

the Transport Board, the Motor-omnibus Traffic Act, 1926, shall have no application to such service, or to the motor-omnibuses or drivers which are employed on that service (as and when they are so employed) in so far as the said services lie outside the said district."

3. (f) With what Means of obtaining Funds for its Purposes should the Board be constituted ?

Borrowing-powers.—We recommend that the Board shall have the usual borrowing-powers of a local authority under the Local Bodies' Loans Act, 1926.

It was suggested in evidence before us, by the present Chairman of the Tramways Committee of the Auckland City Council, that the tramways authority of the district should have power to raise loans for constructional and other capital purposes without reference to the ratepayers as required by the above Act (see page 60 of Book of Evidence, and page 85 of the Notes of Evidence). The suggested safeguard is—approval of the loan by a Local Government Loan Board. The argument in favour of that proposal is that it is easier to work up interested opposition to a loan proposal than it is to procure public-spirited and intelligent support for it, and that many polls on loan proposals demonstrate nothing but the ratepayers' apathy.

There is nothing new in this argument or in the suggested amendment of the law ; there is something to be said on both sides of the question. We make no finding or recommendation on this point. We are aware that it is a matter bound up in the policy of the Dominion in the matter of local-body loans, and that the statute law on this subject was consolidated in 1926. We do not think that we should attempt to make a recommendation on such a limited inquiry into this aspect of the subject as we have made. We therefore content ourselves with recording the above suggestion.

Rating-powers.—We recommend that the Board may, to recover excess of expenditure over revenue in any year, levy on each local authority, within its district, a sum being such proportion of the said total excess expenditure as that local authority's capital value bears to the capital value of the district as a whole.

We suggest that the Board should levy on the existing local bodies, as that method is more economical than the method requiring the Board to prepare assessment rolls and strike and collect rates, whilst it achieves precisely the same result.

Should the Board take over All or Any Existing Transport Services, and, if so, upon what Terms and Conditions ?

We answer this question "Yes." We recommend that the Board shall take over as a going concern, as from the 1st April, 1928, the tramway and motor-omnibus services of the Auckland City Council, with all the assets, rights, and equipment, on the basis of the City's Tramway Department balance-sheet as on the 31st March, 1928, adopting all transactions and all fluctuations and changes in assets and liabilities in the meantime, and the benefit and burden of existing contracts and undertakings, including subsidies and other commitments and undertakings in favour of the employees generally or any association of the employees of the department, and shall indemnify the Auckland City Council in respect of loan and other indebtedness of such Tramways Department, and shall assume the benefit of all sinking-fund investments to date, and the burden of future payments in respect of loan capital and interest thereon, and all sinking-fund instalments.

The true intent and end of the foregoing statement of powers is that the Board shall thereby, immediately on the vesting in it of the tram and omnibus system theretofore owned and operated by the Auckland City Council, stand precisely in the same position as it would have been in if at the said 31st March, 1928, the Board had been the proprietor of the undertaking in lieu of the Auckland City Council, and had, as such proprietor, produced the said balance-sheet.