

was probably then no county in the colony in which the Counties Act was not in operation and in which the limit had been reached. The consequence was that the office never had to decide upon this important question as to whether the counties in which the Act was not in operation should be treated in exactly the same way as the counties in which the Act was in operation. Subsequently, I think, Ashley was the first county in the colony to exceed the limit. Probably the question was never raised at that time—it was some years ago. In explaining this matter to the Law Draftsman, he apparently recognised that the proviso was intended to govern both classes of county, and put it so in the Appropriation Act. That is the explanation of how the alteration came about, as far as I am concerned, and I can only say that at the time it was represented by me to the Law Draftsman I was fully, and am still, under the impression that those particular three counties mentioned in my memorandum had been liberally treated previously. That is the view I still hold. May I read the proviso? It comes under the clause which deals with counties in which the Counties Act was in operation and counties in which the Counties Act was not in operation, and the proviso is as follows: "Provided that no greater sum in all than £10,000 shall be paid in any one year in respect of the total amount of general rates levied and collected altogether by the Road Boards in the road districts and by the County Council in the outlying districts in any county, and in the ridings by the last proviso; and when the total amount of subsidy that would be payable in respect of the total amount of general rates collected as last aforesaid shall exceed £10,000, then the total amount of subsidy to be payable to the Road Boards and County Council shall be apportioned *pro rata* according to the amount of general rates collected as aforesaid by such Road Boards and the County Council respectively." I should like to mention the effect if that proviso did not apply. Local bodies are year by year collecting more rates, and year by year the Government have been called upon to pay additional subsidy. When I first had to do with subsidy matters I think we were paying £50,000 or £60,000 per annum, and when I last had to do with them we were paying, I think, £108,000. There is absolutely no limit to which the Government is liable under the present law.

7. *Mr. Massey.*] What about the £2,500 limit?—I am speaking of the aggregate sum. I suppose there would be a limit if every local body got up to the £2,500, but it would be an enormous sum.

8. *Mr. Russell.*] There is not a limit to the total amount that may be payable, but there is a limit for the individual body? Supposing that Selwyn County were divided into ten counties, then each of these would be able to get £2,500?—Yes. Perhaps I can make it clear by saying that there would be no limit to the counties subdividing in such a way as to get increased subsidy, and that is really what I was leading up to. Supposing that Ashley County, for instance, were able to divide up its road districts into twice the number it has now, on account of increased valuations and increased rates, each of those subdivisions would, under the previous interpretation of the law, be entitled to the limit applicable to that subdivision. The consequence would be that the total subsidy within that county might, in the course of years, be doubled. And the same with other counties. Then we have to remember that there are other counties in the Dominion in which the Counties Act is not in operation, and which may at any time, on account of increased collection of rates, become entitled to the maximum subsidy. There is Marlborough, for instance, and there are others, where the Counties Act is not in operation, and they may be coming under this provision at any moment. I think that is all I have to say, Mr. Chairman.

9. *Right Hon. Sir J. G. Ward.*] The alteration made there was not, at its initiation, prompted or directed or suggested by me?—No, not at all.

10. *The Chairman.*] You were, and still are, under the impression that it is only carrying out what in your opinion was the real intention of the law as it stood?—Undoubtedly.

11. *Mr. Massey.*] Did your Department get an opinion from the Solicitor-General or any of the Crown Law Officers with regard to interpretation prior to suggesting this amendment?—I have no recollection of it.

12. Do you think that an interpretation was on that occasion asked for?—I do not think so.

13. Do you not think it was your duty to ask for an interpretation prior to suggesting a serious amendment like this in an Appropriation Act?—The matter was in the hands of one of the Law Draftsmen, and the difficulty was represented to him. I took it that his opinion was the opinion of the Crown Law Officers, and that it would be unnecessary to submit the matter separately.

14. Do you not think that, if an amendment was necessary, the proper thing to do was to introduce an amendment of the Local Bodies' Finance and Powers Act rather than an amendment of the Appropriation Act?—Well, that is a question which I could scarcely answer, the reason being that questions of amendment of the Act are entirely in the hands of the Law Draftsman, and, if the Law Draftsman had asked me to draft out roughly an amendment, I should have done it with the greatest pleasure.

15. When, in the opinion of the permanent head of a Department, an amendment is required, do you not think it is his duty to go to the Ministerial head of the Department rather than go to the Law Draftsman and suggest to him that a clause like this should be introduced in a manner which, to a certain extent, is surreptitious?—Yes, I do where an amendment is desired.

16. Did you approach Sir Joseph Ward?—No. The Law Draftsman approached me. I did not go to him.

17. Who is the particular officer?—Mr. Jolliffe.

18. With regard to the limit of £2,500, does that limit apply to both the County Councils and the Road Boards where the Counties Act is in operation—that is to say, is the limit of £2,500, where it applies, divided among the County Council and the Road Boards?—Yes.

19. In no case is it exceeded?—No.

20. Supposing there were a County Council and, say, a dozen Road Boards: the £2,500 would be divided among them, if they were up to the limit?—Yes.