

rities the revenue arising from the tax upon gold; and a consideration of the special conditions and the peculiar features that pertain to gold-mining communities will show at once why it became necessary to do so. It was not until the year 1886 that provision was made by the Parliament of New Zealand for advancing money to local authorities; and in the case of a gold-mining community, where there was a rapid influx of population, where it became absolutely necessary to provide local bodies who had the regulation of the local affairs in that community with finance in order to enable them to provide all those conveniences which a community of men gathered together require, it became necessary to provide such a community with some means of obtaining finance. It could not be done by the ordinary system of rating. The whole of the lands in this district, at all events, the most of the lands at Thames, and a large portion of the lands at Coromandel, belonged to the Crown, and are held under mining titles. The local bodies could not look to these lands to obtain revenue for the purposes of local government. Where, then, could they look? It might be said they could borrow money. Now, it is a well-known fact that no discreet person will lend money to a local body. The leading financial institutions will not take up the debentures of local bodies, especially in a goldfields district. I am going to call evidence on this very point. My clients a little while ago were pushed for money. Their bankers endeavoured to get them to reduce the overdraft, and the position became a very critical one. They applied to two lending institutions in the City of Auckland to ascertain whether they would take up debentures. They very promptly were informed that nothing of the kind would be done. No trustee who has any regard for the interests of the persons whom he represents would dare lend money upon the security that is afforded by the debentures of a local body in a gold-mining district. How, then, was the local body to raise the necessary money for the purpose of carrying out these municipal improvements and conveniences which are rendered necessary by the rapid aggregation of a large community in a goldfields township in a short space of time? There was only one way that occurred to the representatives of the people of New Zealand, and that was by providing that the goldfields duty should be handed over to them. That was the policy, I submit to you, that directed the Legislature of New Zealand in framing these provisions regarding the application of gold duty to the local bodies in mining communities, and that has remained the law down to the present time. I wish to draw your attention more particularly to the special conditions applicable to the Borough of Waihi, and I wish to point out to you that these special conditions which apply to the Borough of Waihi are strictly within the policy which influenced the Legislature in providing this system of financing local bodies in goldfields townships. The Borough of Waihi was incorporated in March, 1902. At that time the population there was comparatively small—that is to say, compared with the present population. But even at its very inception it met with a difficulty. Prior to its incorporation as a borough it formed part of the Ohinemuri County Council, and at that time the Ohinemuri County Council was largely indebted. It is provided by law that when a portion of a county is formed into a borough there has to be an adjustment of assets and liabilities. That adjustment was made, and the result of it was that Waihi came into municipal existence with a liability of £10,000 around its neck. At the very outset that was what it had to face.

*The Chairman:* What assets had they?

*Mr. McVeagh:* Certain public reserves. I am informed, and nothing else worth speaking of.

*Mr. Cotter:* All the roads were made, and other conveniences of the kind provided.

*Mr. McVeagh:* Those are not negotiable assets. What happened after that? I am afraid, gentlemen, you have no doubt learnt it in the course of your sittings and in the course of your travels through the district. Very strong feeling arose in the district in regard to this borough, and the next thing done—I cannot complain of it, because it was all done in accordance with law—was this: The Ohinemuri County Council said, "You, the Waihi people, are making use of this main road; you are using it very extensively. Large wagon-teams are constantly passing through from the Paeroa Railway-station and the Paeroa wharves to Waihi, carrying coal, and mining machinery, and other requisites. The wear-and-tear upon the road is great, and you must contribute." Well, they are entitled to do that by law: it was a fair position to take. I mention this in order to show what the contributions of the Waihi Borough Council were. In eight years they had to contribute towards the maintenance of that road in round numbers £23,000; and at the present time the Waihi Borough Council is paying one-half of the cost of maintaining the road between Te Puke Wharf and the Paeroa Railway-station. It is also paying one-third of the cost of maintaining the road between Waihi proper and Waikino. These were matters that it had to face at the very outset. But in addition to that the output of gold from one mine in the borough began to increase, and the population grew very quickly in the borough, so that at the present time there are, roughly speaking, about six thousand people in the borough. The census was taken in 1906, and the population, I think, at that time was 5,584. I think I am understating the position when I mention that there are six thousand people in that place at the present time.

*The Chairman:* Where is the boundary of the Borough of Waihi? Does it include Waikino?

*Mr. McVeagh:* No, it does not. The boundary is adjacent to the railway-station at Waihi. The Borough Council came into existence, and it had to provide for this—speaking from a goldfields point of view—large community, and for a rapidly growing community. It had to provide all those municipal requirements that a population of six thousand people had a right to expect: it had to provide waterworks, it had to provide lighting, and it had to provide for roadmaking; and at the present time the condition of affairs in Waihi is such that it is imperatively necessary that a sum of £14,000 be raised somehow or other to provide an extension of the present waterworks system. That cannot be borrowed on loan. No one will lend it. I do not think that any of my learned friends round the table would be prepared to advise any trustee clients to take up the debentures of a mining township—a township that at the present time is practically dependent on the output from two mines. I wish to say a word about the present waterworks system. There is a liability at the