

21. There is a limit, I think, of £500 in the case of Road Boards?—Yes.

22. I think you suggested that it would be possible to greatly exceed the amount that is at present paid by way of subsidies by the local bodies subdividing and other local bodies being created?—Yes.

23. Of course, you are aware that nothing of the sort can be done without legislation?—Yes.

24. It can only be done by Act of Parliament?—Yes.

25. Have you reason to believe that the amendment which was suggested last year, and unfortunately inserted in the Appropriation Act, was fully explained to the Minister of Finance?—I really do not know.

26. You did not explain it?—I did not personally, but probably the Treasury may have done so. The Minister of Finance was not the Minister in charge of my Department.

27. *Mr. Laurenson.*] Did you consider it a necessary thing to have that defined clearly, so that there should be only £2,500 paid to any one county?—I thought it was advisable, as there was an alteration being made. If it had not been for the proposed alteration I perhaps would have been content with representing the matter.

28. Really, then, during all those years these counties have been getting more than they ought to have got?—That is my opinion.

29. Therefore they were getting privileges that other counties were not getting?—That is my opinion.

30. *The Chairman.*] It was done simply for the purpose of making clearer what you in your own mind were satisfied was the existing law?—Yes.

31. *Mr. Massey.*] Mr. Laurenson suggested that these counties had been getting an improper advantage all these years. Is it not a fact that for a great many years Manukau was below the limit?—Yes, I think so.

32. It is only on account of the increased rates that it has come up to the limit, so there was no improper advantage all these years?—Not for the whole time since 1885, I think.

33. *Right Hon. Sir J. G. Ward.*] If there has been an amount paid in excess upon a misinterpretation of the law, of course, it is possible to deduct it from future payments as far as that particular local body is concerned?—Yes.

34. *Mr. Russell.*] In section 2 of the schedule, under (c), it says, "Provided that no lesser sum than £1,000 nor greater than £2,000 shall be paid in any one year under this subsection (2) to any such Road Board." Have the Road Boards always received the minimum of £250—one-fourth of £1,000—no matter what the rates were? Has there always been that minimum of £250?—Yes.

35. You said that it had been the practice to act as you had acted before. How long had you been under the impression that the practice had not been in accordance with the law?—That is rather a difficult question to answer.

36. Perhaps I should say, not in accordance with the interpretation you came to the conclusion should be placed on it. How long had you been Valuer-General and had this responsibility?—Since 1904-5. I should like to explain that I was very largely actuated by a desire to protect myself. I felt diffident about certifying to what I considered was an excessive subsidy in these cases—a subsidy in excess of what I conceived to be rightly due. I do not know that my predecessors ever had the matter put before them in the way it was put by me before the Law Draftsman. So I should not like to say they took a different view from what I do.

37. Prior to your conversation with the Law Draftsman about the matter, had you ever put on record, by report to the Minister or in any other way, your opinion that the law was not being strictly carried out?—I do not remember having done so in writing, but it was done when there was a Bill before a Committee of the House for altering the system of granting subsidies.

38. What I mean is this: If you had sent in a report to the Minister stating your objection to the law as it was being administered, then the Minister would have been fully informed as to what the reason was for the change. He would have been fully acquainted with the position, and could have explained it to the House, instead of saying—as Mr. Massey says he said—that it was an inconsequential alteration. As it was, the thing arose merely out of a conversation with the Law Draftsman?—My answer to that is this: In laying it before the Law Draftsman I took it that before making any amendment he would satisfy himself that there was no alteration in the law. I did not consider that I had any responsibility, after that was done, to bring it before the Prime Minister. I took it that he certainly would do that if necessary.

39. If, at your instigation, an important alteration in the law was being made, do you not think the Minister should have been fully informed by yourself as to the reasons for the alteration?—My answer is this: I personally, as I mentioned before, was of opinion that there was no alteration in the law, and I looked upon it at the time as a mere simplification of what the law was, and I believe that was the view the Law Draftsman took of it also. He at the time emphatically stated that there was to be no alteration in the law, and I never had any intention of altering the law. When he came to me he said, "Any suggestion must not be in the direction of altering the law." I asked him if he could make the clause clearer, and I did not look upon it as an alteration.

40. Does it not strike you that, if there has been no alteration in the law, then the law has not been carried out before in paying this excess?—Yes.

41. *Mr. Massey.*] Are you of opinion that the payments made prior to the Act of 1908 were made in conformity with the law?—I think they were in excess of the provisions of the law.

42. Does that mean they were not made in conformity with the law?—I am giving you my opinion only. In my opinion they were not made in conformity with the law.

43. Yet you signed the vouchers for them?—For the two years, certainly.

44. You signed vouchers for payment that you believed were not made in conformity with the law?—You have asked me to make an important statement which I do not like to make speci-