

NEW TOWN HALL OUT FOR YEARS

— *Advises Finance Chairman*

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COUN. K. L. SMITH, chairman of Christchurch Borough Council's Finance committee on Tuesday told members of the Council that they must put all thoughts of building a new Town Hall, replacing existing buildings or embarking on any project that in itself was not revenue producing, right out of their minds for the next few years.

"The high interest rate which we have to pay for the next five or seven years will not let us afford any such scheme, and I urge all the spending committees to bear this in mind when preparing their estimates," he went on. He mentioned that estate developers, especially those contemplating shopping development in towns, had been asked to cut or postpone their schemes and he hoped personally that this request would be observed in the Borough of Christchurch.

This followed reference by Coun. Smith to a Minister of Housing and Local Government circular dealing with the present economic crisis.

The circular states that local authorities should: Only allow its expenditure to increase if its resources grow at the same rate; not incur expenditure included in the budget in order to exhaust the quota—in other words, projects not yet commenced must be reconsidered before embarking upon them; not incur capital expenditure if the tenders received are higher than what the local authority considers reasonable.

Said Coun. Smith: "The high rates of interest now having to be paid by local authorities are grossly unfair and have a crippling effect on an expanding borough such as ours and of course indirectly add to the vicious circle increasing the cost of living".

The Council agreed to postpone for the time being the provision of a £1,450 paddling pool on the Somerford estate, public conveniences at Highcliffe costing £2,400, and that so much expenditure as is possible on schemes of surface water drainage and public lighting be postponed.

HOUSING ADVANCE LOAN

No further applications for housing advances are to be considered for the time being, but the Town Clerk (Mr. J. Macfadyen) is to apply for consent to the borrowing for as long a period as the Minister will allow of the sum of £100,000 for the purpose of housing advances.

The Borough Treasurer (Mr. H. A. Preece) had reported that the amount of housing loans already granted by the committee slightly exceeded the total amount of loan sanctions received and suggested that application for loan sanction should be made to cover this amount and to make provision for the granting of loans at some time in the future.

In his statement, Coun. Smith said the greater restriction on overdrafts imposed by banks had resulted in less money available for short-term investment. The Borough Treasurer had therefore been forced to raise loans for periods between five and seven years. It had been hoped to restrict the period of all loans to five years but the Public Works Loan Board refused to lend for any period less than seven years.

The Public Works Loan Board were prepared to lend £75,000 against a request for £150,000. It was fortunate that loans could be obtained through the money market.

It was most important, he continued, that members realised the cost of loans at the present high rates of interest. For example, a loan of £10,000 for seven years at 7½% costs £3,216 in interest and for 15 years it amounted to about £7,000.

With regard to the Council's banking arrangements the facilities for temporary financing by the bank had been unvaried for a number of years, and the Borough treasurer recommended that the time for review had arrived. Although they approached the bank at the time the "storm cones" were being hoisted, he was pleased to say that satisfactory arrangements had been made for the next six months.

CAPITAL EXPENDITURE

On capital expenditure, the Government considered that there should be longer periods of planning and that growth should be related to the growth in resources. It was suggested that planning should extend over a period of five years. Members, he said, would recall that he suggested this should be done when he made his budget statement this year.

For short-term projects it had been recommended that the capital expenditure for 1962/63 should not significantly exceed that for 1961/62. The Finance committee had therefore recommended certain items to be postponed until the economic climate was brighter.

Coun. Smith said it was only right that he should give this full statement now of the Council's finances because estimate time was approaching and if they were to avoid a further increase in the rules strict economy in all expenditure must be made.