a locality the settlers in that locality should have a time of rest ; the value fixed for the locality should be fixed for a definite period, irrespective of isolated sales. It matters not whether a property be sold in the immediate vicinity at, say, £10 an acre, the original value should stand. Although the land was valued by the valuer at #7 per acre, and the property was subsequently sold at \$10 per acre, the new purchaser of such property should not be compelled to pay more than his neighbour. To my mind, it is vexatious, it serves no good purpose, and it discourages people from pur- chasing land and going into the country and settling there, believing, as they do now, that they are to be pointed at and spotted for the purpose of -- what ? Increasing by a few pounds the land-tax. All taxation, in my opinion, should be levied, as it were, for a fixed period. It matters not how long the period be, but within that period the owner of this land should be able to feel that he will be at rest. Let him rest for that particular period-let it be one year, two years, or three years. I shall not define the period ; but I do say that one of the greatest complaints I have heard from the settlers throughout the district I have the honour to represent is that immediately a pro- perty changes hands and the purchaser of that property wishes to become a thrifty settler - after he pays a high price for it and is willing to improve his property-he is immediately penalised as against his neighbour who has not sold his property. I think that is un- fair, and I hope the Government will take into consideration the necessity of fixing periodically what the valuation shall be. and that, in the event of the property changing hands within that period, there shall not be any change made in the valuation. For ex- ample, say there are a number of properties valued at \$7 per acre in a certain locality, and three days hence one of those properties is sold for £10 per acre. The purchaser of that pro- perty at \$10 per acre is compelled to pay on the \$10 per acre for the period for which the original valuation was made, whereas his neigh- bour, who owns land of equal value, gets off \-- with £7 per acre. If, on the other hand, the sale of one of those properties for \$10 an acre raises the value of the whole of the properties to £10 an acre, it is not logical, it is not reason- able. that the proprietor of one property which is of equal value to the other should pay from 25 per cent. to 30 per cent. more taxation than the proprietor of the other property in the same locality, and having the same valuation. I have nothing further to say other than this: that I have always held that, if the unimproved value be correct in respect to general taxation, it must necessarily follow that it is right and correct with respect to local taxation. Mr. G. W. RUSSELL (Riccarton) .- Sir, I

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before the House, and in doing so I shall not attempt to follow the remarks made by the member for Manawatu. It appeared to me that the honourable gentleman does not un- derstand the principle underlying any proper system of taxation. Now, Sir, I am one of those who have always doubted the wisdom of rating on the unimproved value, and I shall proceed to state how I think the operation of this principle will work in the district I have the honour to represent. I think that can be taken as a fair sample

of the condition of things throughout the colony. Without further hesitation I may say that I regard the system of rating on the unimproved value as the exemption of the wealthy man to the detriment of the poor. The district I have the honour to represent contains a large number of dwellings belonging to wealthy men. It is probably, for its size, one of the wealthiest portions of New Zealand. It is the wealthiest suburb of the City of Christchurch. It contains numerous large grain-stores; it contains the finest racecourse in the colony, and one of the largest freezing-works. Now, Sir, under the rating on the unimproved value all the wealthy class represented by these large dwellings, racecourse properties, freezing-works, and so on, will be exempted from part of their present taxation, and I put it to honourable members in this way: If you are going to exempt all these valuable properties from taxation on their improvements, where is the money to come from in order to make up the total amount of taxation that is required for local purposes? That, as it appears to me, is a position from which there is absolutely no escape. Now, the Premier spoke of vacant lots. Well, that is always a captivating cry. But I would ask the honourable gentleman is there not some point at which you must stop building? That point is when you have supplied the demand. It is all very well in a city like Wellington, where the land is circumscribed and where the buildings can hardly be put up fast enough, to force the pace in building; but take a city like Christchurch and its suburbs. If you are going to compel by taxation, such as you propose here, the erection of properties beyond the point where those properties can be profitably occupied you are simply going to empty one lot of buildings by compelling the erection of another and superior lot. Sir, I can take my memory back to the time when as a boy I lived in the Town of Invercargill. That town was overbuilt, and I can remember in 1863 to 1865 the owners were asking people to come and live in their houses for the purpose of protecting them from being destroyed by persons of a depredatory tendency. And exactly the same position will take place in any town, city, or borough when once you, by any process whatever, force the erection of buildings past the point where the law of supply and demand operates. I have seen other cases illustrating that. Even in the Town of Palmerston North I can quote a case fourteen or fifteen years ago being enormously depreciated in value by the fact that other buildings have been erected by capitalists desiring to utilise vacant lots and get interest upon their capital. Having erected new and improved tenements, they have emptied the older class of buildings and depreciated their value. Exactly the same thing will take place in any town or city where you have pushed the construction of buildings by fictitious or abnormal means beyond the law of supply and demand. That, I believe, will be one of the effects. Now let me refer to the idea that all land is of equal value, and that therefore rating on land-value alone is equitable. I say that it is not, and the man who gets four or five uses of his land ought to pay more in taxation than the man who is only using his land once. Take the City of Christchurch: In Cathedral Square you have some sections of land which carry buildings three or four stories high, like the A.M.P. Company's buildings. They have the use of that land three and four times through the letting of the cellar and flat upon flat, and all the offices are occupied. Do you mean to tell me the people who own that class of building in Christchurch do not get more value from their land than the people whose buildings beside them are of only a single story, and which they are able to let for offices at only from £1 to #1 10s. a week? These two classes of people, those with buildings of three and four stories on their land and those with only a single-story building-do they get the same use out of their properties? Why, Sir, the thing will not hold water for a moment. The man who builds a Chicago "sky-scraper" fourteen or fifteen stories high is, under this Bill, entitled only to pay rates on the same plot of land as the man alongside him who puts up a single-story building. And if the latter is entitled to pay as much in rates as the former, where are you going to get the taxes with which to carry on your local government? I ask honourable members, What is the underlying principle upon which our local government taxation depends? Is it that we try to fasten taxation on the individual? If so, why not abolish taxation upon property altogether, and have a poll-tax? If you are going to tax property according to the protection and assistance that property

gets in the way of protection, and all that a good system of local government does for property, then on what logical ground can you say that the land only is to be taxed, and that the properties that are built on it are to be exempted ? For my part, I cannot see any reason in that argument. Now, Sir, I hold - and in this respect I know I differ from a number of Liberals in this House -- I hold that when you take away the taxation of the "fat man," you are going to place that taxation upon the poorer classes. Take, for example, the district of Sydenham, in which I live, near to Christchurch. Why, Sir, for a number of years past the great gasworks which supply the whole of the City of Christchurch - the proprietors of

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-those gasworks have been paying rates to the Borough of Sydenham, but under the unimproved land - valuation they are exempt. So are the great grain-stores, and the bonded stores. Now, all this taxation which is taken . serewed on, and if one turn did not do it, then off these valuable properties has to be made up , he would give it another, and so on. The by somebody. You cannot get away from that ; , speech made a sensation at the time, and was the same amount of money must come in to carry on local government, and if it is not coming from wealthy companies, the proprietors of gasworks and bonded stores, somebody else has got to pay it. You may say that that will be equalised over the whole of the lands. That may be so, where you have large boroughs including much unoccupied land. Precisely, but if you force the capitalist to step in and build houses in competition with the owners of houses that are now let at reasonable rentals, you will get the houses occupied by the comparatively poor built by the wealthier men, who will look for, and can afford to accept. a lower rate of profit, whilst the houses already built and owned by poorer men will be either unoccupied or lessened in value. That will be one of the effects it will have. My opinion is that the Government in connection with this matter are swinging in the direction of the single-tax. That, Sir, is my opinion. I regard this proposal as somewhat in the nature of a pilot balloon. The Government are not prepared to bring in proposals for the taxing of holders of leases in perpetuity ; they are allowing them to escape taxation ; so in order to placate a certain advanced section of the Liberal party in the House they are going in the direction of compulsory rating upon unimproved values. Now, I would like to say this: that I am not prepared even to subscribe altogether to the doctrine laid down by the Premier that for national purposes all improvements should be exempted. I am not fully sure you are right in that. Let me tell the honourable gentleman that in 1890-91 he received under the property-tax \$357,348 by way of direct taxation. What did he receive from direct taxation during the year which has closed ? Only \$295,000 by way of land-tax and €173,000 by income-tax-that is, \$468,000 during the year just closed through direct taxation, as against \$357,000 ten years ago. I also point out that this sum showed an increase of some €50,000 over the previous year, through hardening up land-values and more rigid collection of income-tax. What has been the fact ? Why, by adopting this principle for national purposes of rating on the unimproved value you have been allowing so much wealth to escape taxation that at the present time the Government is actually looking all round for some means by which : on unimproved value law, is one that I ap- they may increase the direct taxation, and from all I can hear they are going to put it on the graduated land-tax. Sir, if I am not mistaken - I do not wish to anticipate the Financial Statement, but the Premier certainly indicated that possibility the other night. I shall tell him where he is getting that policy from. It is from Mr. Earnshaw. Mr. G. W. Russell Earnshaw. If honourable members will turn up one of the earliest speeches by Mr. Earnshaw in this House, they will remember the occasion when he stated that the graduated tax should be disavowed by the leaders of the Liberal party, and the honourable gentleman to-day. if he goes in the direction of increasing the graduated tax, is going to get his policy from that old speech of Mr. Earnshaw. I certainly do not envy him if he has to look in that direction for his financial policy. The effect of exempting improvements from taxation has been this : that you are not obtaining that amount from direct taxation that you have the right to expect considering the increase in the value of the property of the colony during the last ten years. I do not advocate a return to

the property-tax. I am quite prepared to admit that we should in our taxation discriminate between those improvements that exhaust themselves and those that do not. I do not think for one moment that a man should be taxed upon improvements that go to improve the fertility of his land, or to increase the production of his land ; but if a wealthy man, as was pointed out by the honourable member for Hawke's Bay, can build a house worth \$10,000 upon a section only the same size as a market-gardener is occupying who is selling rhubarb, cabbages, and potatoes for his living, I see no reason why that man, because he spent \$10,000 on buildings, should for all time be exempted, so far as the capital expended on those buildings is concerned, from taxation for colonial and local purposes. I say, Sir, that while the law was permissive it was open to argument, and the ratepayers could exercise their option with regard to its being brought into force; but I believe, if the Government attempt to make this mandatory and compulsory upon all the local bodies throughout New Zealand, it will give great dissatisfaction, at any rate, in the electorate which I have the honour to represent in this House. It appears to me that if we adopt this Bill we lay down this principle : that the richer a man becomes, the more money he expends in buildings upon his property, the more he escapes taxation. There can be no logical escape from that. I have nothing further to say except that, if any division is called for upon this Bill, for the reasons I have stated I shall feel bound to vote against the second reading. The present law, as far as it permits the localities to settle for themselves whether they will bring into force the rating prove of, but so far as it seeks to make it compulsory upon localities that this drastic change shall be brought into force I object to it. Mr. HANAN (Invercargill) .-- I intend to give my cordial support to the principle of rating contained in this Bill, because I believe that rating on unimproved value is the most equitable system of rating that has yet been con-

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people, and prevents them being taxed on or fined for every little improvement effected on their property. It is not a tax on labour or on the man who expends capital in erecting workshops, business premises, or other buildings in any way whatever. It is not a tax on industry, but it is a tax on value that is brought into existence by the growth of population, by the expenditure of public money, and the general progress of the colony. As this increase in value is given by the community, it follows that the humblest child has as much right to the benefit of such increased value as the most influential man in the colony. The existing system of local rating offers a premium to the non-improvement of land, while under the one now proposed a man would have the satisfaction of knowing that if he improved his land he would not be taxed for so doing, and consequently encouragement would be given to the expenditure of money and the employment of labour in erection of buildings, which was of benefit to the community. Now, Sir, reference has been made to Invercargill by the honourable member for Riccarton. All the arguments that that honourable gentleman used to-night were used lately in connection with the opposition to the proposal to bring into operation in the Town of Invercargill the system of rating on unimproved value, and I am glad to say they had little weight with the citizens, inasmuch as the proposal was carried in that city by a large majority. I am pleased to say that, although we had a great struggle, we succeeded in carrying that desirable measure of reform in that progressive town. Now, Sir, some time ago, as honourable members will recollect, when this question was first brought before the House, Sir Robert Stout was a very strong opponent of the proposal, and to support his arguments quoted largely from a statement that was prepared by the then Town Clerk of Invercargill (Mr. W. B. Scandrett), with the view of showing that if rating on unimproved values was carried in towns the new system of taxation would be found to bear very oppressively on the poorer classes. Now, in connection with the discussion on the question that took place recently in Invercargill, Mr. Scandrett again submitted statements almost to the same effect as the first one. It went in the direction of leading people to believe that the poorer classes in the town, or small householders, would have to pay extra taxation, and that many large and valuable buildings in the town would have their taxation greatly reduced. But, Sir, after the matter had been gone into fully it was shown

conclusively that if the proposal was brought into operation it would have the opposite effect. One block of buildings, situate in the Crescent, was specially referred to by him. They were very valuable buildings, and were of the nature referred to by the honourable member for Riccarton—loan companies' offices, merchants' offices, and banks, all in one block. These, it was alleged, would have to bear less taxation under this system of rating on the unimproved value; but it was actually proved conclusively considerably more taxation. An Hon. MEMBER .—Buildings are all exempt. Mr. HANAN .—True; but if you take the unimproved value of the land in the Crescent on which such buildings are erected, and the proposed rate—44d. in the pound—you will find that, as a result of the proposed system, more taxation will have to be paid. Personally, I shall have to bear increased taxation, but believing as I do that the new system of rating is sound, just, and progressive in principle, and will promote the general advancement of the town and the better interests of the people as a whole, I do not mind paying a little additional taxation under the circumstances. And what did I find on making inquiries on the subject from some members of this House who represent towns in other parts of the colony where rating on unimproved value had been adopted? They informed me, in reply, that the experience of the working of the Act in their district was that the small householders and the poorer class benefited by its operation. Now, reference has been made by some speakers to-night to the question whether the owner of an empty unimproved section should pay the same taxation as the owner of a section that is improved. In considering that point the view I take is that as a man receives so should he pay. If he receives the same amount of municipal benefits as his neighbour, why should he not pay the same amount of taxation, rent, or interest, as the case may be, for the amount of money expended by the municipal body in improving his property? What do you find in regard to the owner of an unimproved section? You find that he has the same municipal service and the same benefits in respect to his land as the man who owns the improved section. Associated with and in front of the unimproved section there is the same amount of gaspipe, the same amount of street, the same amount of waterpipe, the same amount of pavement, and the same amount of drainage-work; in fact, you find all the municipal conveniences opposite this unimproved section as are associated with and in front of the improved section. Therefore, if, say, £100 of municipal loan-money has been expended in putting municipal services and public improvements in front of the unimproved section, why should that individual not pay the same amount of taxation or interest into the fund of interest for loan-moneys as the person who has had the same amount—\$100—of municipal loan-money expended, and consequently the same municipal services or public improvements, in connection with his section, which has been built on and otherwise improved? I say, therefore, if a man receives the same municipal service—let his section be improved or not—he should pay the same amount of money by way of taxation or rent for the benefits and service so conferred. So I say, if we have regard to the question of equity and of equal benefits and equal services, the owner of an unimproved section should pay the same as the owner of a section that is improved. Moreover, by this system of taxation

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sons who hold unimproved land for speculative purposes have had its value greatly increased without them doing anything to create such increased value. Such landowners do nothing to aid production, improvements, or progress, but actually retard the same in the country. A landlord might, indeed, hold land all his lifetime, but he would have received neither income nor produce from it unless a community had existed for the one and tenants for the other. I hold that the owners of land-values which are the result of no exertion on the part of the owner, should contribute more than the owners of other forms of wealth which is the result of labour and enterprise. Now, Sir, I remember reading a speech of my honourable friend the member for Wellington City (Mr. Hutcheson) on this subject some time ago, in which he wisely said that an ounce of practice was worth a ton of theory. Now, what do we find has actually taken place where this Act has been brought into operation in other countries? Let us take

Queensland, and the following is the recorded opinion of the Town Clerk of Brisbane after eight years' experience of the working of this progressive system of rating in Queensland :- " I am inclined to think that the system of rating on the capital value of land irrespective of improvements does encourage the erection of buildings on vacant land, and it also tends to the erection of a better class of buildings. We have less difficulty in making the assessment, the capital value of the land being more readily ascertained than where improvements have to be taken into account." Then, again, what do we find in other parts of the world ?- and here I may remark that it is very interesting and instructive to note the very great strides this movement has been making all over the English-speaking world. I will ask the indulgence of the House here while I read some valuable quotations dealing with what has been done in other parts of the world in regard to this proposal :- "In British Columbia it is compulsory to rate land-values alone for local purposes. In Queensland, South Australia, and in Manitoba and other Canadian States, it is optional for Municipalities to rate either the property or the unimproved value of the land." In New South Wales I may state that a resolution demanding the optional exemption of improvements from rating was carried by a conference of 147 Municipalities as early as 1889. Again in 1898, at a conference of delegates representing a majority of the Municipalities of Western Australia, the following resolution was carried : -- " That the methods of determining valuations provided in the Local Government Act are not conducive to the advancement and prosperity of a municipality, and this conference recommends that the valuations be made on the current value of land, irrespective of any structures thereon." A majority of Scottish boroughs, headed by the City of Glasgow, have petitioned Parliament Mr. Hanan of rating. In 1897, a municipal conference in London, representing 266 towns in the United Kingdom, passed a strong resolution in support of the proposal of rating on ground-values alone. Again in March, 1898, at another conference in London, representing fifty-seven rating authorities, the following resolutions were passed : - " (a) For the separate valuation and assessment of lands and improvements ; (b) for the assessment of the tax on the true value of the land, whether used, or let, or held idle by the owner, and not upon the income which the land may be yielding ; (c) for the collection of the tax from the occupier, with a statutory right of deduction, as is the case in the income-tax. Schedule A ; and (d) for the assessment of land-values for local as well as for Imperial purposes." The Daily News of the 29th March, 1898, referring to the resolutions, observed that,- " It should by no means escape notice that the movement for the taxation of ground-values has received the powerful support of the Association of Municipal Corporations. At the annual meeting, apparently without opposition, the representatives of 266 towns in the United Kingdom, including all the county boroughs and all the non-county boroughs of over fifteen thousand inhabitants except one, declared that the growing burdens upon ratepayers made it urgent that some means should be provided by which owners of land, whether occupied or vacant, should contribute to local revenue. The Municipal Corporations in the United Kingdom represented a very strong,"- And here I would call the attention of my honourable friend the member for Riccarton, whom we sometimes regard as, and who calls himself, a Liberal, to this significant part of that newspaper's report, which, continuing, states : - "- and perhaps the best conservative element in the country, and now they are found supporting a measure which, when put forward by the progressives on the London County Council, was characterized as revolutionary and, at least, impracticable. Yet the London County Council was only following the example of a great unionist Corporation, Glasgow; and now its policy is indorsed by all the important boroughs in the land. The inference is obvious. The demand that the owners of land shall be taxed for local improvements, from which they largely benefit, is now made by the whole of the large urban communities in Great Britain and Ireland, and it cannot much longer be resisted. In Great Britain the rating of the unimproved value of land has now become the foremost political question. Men like Lord Rosebery, Lord Carrington, Lord Hobhouse, and Lord Compton are earnestly advocating it, as well as The last election of the great newspapers. \--- tions in the London County Council turned on the

question, and resulted in a large majority of its supporters being returned." Mr. MORRISON. - What are you quoting from ? Mr. HANAN .- I am quoting from a South

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the article which appeared in the London Daily News to which I have referred. Nearly all these quotations are based on the practical working of this Act, and, I think, are sufficient to convince honourable members opposed to this measure that in advocating a continuance of the present rating on the "annual to let or capital value" with its penalising effect on enterprise and improvements, they are upholding a system of taxation which is most pernicious in its character and in every respect a bar to the improvement, progress, and prosperity of the colony .. Every endeavour, I submit, should be made in the public interest to secure land being put to its best use. It was the freedom of appropriation and disposition of land which obtained in the Old Country which has led to the existence of a propertyless proletariat.

Land-owning is nothing more than privilege-owning. All the arguments of the honourable member for Riccarton used against this Bill are the arguments of those who support the property-tax. If I held opinions like the honourable gentleman on the subject of taxation I should at once move to bring again into operation that much-condemned, and I say deservedly condemned, form of taxation the property-tax. I trust, Sir, that we shall never have that iniquitous tax re-enacted in this colony ; and I hope, further, that we will to-night take a step in affirming a progressive principle of taxation by which we shall remove for ever, so far as local rating is concerned, another pernicious system of taxation. If we do so we shall introduce into this colony a most important factor, which will promote in a marked degree the general progress of the country, and be, I am firmly convinced, in the best interests of its intelligent and industrious people. Mr. PIRANI (Palmerston). - I think the speech of the honourable member for Riccarton must have come rather as a surprise to members of the House, who were not at all astonished at the attitude taken up by the member for Hawke's Bay on this question, because it is consistent with the whole of his career, and I can fully understand how strongly he feels upon the question of levying taxation on the unimproved value. But those who have strongly supported the general system of taxation on the unimproved value cannot possibly see any anomaly in applying such a system to local rating. The difference between the two is this : that the general taxation only touches people who are fairly well off, while local taxation reaches everybody, and the very argument the honourable member for Riccarton used against the land-tax as levied at present-that those who have leases in perpetuity escape from that taxation-does not apply to local rating at all, because under the rating on unimproved value they pay exactly the same as any other occupier of land. For that reason alone, I think he should, as a matter of equity, be a strong supporter of it. Now, personally I do not think it is advisable to make the system compulsory throughout the colony. I think it would have been preferable if the VOL. CXVII .- 16. enlarging the scope of the system by leaving out the exemptions of special rates, water rates, et cetera, imposed in the Bill of 1896, and also by making the system of taking the poll simpler and easier than it is at present. If there were, say, a compulsory poll at the time of the election of members of local bodies on this system, and people could record their votes without inconvenience, then I feel certain the result would be that throughout the colony rating on unimproved value would obtain. A little over eighteen months ago, Senator Bucklin, from Colorado, in the United States, made a tour of the Australasian Colonies, and spent a considerable time in New Zealand studying this system of local rating. The result of his visit was that, in the first session of the Senate after he returned Home, he was able to carry a similar Act to our own through the Legislature, and it only remained to be imposed after a poll of the whole State-not, as in our colony, of the local districts-upon that system had been taken. Now, I have no doubt that there it will obtain just as successfully as it has in parts of this colony. But, at the same time, there are people in this colony who use the same old stock arguments which have been used in this House time after time against the system of taxation which was inaugurated by the late Mr. Ballance, in 1891. Almost the exact

words that were used by the honourable member for Riccarton you will find recorded in Hansard at that time. But, strange to say, the people who use those arguments do not say that the system will injure the wealthy man, and that it is going to benefit the small man. They tell us exactly the opposite : that it is going to benefit only the wealthy owner and that the small property-holder will suffer. What is the fact? That the most ardent supporters of the rating on unimproved value system are not the large property-owners at all, but are the small property-owners; and the peculiar thing is that they are so willing to com- mit what I may call taxation suicide, after the evils which have been so eloquently pointed out -. they will not believe they are going to suffer in the way predicted. And, as a matter of fact, it has not worked out in that way. The Borough of Palmerston North was the first district in the colony to put this system into operation. It was carried within a month or two of the Act being passed, and there has never been any question as to the fairness of that system. In that borough the only dissatisfaction has been that certain rates are exempted from the opera- tions of the Act ; and when you get your rate notice, with the comparison side by side show- ing the rates which are levied under the rating on unimproved value system and the rates levied on the capital value, you have as strong an argument as you can possibly get in favour of the system of rating on unimproved value. But where there is dissatisfaction with the system it is in connection with the valuations. The Valuation Department may be all very well for general taxation, but when it comes to local taxation it is not careful enough. There

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between the classes of land ; and that is one reason why I have always strongly advocated allowing the local bodies to make their own valuations, because they can get men personally acquainted with the locality, with the surround- ing circumstances, the quality of the land, and the real value of the improvements, and they are able to bring their valuations down to a very much finer point than the valuer who has no local knowledge, and who has a very large district to value over. I feel certain one of the greatest stumbling-blocks to the extension of this system of rating is faulty valuations. There would not be the slightest objection to it if it were not for that. But the argument about expensive buildings being exempted from taxation is the greatest fallacy in the world, when you remember that the rule is to erect expensive buildings only on valuable land. There are not many men foolish enough to spend €5,000 or £10,000 on building near a vast swamp, or in a large area of land of compara- tively little value. There may be one or two people who are foolish enough to do that in the colony, but they are the exceptions that prove the rule. As a rule, the best 10.0. buildings are always erected on the localities where land is most expensive, and it is the building very often that gives extra value to the unimproved value of the land, strange as that anomaly may seem, because the locality which has good buildings gains added value by attracting people to that locality. No matter how much is spent on a building, without the population no additional value is given to the land. Therefore it is a perfectly fair thing to encourage the erection of good buildings, the employment of labour, and do away with small unsightly buildings by relieving the owner of the greater burden of taxation ; because we know it is not the individual that pays, but the com- munity. The result in Palmerston has been to persuade the owners of waste land to sell their land for building purposes. It is a very satis- factory thing, when one purchases land to put a building upon, to know that you will not have to pay increased rates because you are going to erect a building, which was the case under the old system. I feel certain if the Bill were only to go so far as bringing all the rates under the system of rating on unimproved value, and if something were done to make the polls less expensive and easier for the people to utilise, you would get in every district in the colony rating on unimproved value. It is a good thing to see this system extending in the country districts. Only last year the Manawatu Road District carried the system, and in many other parts of the colony counties are bringing the system into force, and I feel certain, if the system is accompanied by a reasonable system of local valuation, it would obtain throughout the whole colony without the slightest necessity for the

compulsory provisions of the Bill. Mr. ELL (Christchurch City). - The honour- able member for Riccarton was rather unfor- tunate in taking his illustrations from Christ- church and Sydenham, as in both these Mr. Pirani the proposed system. To show that it is de- sirable to go carefully into this question, and to find out how it does actually operate, before expressing an opinion on it, I would point out to the honourable member that with regard to the loss of rates on the big buildings which he has referred to, which so scared and frightened the small people of Sydenham - the big buildings that were used to such an extent by the Town Clerk and certain prominent Councillors to scare the Sydenham ratepayers- I will show him the loss on those fourteen big buildings. I took the value of every big build- ing, and, on the other hand, I took the value of thirty-two large properties in the borough held by rich people, and the thirty-two rich property-owners would more than make up for the loss on the big buildings. The owners would pay between them £220 more in rates. What about the poor man? The poor man in Sydenham is going to gain by it. I prepared a table, and I set in one column the value of the land, showing amounts from \$25 to \$1,000, and in the other column capital values from #25 to \$1,000, showing the rate payable opposite each sum under the old and new systems. I had fifteen hundred copies of that slip printed, and I got a number of ratepayers to help me, and the night before the poll I had one of those slips placed in every householder's hands, and when the poll was declared it was found that we carried it by 353 votes against 193-a very substantial majority. Mr. SEDDON .- Give us a few illustrations from the table you have prepared. Put them on record. Mr. ELL .- I will give you some illustrations from Christchurch. An Hon. MEMBER .- What about the Gas- works ? Mr. ELL .- The Gas-works paid \$29 less, the Albert Bond paid \$31 less, and the Loan and Mercantile Building paid £32 less. Notwith- standing the loss on the big buildings, the smaller ratepayers will pay less than they did formerly. An Hon. MEMBER .- You say some properties pay more than they did under the old system. Mr. ELL .- Yes; the thirty-two properties I have referred to will pay between them \$220 more rates. What I have stated is absolutely correct. If I had known this Bill was coming on to-night I would have been prepared with more information, and further illustrations of the effect of rating on the unimproved value : but when the Bill is in Committee I shall give honourable members further instances of how it has worked out in my district ; and I will show the House how the poor man is affected by this system. With regard to Linwood, another district that I carried by a very sub- stantial majority, I will give a few illustrations. One property, capital value £280, and unim- proved value #50 : that is only a small holding, an ordinary working-man's home. Under the present system it pays £1 1s. 10d., and under the new system 10s. 11d. Another instance : Capital value \$205, and the un-

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property, the improvements being valued at \$155. It pay 16s. under the present system, and will pay 10s. 11d. under the new system. Now, I will give two or three illustrations in one of the suburbs - in my own district, Spreydon. An Hon. MEMBER. - A sparsely populated dis- trict. Mr. ELL .- There is some of it pretty thickly populated. As an illustration of what will happen in Spreydon, I will take the case of a bootmaker. I know the man. He has a large family, and only earns from 7s. 6d. to &s. a day. He has devoted much care and time to improving his place, and has made it look very nice. The capital value is 9344; the unimproved value \$80. Rates under present system \$3 0s. 3d. ; new system. 15s. In another case, the capital value is \$234, and the unim- proved value \$60. Rates under present sys- tom. 91 7s. 5d .; under new system, 11s. 3d. The owner is a carrier in a small way. I will now give the case of a market-gardening lot of about two acres, with a house on it: The capital value is \$400, and the unimproved value \$200. Rates under the present system, \$2 6s. lod. ; under new system, €1 17s. 6d. My next illustration is that of a small hold- ing of about two acres and a half. The owner keeps cows, and is a widow. The capital value is \$360, and the unimproved value \$200. Rates under present system, \$2 2s. 1d. ; under new system, El 178. 6d. My last illustration is that of a carpenter, whose little property is

valued at \$200; unimproved value, \$50. Rates under present system, ■1 3s. 5d. ; new system, 9s. 4d. An Hon. MEMBER. - Are these town proper- ties ? Mr. ELL. - These are suburban properties, and the illustrations I have given show that a poor man is not going to be injured under this system. The honourable member for Hawke's Bay stated that we were letting off the man with the big mansion under this system, and the large landowner in the country. Captain RUSSELL. No; in the suburbs. Mr. ELL. - I will presently give a few illus- trations in connection with the City of Christ- church, where there are large blocks containing handsome buildings, and from which you can see how the poor man there comes out under this system. I will now refer to the district Mr. Lewis, the late member for Christchurch City. lived in. There are a lot of very fine homes in the district, which is also in the district represented by the honourable mem- ber for Riccarton, and I am going to show the honourable gentleman how it is going to affect his own constituency. I will take the case of a property valued at €125 capital value, with \$100 of improvements on the land. This is a small home in the country. Under the present system that man pays 7s. 9d. ; under the new system, 2s. 1d. Here is another case : A property with €180 of capital value and \$50 land value ; on the capital value he will pay 11s. 3d, and on the land only 4s. 3d. These be levied on the unimproved value, to bring in the same amount of revenue as collected on the capital value. Here is another case: A man with €175 worth of improvements, on land of the value of \$120 ; under the present system it would pay 18s. 4d., and under the new system 10s. 3d. These illustrations will show how in the country districts, where there are some big buildings and some big houses, the small man, or the poor man, is not going to be injured. With regard to Christchurch, I know that it was not out of any feeling of enmity to me, or from any desire to do me any harm politically in my district, that the honourable member for Riccarton referred to Christchurch, but I will discuss his remarks in a kindly spirit. Well, with regard to Christchurch, as the honourable member for Riccarton knows, there are a lot of very fine buildings there. Now, to show that I have worked out my calculations according to the absolute facts, I got the rates levied on the annual value in 1898. I also got the annual value. I got the unimproved rateable value, and I have found that a rate of 4 d. in the pound on the unimproved value would produce to the City Council the same amount in revenue, within a few pounds, of what the rate in the pound on the annual value would produce. Now, how does it work out ? I must tell the honourable member for Riccar- ton that in High Street, Christchurch-I got the figures from the Land Valuation Depart- ment-there is land valued at #135 per foot. Compare this with the value in a poor district, and I take for illustration Aberdeen Street. a street 20 ft. wide, leading off Madras Street, containing a lot of small cottages occupied by working - men and their families. The land there is valued at from 17s. 6d. to £1 per foot, and, as I have said, in High Street it is valued at as high as €135 per foot. The annual values of the properties in Aberdeen Street are £12, €15, £16, \$18, and the rates on the annual value respectively £1 9s. 9d., £1 17s. 1d., £1 19s. 8d., \$2 4s. 7d. Now, what will be the rate on the land-value under this system which is going to be so injurious to the poor man ? Only 12s. and 13s. 9d. each section. Notwith- standing the fact that the rates are taken off all the huge blocks of buildings in Christchurch, that is how it will operate there. Mr. R. THOMPSON. - You do not say how you are going to make up the loss. Mr. ELL. -- Yes, I will show you how we make up the loss. We have in Christchurch a very large landowner who has grown rich by speculating in land. This man possesses, amongst other properties in the city, a corner section valued at \$1,500, according to the Land Valuation Department. He is paying under the present system \$9 Os. 5d. a year. The honourable member for Marsden asks how is the loss of rates by exempting big buildings to be made up? Under the new system this owner will pay \$25 17s. 6d. This corner sec- tion has not even a decent fence round it, and it is fronted by one handsome block of build- ings, and at the side of it there is another

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man will not sell unless he gets a high price. An Hon. MEMBER. - Will he pay the same amount if he puts up a building on the pro- perty ? Mr. ELL. - Yes. I would not penalise the man who spends his money on

improvements. He is a good colonist, a good citizen. I will now take a case of seven or eight shops bringing in a handsome rental. In this case under the present system that property pays £129 4s. 9d. ; under the new system it would pay £146 12s. 6d. You see there is an increase of the rates in that illustration, which goes to show where we will get the loss of revenue made up by taking the rates off the big buildings. I will now take a few illustrations from Conference Street. The honourable member will know where Conference Street is. The houses are occupied by clerks, artisans, and people in a poor condition of life. Well, now, Conference Street sections are 31 ft. by 112 ft., and are valued at £90. The rates on the land-value amount to £1 11s. On the other hand they are paying on the annual value £2 4s. 7d., \$2 9s. 7d. £2 12s., and £8 9s. 5d. It will be seen again that the poor man is not going to be injured under the proposed system of rating. I will now take the richest bank in Christchurch, and show how the new system will operate. The unimproved value is \$15,000, and the rates on the annual value €178 4s. 10d. The rates on the land-value would be #258 15s. That is the richest bank in Christchurch, and that shows where we are going to get the rates from, Now, with and not out of the poor man. regard to what the people think of it, it is in operation in nine counties, six Road Board districts, one town district; and seventeen boroughs-thirty-three in all; and at the poll it has only been rejected in three boroughs- the boroughs of Picton, Timaru, and Woolston. Only three out of the forty-six polls which have been taken have rejected it. Now, what is the voting in the districts where it has been accepted ? This bears out the Premier's statement that it has been accepted by ten to one. In the districts where it has been carried and is in operation, the voting was 6,000 in favour and 1,605 against. This shows that the feeling was very strong in favour of it, and I think we are perfectly justified in taking this as an intimation that the people desire to have it put into general operation without putting them to the expense and trouble of taking a poll in every district. We have had a fair indication from the people where these polls have been taken that they desire to have the Act in operation, and I am sure we are perfectly justified in putting it in operation by this Act, and so saving them the trouble of taking the votes. With my honourable friend the member for Palmerston, I quite agree that clause 20 should come out ; this system should apply to all rates. because the benefits I have shown with regard to Christchurch as affecting the poorer class of people would only be half secured if clause 20 of the principal Act remains in force, as in that case only one-half of the rates would be affected. Mr. Ell given by the honourable gentleman is extremely interesting, and I could place more value upon it if I had been satisfied with the answer the honourable gentleman gave to my interjection. I asked if he was quoting from actual experience of rating on the unimproved values, or whether they were estimates. His answer to me was that they were taken from the rate-book, and I assumed for the moment he meant by that that he was quoting from actual experience after the Act had been brought into operation. But I soon gathered from subsequent remarks that that was not so, and that they were all, or most of them, estimates. I came to that conclusion because he went on to speak of cases in Halswell and the Borough of Christchurch, and in neither of these places has rating on the unimproved value been brought in. Therefore the instances the honourable gentleman has been putting before the House are estimates, and not actual facts. Now, I do not mean to say for one moment that there is not a great deal to be said for the rating on unimproved value. There are cases, and the honourable gentleman quoted one, where the rating on unimproved value is fair : I mean where you have an unoccupied and unimproved piece of land alongside other land that has been improved, the former being held for speculative purposes. In such a case, I say the rating on unimproved value is fair ; but there are other instances, and I will quote some of them later on, where rating on unimproved value is manifestly unfair. Just one instance, however, in favour of that. I will not adduce one of my own, but I will take an instance from the honourable member's speech itself. The honourable member said that there were fourteen large buildings in a borough -I do not know which borough. Mr. ELL-Sydenham. Mr. J. ALLEN .- Sydenham ; but the rating on unimproved value has not been carried in Sydenham. Mr. ELL .- No. Mr. J. ALLEN .-

Then, this is another estimate. What is the value of his numerous estimates? They may be correct or they may be incorrect. If the honourable member, after the coming into operation of the Act, had collected instances, they would have been valuable, but we must take estimates for what they are worth ; and in face of the fact that the honourable member could have quoted actual experiences his estimates are not worth anything. An. Hon. MEMBER .- The experience of Invercargill is favourable. Mr. J. ALLEN .- I have not heard of that. The honourable member for Invercargill made a speech, but he did not give us a single instance. I shall come to the Borough of Invercargill presently, but I wish, before time is up, to make one other remark with regard to the honourable member's speech in respect to the statistics given in a return which he quoted. He is wrong in his figures, I am sorry to say. The poll has not been taken in forty-six districts.

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Mr. J. ALLEN .- Forty-six polls have not been taken ; forty-five have been taken ; but the honourable gentleman will find, if he studies the return, that in five instances the polls are duplicated-they were rejected in the first instance and taken again. Then, he also said the rating on unimproved value was only rejected in three boroughs. Why did he say in three boroughs? There are more than three cases of rejection. The facts are these : that in forty different districts polls have been taken. I do not mean to say that there are not more than forty polls, but in forty districts polls have been taken, and in thirty-three of these it was carried, and lost in seven. The number of votes recorded in the districts in which the polls were carried was 6,868 for the proposal, and 1,538 against, and in the districts in which the proposals were lost the voting was 875 for and 620 against. The total in both cases was 7,743 against 2,158. The whole point, however, is this : the Bill desires to make rating on unimproved values compulsory, and this return is produced as an argument for making it compulsory ; but the return shows that in only forty districts has the attempt been made to bring this Act into force, and in only thirty-three of them was it carried. How many districts are there in New Zealand ? There are over eighty counties and nearly one hundred boroughs, and I am not counting Road Boards ; and because in thirty-three small districts, of which I shall have something to say later on, this Act has been brought into force, that, forsooth, is said to be an argument for making this compulsory. Sir, this Bill is not a Bill upon which we are expressly invited to discuss the principle of rating on the unimproved value. The Bill is a Bill to make rating on unimproved value compulsory all over New Zealand, and that is the point we have to consider in this second reading debate. Now, I maintain that so far as this return is concerned, and so far as our experience teaches us at the present time, there is not sufficient argument to induce us to call on all the local bodies to alter their present system of rating. Debate interrupted. The House adjourned at half-past ten o'clock p.m. #