

The Right Hon. Sir J. G. Ward asked leave to withdraw his motion, That all counties, whether under the operation of the Counties Act or not, should be treated alike in the matter of subsidies, as is the law now.

Leave granted, and motion withdrawn.

Mr. Russell moved, That the Committee are satisfied that the Minister of Finance was correct when stating in his speech on the Appropriation Act on the 10th October, 1908, that the alteration made in the law was "inconsequential."

The Right Hon. Sir J. G. Ward expressed his decision not to take part in any discussion or debate that might ensue upon such a motion, nor to vote upon it. He desired that his determination in this respect should be recorded.

And, the question being put for the adoption of the motion, the Committee divided, the names being taken down as follow:—

Ayes, 7.—Mr. Buxton, Mr. Fraser, Mr. Graham, Mr. Laurenson, Hon. Mr. T. Mackenzie, Mr. Reed, Mr. Russell.

Noes, 1.—Mr. Massey.

So it was resolved in the affirmative.

On the motion of Mr. Reed, *Resolved*, That the resolution agreed to by the Committee be reported to the House, together with the minutes of the evidence taken.

The Committee thereupon agreed to adjourn, and adjourned accordingly.

MINUTES OF EVIDENCE.

FRIDAY, 10TH DECEMBER, 1909.

GEORGE FREDERICK COLIN CAMPBELL examined. (No. 1.)

1. *The Chairman.*] What are you, Mr. Campbell?—General Manager of the State Fire Insurance Office at present.

2. And prior to that you were?—Valuer-General.

3. Were you Valuer-General at the time of the passing of the Appropriation Act of last session, in which this matter was dealt with?—Yes.

4. Will you make a statement to the Committee, giving the reasons for the alteration being made last year?—I will. During my term of office as Valuer-General it was my duty, amongst other things, to certify to the voucher claims for subsidy due to local bodies. I took exception to certifying to claims which came from certain counties, because I considered that it had been the practice of the Department in previous years to pay subsidy to those particular local bodies in excess of the amount to which, according to my interpretation of "The Local Bodies' Finance and Powers Act, 1885," they were justly entitled. In the year 1908 the Law Draftsman was engaged in simplifying the statutes in various ways, and he called at my office and stated that he was then drawing up the Appropriation Act for the year and was intending to embody the schedule of "The Local Bodies' Finance and Powers Act, 1885," in that Act, and he asked me if I had any suggestions to make with regard to its simplification. (That was according to the usual practice, Mr. Chairman, in such cases.) I pointed out to him the difficulty with regard to paying subsidy to certain counties in excess of what I conceived to be the amount payable, and I asked him if it were possible to put that matter clearer when he was re-enacting the schedule. Subsequently he asked me to interview him, and we went through the schedule together, and I pointed out my difficulty, which was this: Under the schedule referred to—the schedule to the Act of 1885—there are three subclauses. The first one deals with subsidy to Borough Councils and Town Boards. That does not affect the question. The second one deals with Councils of counties where there are no road districts. That does not affect the question. The third one deals with counties where there are road districts, and under this third clause there are two classes of counties which had to be dealt with—those in which the Counties Act was in operation, and those in which the Counties Act was not in operation. Under this schedule there is a proviso—the last proviso—which states that no more than £10,000 can be paid within any county in the colony. That was divided by four subsequently; each year's Appropriation Act provided for payment of a fourth only: so that this proviso provided that not more than £2,500 could be paid within any county in the colony.

5. *Mr. Russell.*] Will you explain the meaning of your remark that it was subsequently divided by four?—The original Act of 1885 provided a maximum in each case four times in excess of the amount which was annually appropriated.

6. That provided for an amount up to £10,000, but the Appropriation Act always fixed it at a quarter of that?—Yes. The anomaly that I pointed out was that this proviso was held to govern No. 3 clause which I have just referred to in the case of counties in which the Counties Act was in force; but it had been the practice not to apply it to counties in which the Counties Act was not in force, although those two sets of circumstances were provided for under the same subclause. It appeared to me, then, an absolute anomaly that the proviso should be made to apply to one county when it did not apply to another, when both were provided for in respect of subsidies under the same provisions of the Act. The reason why that proviso had never been made to apply to counties in which the Counties Act was not in force was this: that when the Local Bodies' Finance and Powers Act came into operation in 1885, year by year subsidy was paid to local bodies, and there