

CORRESPONDENCE REFERRED TO IN PAPER No. 209B.

SIR,—

Mangere, 17th March, 1909.

I enclose herewith a letter from the Valuer-General to the Pukekohe West Road Board *re* subsidy on rates. You will see the subsidy has this year been reduced from £200 to £178 5s. 2d. on account of the operation of the Appropriation Act of 1908. You will probably recollect that on moving the second reading of the Appropriation Bill you informed the House that the provision by which this reduction has been made was an “inconsequential alteration,” and on account of your assurance there was no opposition to the clause. As you will see, this is anything but “inconsequential” to the local bodies concerned, and on their behalf I should like to know whether the Government will take action to prevent this injustice being perpetrated.

I have, &c.,

The Right Hon. the Minister of Finance.

W. F. MASSEY.

SIR,—

Wellington, 19th April, 1909.

I have to acknowledge the receipt of your letter of the 17th instant, calling my attention to the reduced amount of subsidy payable to the Pukekohe West Road Board under the Appropriation Act of last session, and in reply I have to explain that the Act merely places the Pukekohe Road Board on the same basis regarding subsidy as other Road Boards, and that no injustice has been done, as you suppose.

Owing to the ambiguous wording of “The Local Bodies’ Finance and Powers Act, 1885,” the Pukekohe Road Board has for years, along with other Boards in the Manukau County, been accorded specially favourable treatment; but under the law as it at present stands the subsidy payable within the County of Manukau is made subject to the limitations which have hitherto governed the payments within counties wherein the Counties Act is in force.

I have, &c.,

W. F. Massey, Esq., M.P., Mangere.

J. G. WARD,

Prime Minister.

Valuation Department, Wellington, 8th April, 1909.

Memorandum for the Right Hon. the Prime Minister.

Re Subsidy Payments referred to by Mr. Massey.

“THE Local Bodies’ Finance and Powers Act, 1885,” under which subsidy has annually been paid to local bodies, became last year absorbed by the Appropriation Act.

Under the 1885 Act it was provided that no more than £2,500 could in any year be paid within a county wherein the Counties Act was in operation. The wording of the Act was, however, so extremely uncertain regarding the counties in which the Counties Act was *not* in operation that the £2,500 limit was never applied to such counties. There can be little doubt but that the 1885 Act intended all counties to have been subject to the same limit of £2,500, as there never has been any reason why those counties in which the Counties Act was not in operation should be more liberally treated as regards subsidy than those in which that Act was in operation.

There are three counties affected—namely, Ashley, Eden, and Manukau—but it is only from the last-named that any comment has been received. The following will show the effect of the Act of 1885:—

Taking Selwyn County as a county within which the Counties Act *is* in operation, and comparing it with Manukau, within which that Act is *not* in operation, the advantage to the latter is at once apparent:—

Selwyn County.

Rates collected, 1907-8.	Total Subsidy paid to the Local Bodies within its boundaries— 1 County Council and 17 Road Boards.
£20,828 5s. 9d. £2,500 (limit).

Manukau County.

Rates collected, 1907-8.	Total Subsidy paid to the Local Bodies within its boundaries— No County Council and 27 Road Boards.
£6,824 9s. 10d. £3,252 15s. 6d.

In other words, in Manukau County the full subsidy calculated on the rates collected has always been paid, while in Selwyn County no more than £2,500 has been paid in any year, no matter how much rates were annually collected. This flaw in the 1885 Act was brought under the notice of the Law Draftsman when the Appropriation Act was being drafted, and was then corrected,

G. F. C. CAMPBELL, Valuer-General.