

27. Do you know that some dozens of local bodies have had their subsidies reduced on account of the Act?—I do not know that.

28. It is so?—I do not admit that it is in consequence of the alteration.

29. Well, in consequence of the amendment in the Appropriation Act?—I would not admit that, because I say there is no alteration in the law—absolutely none.

30. Well, then, how do you account for the fact that some dozens of local bodies have had their subsidies reduced on account of the operation of clause 9 of the Appropriation Act of last year?—I can only give my opinion as to how it has happened, and that is that Mr. Campbell had acted upon doubts that he said he had before, and very likely it was in consequence of my discussion of the clause with him that led him to take the stand that he took last year; but the two things coming together at the same time was more of a coincidence than a consequence of this alteration.

31. Will you explain the difference between the section of the Appropriation Act of last year and the original provision in the Act of 1885?—I cannot see where the difference comes in. We have the schedule of the Act of 1885 cut up into three parts, each distinguished with a capital letter, (A), (B), and (C). (A) refers to Borough Councils and Town Boards; (B) to each Council of a county where there are no road districts; and (C) to counties where there are road districts. That heading (C) governs the whole of the rest of the schedule right down to the end, including the limiting proviso; and it is perfectly clear to my mind that that proviso limiting the subsidy to £10,000 governs the whole of that part in respect of counties where there are road districts. I understand from what I can learn that the question is whether it applies equally to counties where the Counties Act is in force and to counties where the Counties Act is not in force. In my opinion undoubtedly it applies to both classes of county equally.

32. You had no idea, when you drafted the clause, that it would have the effect of reducing the subsidies?—No, certainly not, and I maintain that it has not had that effect yet.

33. Then how do you account for the fact?—I have accounted for it to the best of my ability, that something that ought to have been done before was done in the same year as the alteration in the form of the schedule was made, owing to collaboration between Mr. Campbell and myself as to the form.

34. Do you think that the law is not being properly interpreted now?—I think it is interpreted in exactly the way that was intended before, and equitably and fairly.

35. Then, how do you account for the fact that for many years the subsidies were paid to the Road Boards in counties where there was no County Council government at the rate of 10s. in the pound, without any objection thereto?—I cannot understand how that was done. I should have thought that the Audit would have stuck it up.

36. The Audit passed it?—I am assuming that.

37. The Auditor has a good knowledge of law, has he not?—Mr. Warburton has on certain points a very good knowledge of law.

38. Do you not think that the Valuation Department should have had an interpretation of the clause that was inserted in the Act of last year before proceeding to reduce the subsidies in the way they have done?—You mean an opinion as to whether my redraft was correct?

39. No. Seeing that the law was to be exactly the same in the Act of last year as in the Act of 1885, do you not think the Valuation Department should have had the opinion of the Crown Law Officers before reducing the subsidies in the way they have done?—That is rather a difficult question for me to answer. I am so satisfied in my own mind that no alteration was made that I can quite imagine Mr. Campbell being equally satisfied.

40. If it was right to pay the subsidies on a 10s.-in-the-pound basis before, it would have been right to pay them on that basis last year after the alteration was made?—If it was right before it would be right now; and, conversely, if it was wrong before it would be wrong now.

41. *Mr. J. Allen.*] Were these provisions for a fourth of what was provided in the schedule to the Act of 1885 made annually in the Appropriation Act?—Yes.

42. They were not permanent statutes?—The connecting-link was gone long ago.

43. They were not permanent statutes?—No.

44. So it was an annual alteration of the schedule that was made by the Appropriation Act?—That is so.

45. Therefore it did alter the law in that respect?—Yes, it altered the basis on which the appropriations were payable, but that had been done for many years by the Appropriation Act—in fact, ever since 1886, I think.

46. With regard to the second proviso in the 1885 Act—"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 of any county, and in the ridings by the last proviso." What does "the last proviso" mean?—It means that when a Road Board became merged in a county, the subsidy that would have been payable to the Road Board was payable to the riding instead of to the Road Board.

47. The Road Board disappeared, did it not?—Yes, it was merged in the county. In the event suggested by that proviso it did disappear.

48. Is not the £10,000 mentioned in this second proviso a limit that is placed upon two different things—(1) Road Boards in road districts, and (2) ridings and County Councils?—Yes.

49. That is to say, the £10,000 would be for two separate things?—Yes.

50. Does not your amendment of the law alter that?—No. If you look at the division of the schedule by a capital C, you will see that that is again subdivided into (a) and (b). (C) is in respect of counties where there are road districts. That is broken up into two items, "To the Road Board," and "To the County Council," so-much to each; and then the final proviso to the whole thing gathers that all up together and says that altogether it shall not exceed £10,000.