

21. If they were different, how would that difference arise?—If they were paid differently from what they were under the 1908 Act, they would be paid on the basis on which they were paid in previous years. That basis was the basis adopted by the office for many years past, and it is quite possible that for the year 1907 they may have been paid by me on the same basis; but I cannot be sure of it, because there are two payments in each year, and it is possible that half of the subsidy may have been paid before I was aware of the different interpretation, and the balance of it when I was aware.

22. Then you admit that there is a different interpretation now from what there was in 1907? There is a different interpretation under the Appropriation Act of 1908 from the interpretation which guided you under the Appropriation Act of 1907 and previous years?—No, there is no difference, to my mind.

23. But you have yourself used the term “different interpretation.” What did you mean?—I mean the interpretation prevailing in the office before I became aware—

24. Is not that the same thing? Surely there is a different interpretation now held from that which was held formerly in guiding you in computing the amounts due to local bodies?—There is a different interpretation now from the interpretation given by my predecessors, and when I took over the position of Valuer-General I did not have occasion to give an interpretation at all.

25. When did you become Valuer-General?—At the end of 1904. Probably the advances of 1905–6 would have been made by me in exactly the same way as they had been made before, without any idea that there was anything wrong. In 1906–7 it would probably have been the same way. I cannot tell you about 1907–8, because it was, as I say, just when the proposed Act was being drafted, and if I had come upon the different interpretation before paying the subsidy the chances are that, in view of the anticipated early alteration in the law which would have remedied the matter, I possibly should not have taken the same steps to bring it under the notice of the Government that I should otherwise have done.

26. What I want to know is whether the interpretation upon which you acted in 1908 is different from the one which guided you and your predecessors in all previous years?—It is different from the interpretation which guided my predecessors. When I referred to a “different interpretation” I was referring to the interpretation of my predecessors.

27. *The Chairman.*] Under which you acted until you saw reason for acting differently?—Precisely so. As far as I myself was concerned, I had only one interpretation as soon as the question came under my notice.

28. *Mr. Fraser.*] When you find yourself in such a position, do you always act on your own reading of the law, or do you take advice?—I took the advice in this case of Mr. Jolliffe.

29. Not of the Crown Law Officers?—I was satisfied with that, especially as at the time I was engaged on a proposed alteration of the law which would remedy the whole matter.

30. *Mr. Russell.*] In preparing the payment of subsidies I suppose you prepare a proper statement of accounts for each local body?—Yes.

31. Then, would the statement of accounts that is prepared as the basis of the subsidy for a given county be in existence in the office, showing how the subsidy was made up for 1906–7, and how it was made up in 1908?—Yes.

32. Were payments for both these years made under your supervision?—Yes.

33. Then, if we get your two bases of account for 1906–7 and 1908, that will show at a glance where the alteration is in the basis of subsidy?—Yes.

34. You came to the conclusion, after you had been Valuer-General for some little time, that the Department had made a mistake in its interpretation?—That was my opinion.

35. Did you come to the conclusion that the law required to be altered?—No, I did not.

36. Then, you did not suggest to the Law Draftsman that the law should be in any way altered or amended in order to provide for the incorrect position that you considered had arisen by excessive subsidy being paid?—No, I did not suggest any amendment.

37. You considered that it was merely a matter of interpretation?—Yes.

38. Consequently, when Sir Joseph Ward said he was assured by the Law Draftsman that the alterations made were inconsequential, you are satisfied that the Law Draftsman stated what was absolutely correct?—That is the view I take of it.

39. And you hold that the law has not been altered in any shape or form as between the two years?—It has been altered in form, but not in effect.

40. There is no variation of the law?—No.

41. When you made a different payment of subsidy in 1908 you were only correcting a mistake that your predecessors had created and that you had carried on for a year or two down to that period?—Yes.

F. W. LANG, M.P., examined. (No. 4.)

1. *The Chairman.*] You know the question on which this Committee is engaged, and Mr. Massey has said that you wish to make a statement with reference to it?—With reference to subsidies to local bodies, yes; I should be glad to make a short statement. The position is this: A great portion of the Manukau County is in the electorate I represent, and they have been seriously affected by an amendment which was made in the Appropriation Act of 1908. As far as I understand, that went through the House without any member knowing really what was the effect of it. I am quite certain the Right Hon. the Premier did not know it, because I have here his words from *Hansard*.

2. We have those already?—Very well, sir. The position is this: The Counties Act has never been brought into force in the Manukau County, and all the Road Boards receive their subsidy as separate local bodies. I understand that the effect of this amendment is that it lumps all the local bodies into one—that is to say, their rates; and that they exceed then the maximum of £2,500. So all their subsidy is reduced right through, which of course is a very serious matter