

1909.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE:
REDUCED SUBSIDY PAYABLE TO PUKEKOHE WEST
ROAD BOARD

(REPORT ON); TOGETHER WITH CORRESPONDENCE, MINUTES OF PROCEEDINGS AND
EVIDENCE, AND APPENDIX.

(MR J. GRAHAM, CHAIRMAN)

Report brought up on the 16th December, 1909, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

FRIDAY, THE 8TH DAY OF OCTOBER, 1909.

Ordered,—"That a Committee be appointed, consisting of ten members, to examine into and report on such questions relating to the Public Accounts as it may think desirable or that may be referred to it by the House or the Government, and also into all matters relating to the finances of the Dominion which the Government may refer to it; three to be a quorum: the Committee to consist of Mr. Allen, Mr. Buxton, Mr. Fraser, Mr. Graham, Mr. Laurensen, Hon. Mr. T. Mackenzie, Mr. Massey, Mr. Reed, Mr. Russell, and the mover."—(Right Hon. Sir J. G. WARD.)

THURSDAY, THE 9TH DAY OF DECEMBER, 1909.

Ordered,—"That Paper No. 209 B ('Reduced Subsidy payable to Pukekohe West Road Board') be referred to the Public Accounts Committee."—(Right Hon. Sir J. G. WARD.)

REPORT.

THE Public Accounts Committee, to whom was referred the above paper, have the honour to report that they have carefully considered the same and have taken evidence thereon, and 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 in the law was "inconsequential."

The minutes of proceedings and evidence, and all correspondence relating to the matter, are attached hereto.

16th December, 1909.

JOHN GRAHAM, Chairman.

CORRESPONDENCE REFERRED TO IN PAPER No. 209B.

SIR,—

Mangere, 17th March, 1909.

I enclose herewith a letter from the Valuer-General to the Pukekohe West Road Board *re* subsidy on rates. You will see the subsidy has this year been reduced from £200 to £178 5s. 2d. on account of the operation of the Appropriation Act of 1908. You will probably recollect that on moving the second reading of the Appropriation Bill you informed the House that the provision by which this reduction has been made was an “inconsequential alteration,” and on account of your assurance there was no opposition to the clause. As you will see, this is anything but “inconsequential” to the local bodies concerned, and on their behalf I should like to know whether the Government will take action to prevent this injustice being perpetrated.

I have, &c.,

The Right Hon. the Minister of Finance.

W. F. MASSEY.

SIR,—

Wellington, 19th April, 1909.

I have to acknowledge the receipt of your letter of the 17th instant, calling my attention to the reduced amount of subsidy payable to the Pukekohe West Road Board under the Appropriation Act of last session, and in reply I have to explain that the Act merely places the Pukekohe Road Board on the same basis regarding subsidy as other Road Boards, and that no injustice has been done, as you suppose.

Owing to the ambiguous wording of “The Local Bodies’ Finance and Powers Act, 1885,” the Pukekohe Road Board has for years, along with other Boards in the Manukau County, been accorded specially favourable treatment; but under the law as it at present stands the subsidy payable within the County of Manukau is made subject to the limitations which have hitherto governed the payments within counties wherein the Counties Act is in force.

I have, &c.,

W. F. Massey, Esq., M.P., Mangere.

J. G. WARD,

Prime Minister.

Valuation Department, Wellington, 8th April, 1909.

Memorandum for the Right Hon. the Prime Minister.

Re Subsidy Payments referred to by Mr. Massey.

“THE Local Bodies’ Finance and Powers Act, 1885,” under which subsidy has annually been paid to local bodies, became last year absorbed by the Appropriation Act.

Under the 1885 Act it was provided that no more than £2,500 could in any year be paid within a county wherein the Counties Act was in operation. The wording of the Act was, however, so extremely uncertain regarding the counties in which the Counties Act was *not* in operation that the £2,500 limit was never applied to such counties. There can be little doubt but that the 1885 Act intended all counties to have been subject to the same limit of £2,500, as there never has been any reason why those counties in which the Counties Act was not in operation should be more liberally treated as regards subsidy than those in which that Act was in operation.

There are three counties affected—namely, Ashley, Eden, and Manukau—but it is only from the last-named that any comment has been received. The following will show the effect of the Act of 1885:—

Taking Selwyn County as a county within which the Counties Act *is* in operation, and comparing it with Manukau, within which that Act is *not* in operation, the advantage to the latter is at once apparent:—

Selwyn County.

Rates collected, 1907-8.	Total Subsidy paid to the Local Bodies within its boundaries— 1 County Council and 17 Road Boards.
£20,828 5s. 9d.	£2,500 (limit).

Manukau County.

Rates collected, 1907-8.	Total Subsidy paid to the Local Bodies within its boundaries— No County Council and 27 Road Boards.
£6,824 9s. 10d.	£3,252 15s. 6d.

In other words, in Manukau County the full subsidy calculated on the rates collected has always been paid, while in Selwyn County no more than £2,500 has been paid in any year, no matter how much rates were annually collected. This flaw in the 1885 Act was brought under the notice of the Law Draftsman when the Appropriation Act was being drafted, and was then corrected,

G. F. C. CAMPBELL, Valuer-General.

MINUTES OF PROCEEDINGS.

FRIDAY, 10TH OCTOBER, 1909.

The Committee met at 10.30 a.m. pursuant to notice.

Present: Mr. Graham, Mr. Laurenson, Mr. Massey, Mr. Reed, Mr. Russell, Right Hon. Sir J. G. Ward.

The minutes of the previous meeting were read and confirmed.

The order of reference referring Paper No. 209 B ("Reduced Subsidy payable to Pukekohe West Road Board") was read to the Committee.

The paper being read, the Right Hon. Sir J. G. Ward moved, That the opinion of the Committee is 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.

Mr. Massey moved, as an amendment, the addition of the following words: "but that, as the House was misled by the explanation given by the Minister of Finance when moving the second reading of the Appropriation Act of 1908, the House should be given a further opportunity of considering the matter by the local bodies affected being placed in the same position which they occupied prior to the passing of the said Act."

Mr. G. F. C. Campbell, late Valuer-General, attended the meeting and gave evidence.

Resolved, That the Law Draftsman who prepared the clause of the Appropriation Bill of 1908 be summoned to attend the Committee at 10 a.m. on Tuesday, the 14th day of December, 1909.

Resolved, That Mr. Lang, M.P., be allowed to attend the meeting and give evidence on the subject.

The Committee then adjourned.

TUESDAY, 14TH DECEMBER, 1909.

The Committee met at 10 a.m. pursuant to notice.

Present: Mr. Allen, Mr. Buxton, Mr. Fraser, Mr. Graham, Mr. Laurenson, Hon. Mr. T. Mackenzie, Mr. Massey, Mr. Reed, Mr. Russell, Right Hon. Sir J. G. Ward.

The minutes of the previous meeting were read and confirmed.

Consideration of Paper No. 209 B ("Reduced Subsidy payable to Pukekohe West Road Board") was resumed.

Mr. W. Jolliffe, Law Draftsman, attended the meeting and gave evidence.

Mr. G. F. C. Campbell, late Valuer-General, attended the meeting and gave further evidence.

Mr. F. W. Lang, M.P., attended the meeting and gave evidence.

Resolved, on the motion of Mr. Reed, That Mr. Salmond's attention be drawn to the schedule to "The Local Bodies' Finance and Powers Act, 1885," and to Schedule Six of "The Appropriation Act, 1908," in conjunction with section 9 of that Act, and that he be requested to submit to this Committee a written opinion as to whether there has been any variation in the law.

Resolved, on the motion of Mr. Russell, That the Valuer-General be requested to produce the bases upon which subsidies were paid within the counties of Manukau and Ashley for the years 1907-8 and 1908-9.

The Committee then adjourned.

WEDNESDAY, 15TH DECEMBER, 1909.

Present: Mr. Graham (Chairman), in the chair, Mr. Allen, Mr. Buxton, Mr. Fraser, Mr. Laurenson, Hon. Mr. T. Mackenzie, Mr. Massey, Mr. Reed, Mr. Russell, Right Hon. Sir J. G. Ward.

The minutes of last meeting were read and confirmed.

Paper No. 209 B ("Reduced Subsidy payable to Pukekohe West Road Board").

Consideration of this paper was resumed.

A letter from Professor Salmond, Counsel to Law Drafting Office, in reference to "The Local Bodies' Finance and Powers Act, 1885," and to Schedule Six of "The Appropriation Act, 1908," was read.

Professor Salmond attended and was examined by members of the Committee.

Mr. J. P. Dugdale, of the Valuer-General's Department, attended, made a statement, and was examined by members of the Committee.

And, the witnesses having withdrawn, the motion moved by the Right Hon. Sir J. G. Ward, and the amendment thereon submitted by Mr. Massey, being before the chair,

Mr. Massey asked leave to withdraw his amendment to add the words "but that, as this House was misled by the explanation given by the Minister of Finance when moving the second reading of the Appropriation Act of 1908, the House should be given a further opportunity of considering the matter, by the local bodies affected being placed in the same position which they occupied prior to the passing of the said Act."

Leave granted, and the amendment withdrawn.

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

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.

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-

ally when I tell you that it was that very reason that caused me to bring this matter forward. If I answered your question in that way I should be committing my predecessors in office, which I have no right whatever to do. They may have taken an entirely different view of it, and I am not prepared to answer a question in that form.

45. *Mr. Reed.*] Were you following the system that was in existence in the Department when you took charge?—Yes.

46. *The Chairman.*] I think you have made it quite clear that your predecessors used to pay on a certain basis; that after you became Valuer-General you had your doubts about that; that you paid out for the first year or two, but still had doubts; and when you investigated the matter your own opinion was that the law did not allow that to be done which had been done by your predecessors?—Yes.

47. And in making the alteration in the Appropriation Act of last year you brought the matter under the notice of the Law Officers with the view not of altering the law, but of making its meaning clearer than it was before?—Yes. I should like to make it clear that that was done when I was asked to make a suggestion with regard to simplification.

48. *Right Hon. Sir J. G. Ward.*] You were of opinion that the alteration made by the Law Draftsman which appeared in the Appropriation Act of 1908 was an inconsequential alteration?—I was.

49. *Mr. Massey.*] An alteration affecting the subsidies of local bodies to the extent of some hundreds of pounds in each case?—I am still of opinion that it was an inconsequential alteration.

Right Hon. Sir J. G. Ward: I should like to put this on record—it is what I stated in the House early in the session:—

“Regarding the other question raised by the honourable gentleman in connection with ‘The Local Bodies’ Finance and Powers Act, 1885,’ the information I gave to the House was the information as I received it exactly. There was no intention on my part to do anything in the shape of conveying a wrong impression to the House. I have looked into it since, and I find that part is affected in a way I did not know at the time. I have no objection to having this part of the Bill referred to the Public Accounts Committee, or some Committee of this House, so that it may be reported upon to the House itself. I want to say at once that the intention was to remove a wrong position, and when the matter is gone into it will require to be carefully reviewed by every member of the House, because it may place a particular class of local bodies at an advantage—

“*Mr. MASSEY.*—A disadvantage.

“*The Right Hon. Sir J. G. Ward.*—No; at an advantage as compared with other public bodies throughout the country. It was to remove an anomaly that the suggestion was made to have this amended. I did not know the details of it at the time.

“*Mr. MASSEY.*—Mine is not the only district affected.

“*The Right Hon. Sir J. G. Ward.*—But it affects your district more than any other in the Dominion.

“*Mr. MASSEY.*—Except the Electorate of Manukau.

“*The Right Hon. Sir J. G. Ward.*—I have had the matter looked into since, and, now that I know what the position is, I think it only right that that portion of the Bill should be referred to the Public Accounts Committee, so that it may be examined into and a report made to the House. If, then, it is found right to alter the legislation, I am quite prepared to do it. On the whole, I think the House will be careful before restoring it to the position it was in before. If it does apply in these cases, it should apply to all local bodies throughout the country. It was never intended that any particular class of local bodies should be given an advantage as against others.

“Bill read a third time.”

Mr. Massey: Following up that, I want to put this on record. I am quoting now from Sir Joseph Ward’s speech in moving the second reading of the Appropriation Bill, on the 10th October, 1908, on the night when the session came to an end, and probably half an hour before midnight:—

“In moving the second reading of this Bill I desire to say, for the information of the House, that the clauses down to clause 22 contain practically no alteration excepting in clause 9, and that is merely an inconsequential alteration rendered necessary by the repeal of ‘The Local Bodies’ Finance and Powers Act, 1885.’ The schedule in the previous Act has now been made a schedule of the Bill. In this respect the clause calls for no comment.”

Right Hon. Sir J. G. Ward: That is a statement that I made upon the information given to me at the time by the Law Draftsman.

TUESDAY, 14TH DECEMBER, 1909.

WILLIAM JOLIFFE, Law Draftsman, examined. (No. 2.)

1. *The Chairman.*] I do not know whether you are aware of the subject on which you have been called here this morning?—I have a general idea.

2. It is in connection with the subsidies to local bodies. You are aware of the Local Bodies’ Finance and Powers Act of 1885, of course?—Yes.

3. That has been repealed by the consolidated statutes?—It has been dropped.

4. There is a schedule to that Act, and that schedule has been re-enacted in a somewhat different form?—A slightly different form.

5. But it is a different form, and the object of the investigation of this Committee is to ascertain whether the law has been in any way altered; and you have been asked to attend so that you may inform the Committee how this was led up to. Will you make a statement, showing exactly how it came about, and whether this was done of your own volition or whether it was at any one’s instigation?—As Secretary to the Consolidation Commissioners I was aware that the Local Bodies’ Finance and Powers Act of 1885 was no longer on the statute-book, and, knowing what was wanted,

I prepared a reproduction of the schedule for the purpose of putting it into the Appropriation Act. I drafted it, and took the draft along to Mr. Campbell, and we went through the thing together word by word to see that it did not alter the law in any respect. If you will look at the old schedule you will find that it is very confused in its language. We endeavoured to make it as plain as possible without altering the law, and I think we succeeded in doing so. I have looked into the matter again to refresh my memory, and I am of the same opinion as I was at the time—that it in no way altered the law. I have looked up my original draft. I first of all had the schedule typed out exactly as it was in the old Act, and that is what I worked from. The draft shows my alterations. [Draft produced.] You will see that every alteration is merely verbal.

6. How does it come about, then, that the subsidies are less since?—Because for many years the Appropriation Act has distinctly stated that they are to be one-fourth of those laid down by that schedule in the 1885 Act, and all the figures have been divided by four where that division was appropriate.

7. I mean, how is it that certain local bodies have been paid less since last year's Appropriation Act than they received before?—That I do not know anything at all about. I gather from what I have heard this morning that some Road Board has gone short of something, but how it came about I do not know. I should imagine that the difficulty which Mr. Campbell points out in his evidence which you read explains it.

8. You are satisfied there has been no alteration in the law?—I am perfectly satisfied as to that. How the thing came to have a different effect from formerly, I do not know anything at all about. That is a matter for the Valuation Office. It would surprise me very much indeed if any alteration had been made in consequence of the altered form in which the schedule had been put.

9. *Right Hon. Sir J. G. Ward.*] Was that alteration of the law made under any directions from me?—No, sir. I did not consult you or any one else, because I knew that it was a matter of form, on account of the schedule being dropped in the consolidation.

10. Are you of opinion that that was an inconsequential alteration that was made?—"Inconsequential"—meaning, of no consequence?

11. Meaning that there was no variation of the law?—There was no variation of the law. I maintain that, and I think I gave you that advice last year. I was asked by you if it made any alteration, and I said "No."

12. *The Chairman.*] Then the Premier's statement, as reported in *Hansard*, would be perfectly correct? On moving the second reading of the Appropriation Bill last year Sir Joseph said, "I desire to say, for the information of the House, that the clauses down to clause 22 contain practically no alterations excepting in clause 9, and that is merely an inconsequential alteration rendered necessary by the repeal of 'The Local Bodies' Finance and Powers Act, 1885.' The schedule in the previous Act has now been made a schedule of the Bill. In this respect the clause calls for no comment." That statement would be in accordance with the advice you gave the Premier?—Yes, if that clause 9 is the one in question.

13. You still say there is no alteration in the law?—There is no alteration in the law.

14. *Right Hon. Sir J. G. Ward.*] That Act referred to there—the Local Bodies' Finance and Powers Act—was that Act repealed?—The position was this: there was nothing left of that Act except the schedule. All the substantial part of the Act was repealed, and in consolidation it was impossible to place it anywhere, and therefore the thing was dropped. If I remember aright the repealing Act repealed the whole of the substantive part of the Act, but did not repeal the schedule; consequently there was nothing left on which the appropriation of subsidies could be made, unless this clause were introduced into the Appropriation Act.

15. So that the statement I made to the House was, in your opinion, accurate?—Absolutely accurate.

16. Under the law as it stood—the Local Bodies' Finance Act—if Road Boards where no county was in existence received over £2,500, would that be a lawful payment?—If any county containing Road Boards received more than £2,500, I should say there had been an illegal payment.

17. *Mr. Massey.*] Did you receive any instructions from the Minister of Finance or any one else to draft this clause to which reference has been made?—No.

18. You did it of your own volition?—Yes, because I knew they wanted it.

19. You did it without any authority?—Without any authority.

20. You say that it was necessary on account of the repeal of the Local Bodies' Finance and Powers Act of 1885?—Yes.

21. Do you mean the repeal on account of the compiling of the statutes?—Yes.

22. Then do you wish the Committee to understand that the statutes were defective, inasmuch as the Finance Act was not compiled in the ordinary way?—They were not defective, because there was no place for it in the consolidation. It could not be brought in. As I say, there was nothing left but the schedule. The sections of that Act relating to the schedule had been repealed long since. I have got the date here.

23. Repealed by whom?—They were repealed in 1886—the year after the Act was passed. I dare say you will remember that for some time they proceeded annually to repeal this same thing, and provide for a quarter-scale.

24. Yet you say that the compiled statutes are not defective, in spite of the fact that here was a very important provision left out?—There was no provision.

25. Why was the alteration in the Appropriation Act necessary?—Because the Appropriation Act had always dealt with this matter by dividing the scheme of the schedule by four; so that really there was nothing defective in the consolidation in this respect, and my action in providing a proper basis for the subsidy was absolutely correct.

26. Do you know the effect of the alteration that was made in the Appropriation Act?—I do not quite know the facts. I can only gather that some Road Board has received less than it had received before.

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.

51. But does it? Does it not refer only to the proviso to subsection (b)?—No, it cannot.

52. What is the meaning of the words “and in the ridings by the last proviso”?—It cannot mean that, because there is nothing in (b) that refers to subsidies to Road Boards. That must come under (a).

53. What is the meaning of “the last proviso”?—Where a Road Board becomes merged in a county.

54. Does not the second proviso refer only to that?—The £10,000 one?

55. Yes?—No, because it gathers in the whole subject—the Road Boards which come under (a) and the County Councils which come under (b); and the ridings on the merger come under the proviso in (b).

56. What is the object of putting in those words, then—“by the last proviso”?—To show what they mean.

57. They are referring to the last proviso?—Yes, but that only relates back to the subsidy to the riding.

58. The £10,000 is the limit in two different cases?—Three different cases—the payment to the Road Board, the payment to the Council, and the extra payment to the riding on the disappearance of the Road Board.

59. Has not the Sixth Schedule to the Appropriation Act altered that, in that it makes the £2,500 the limit over the whole lot?—No, sir. I maintain that that paragraph 4 of the 1908 schedule only reproduces the sense of the other.

60. Apart from this, do you know of any alterations that have been made in the consolidated statutes the effect of which has been to alter the law?—I am aware of errors in the consolidation, and I should be very much surprised if there were not any.

61. *The Chairman.*] But there is no error here?—I will not say there is no error, but the translation of the law from 1885 to 1908 is correct.

62. *Mr. Allen.*] Are you quite sure there is no alteration in the law here?—I state most emphatically that, in my opinion, there is none.

63. *The Chairman.*] If the local bodies in question have been paid the correct amount under the Appropriation Act of last year, and if that is not as much as they received previously, then they have been overpaid in the past?—They have been overpaid, yes.

64. And would be liable for repayment?—I do not know about that.

65. But it has been an excessive payment?—Yes.

66. *Mr. Laurenson.*] How much money has really been paid over and above what ought to have been paid to these counties?—I know nothing of that.

67. *Mr. Fraser.*] If, as you say, the law has not been altered, then your opinion is that the payments made formerly were illegal?—Yes, if they differed from the payments made now, as I assume to be the case.

68. If the payments were larger formerly than they are now, they were illegal?—Yes, if they were in excess of the limit.

69. Is this not a question of interpretation of the law?—No. I should imagine there is very little doubt as to what the law means.

70. That is not my question. My question is whether the payment of last year, differing from former payments, is not a question of interpretation of the law?—Yes, sir; it would be.

71. You contend, then, that the present interpretation is the correct one, and the former interpretation was the wrong one?—The interpretation by the Valuer-General, you mean?

72. Yes. The Valuer-General was the executive officer?—Then, I maintain that his interpretation must have been wrong if he paid more than the limit.

73. You contend that the present interpretation is the correct one of the law as it stood prior to last year's schedule?—Yes.

74. And that the former interpretation, by which sums larger than that were paid, was the wrong one?—It must have been a wrong one.

75. *Mr. Russell.*] Your point is that in re-enacting the clause the law has not been altered in any shape or form?—Yes.

76. Is there any variation whatever in the wording of the Act as passed last year, as compared with the Act of 1885?—Yes, there is.

77. Will you explain to the Committee what that variation is, so that we can see whether the law is altered or not?—That will be rather a lengthy business. If I pass this draft round, it will show the variation. The original typing is the 1885 schedule, and, as altered, the draft is the existing schedule.

78. The proviso in the original wording read 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.” As amended you strike out the words “in any one year,” and all the words commencing with “of the total amount of general rates” right down to and including “by the last proviso,” and you substitute for these words the three words “of any county.” You hold that that covers the two payments that are made under the original Act, both to the Road Boards and the County Councils?—You have not read quite correctly. It should be, “. . . in respect of any county and its road districts.” Those two expressions gather up the whole thing.

79. The words “and its road districts” are not in the draft in front of me. I am quoting from your draft?—I mean that you did not read correctly what the law is now.

80. “In respect of any county and its road districts” is not what I have got in front of me?—That is so, but those latter words are in the Appropriation Act.

81. *The Chairman.*] It simply means that every word of the correction has not been put in the draft?—This draft was the original one, and these things are subject to perpetual revision. We add a little bit of word-painting here and there.

82. *Mr. Russell.*] Will you state exactly where the wording of the law of 1908 departs from the wording of the law in 1885?—I can do that.

83. I mean where it differs, either by omission, addition, or subtraction?—It will take a long time. Do you wish it done?

84. I do. My question has reference only to this particular point, not to the whole schedule?—I understood that you referred to the whole schedule. I understand that I am to limit what I say now to the final paragraph of the old schedule?

85. Yes, that will do?—In the first place the words "Provided that" go out. It is not treated as a proviso, but as a clause. The next words are common to both—"no greater sum in all than." Then the £10,000 is divided by four and is reproduced as £2,500. The words "shall be paid" are common to both. Then the old Act goes on "in any one year." Those words are omitted in the new Act, because it is an Appropriation Act and is therefore an annual thing; they would be improper in an annual Act. "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." Those words are omitted and are replaced by the words "in respect of any county and its road districts." Then all the words following are common to the two—"and when the total amount of subsidy that would be payable in respect of the total amount of general rates collected as last aforesaid" ("last" is taken out) "shall exceed £10,000" ("shall exceed" becomes "exceeds," and £10,000 is reduced to £2,500), "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." All those words are in common, without alteration.

86. *Mr. Allen.*] Is not that an alteration in the law—"in respect of any county and its road districts"?—No. If you examine the words omitted, you will see that it covers exactly that ground.

87. *Mr. Russell.*] What is the effect, then, of striking out these words from the 1885 schedule, "by the last proviso"?—The effect would be that they would be deprived of subsidy if something were not put in its place.

88. But what would be the legal effect? You see that in the Act of 1885 there are these words, "and in the ridings by the last proviso"?—That is the contemplated subsidy payable to the county, and is therefore covered by the words in the 1908 Act, "in respect of any county and its road districts."

89. *Mr. Allen.*] Does not the alteration in the 1908 Act put the county and the road districts together, and limit them together, instead of limiting them separately?—The old Act did exactly the same thing—"no greater sum in all than £10,000 shall be paid 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."

90. Three different things?—Three different things all added together, and there are two different things added together here which cover exactly the same ground.

91. *Mr. Russell.*] Under the first proviso of subsection (b) of the Act of 1885, was there any concession in the way of subsidy that was payable to the ridings that is not re-enacted in the Act of 1908?—No, it is exactly the same. If it is payable in the riding it is payable in respect of the county.

92. Do you mean, then, that the first proviso in the Act of 1885, subsection (b), was of no value?—No, I do not say that. I have reproduced it here as section 3 of the 1908 schedule.

93. If there was something in that first proviso, and by striking out the words "by the last proviso" you have not re-enacted what was in the first proviso, is not that one of the means by which the mistake has been made?—Undoubtedly not. I repeat that the words in the 1908 Act that I have read—"in respect of any county and its road districts"—cover the whole ground. There could be nothing else: Town Boards are dealt with under another part of the schedule. Those words "in respect of any county and its road districts" must cover the whole ground and include what was before split up into three—the Road Board, the county, and the riding of the county under a certain proviso.

94. *Mr. Massey.*] Did I understand you to say that those payments were made illegally for some years prior to the passing of the Act of last year?—I say that if any payment was made in excess of £2,500 for a county, it must have been illegally done.

95. In spite of the fact that the vouchers were signed by the Valuer-General?—I am not suggesting that the illegality was intentional. I am only saying, speaking academically, that an excess is illegal.

96. Do you still think, in spite of the fact that the vouchers were signed by the Valuer-General and that the payments were passed by the Auditor-General—do you still think that the payments you refer to were illegal?—I should say so, yes.

97. I want you to follow me now, and see that I quote this correctly. Section 2 of the Sixth Schedule to the 1908 Act, subsection (i) of subsection (c)—"When the general rates actually collected by the Road Board in the road district do not exceed a total sum of £500, then a sum equal to 10s. for every £1 of such rates." That is quite clear?—Yes.

98. Is that qualified by any other part of the schedule?—No, the £500 will not be qualified.

99. I am speaking of the 10s. in the pound?—No, that will not be qualified, because it is too small to come up to anywhere near the maximum.

100. Then, in the case of a Road Board where the rates collected do not exceed £500, you are of opinion that the proper subsidy would be 10s. in the pound?—Yes.

101. Do you know that that was not paid?—Because, taking all the Road Boards and the county together, the sum amounted to more than £2,500.

102. Well, then, where is the qualification?—In subsection (4).

103. I will quote subsection (4): “No greater sum in all than £2,500 shall be paid in respect of any county and its road districts; and when the total amount of subsidy that would be payable in respect of the total amount of general rates collected as aforesaid exceeds £2,500, 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.” Have I quoted that correctly?—Yes.

104. Does not the section that I have quoted contemplate a county where there is a County Council, and say that the rates are to be divided between the Road Boards and the County Council?—Yes.

105. Then, if that is the case, it cannot apply to the subsection which I quoted before—subsection (i) of subsection (c) of section 2?—There are County Councils in all counties.

106. No?—Then there ought to be. The Counties Act requires it—

107. No?—Unless the Counties Act is not in force, and then there are no local governing bodies of any kind.

108. Except Road Boards?—No. It is a very popular error to confuse the two terms, “not in force” and “suspended.” I am speaking now of counties in which the Counties Act has never been in operation and which are mentioned in the Counties Act itself. There is another class of county, such as Manukau and Ashley, in which the Counties Act is said to be suspended—that is, that certain provisions are suspended.

109. I do not think you have quite followed me. Are you not of opinion that subsection (4) contemplates a system of local government where a County Council is in existence at the present moment?—Yes.

110. I mean where it refers to the “rates collected as aforesaid by such Road Boards and the County Council”?—Yes, and I say that where the Counties Act is suspended the Counties Act requires a Council to be elected.

111. But supposing there is no Council in existence, and has not been for twenty or thirty years?—Then they are doing something which is not contemplated by the law. There is no doubt about that.

112. If there is no County Council, then section 4 does not govern subsection (i) which I have quoted?—I have not considered the point, but I should imagine that the effect would be that the amount payable to the County Council would lapse.

113. Then the full amount would be paid to the Road Boards?—No. Well, it is getting to a little bit of a puzzle. The limit probably would never be reached by a Road Board, if there was no County Council.

114. What limit?—£2,500 over the whole county. It would probably never be reached by any Road Board, if there was no payment to a County Council under paragraph (d).

115. But supposing there are two or three dozen Road Boards, what then?—It would hardly be possible, I should imagine, for that maximum to be reached.

116. *Right Hon. Sir J. G. Ward.*] The suggestion of Mr. Massey is that where the Counties Act is suspended, within the area of that county there may be twenty Road Boards, but the limitation of £2,500 which would apply to the whole county if those Road Boards were not in existence, or if only some were in existence, is absolutely abolished and the whole of those Road Boards can get anything they like up to 10s. in the pound?—That is not the law.

117. That would mean that, if there were twenty Road Boards there, and they each received up to 10s. in the pound, it would be possible for those twenty to get the whole £2,500?—Yes.

118. And, according to Mr. Massey's interpretation, as much more as they liked, up to the limit in subsection (c) of that schedule?—I can hardly answer that question. The subsidy payable in counties is made up of two items—a payment to the Road Boards and a payment to the County Council. If there is no County Council there is more subsidy available for Road Boards before they reach the limit; but when that limit is reached, it does not matter whether there is a County Council or not, any payment in excess of that would be illegal: and those words that I have inserted at the beginning of that proviso absolutely carry that out—“No greater sum in all than £2,500 shall be paid in respect of any county and its road districts.”

119. *Mr. Massey.*] Those words were not in the original Act?—No, but similar words were.

120. *The Chairman.*] Where is the equivalent of those words?—“Shall be paid . . . in respect of the total amount of general rates levied and collected.” The words that follow in the 1885 Act are absolutely superfluous—“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.”

121. *Mr. Massey.*] There is an alteration?—Merely in form. They both cover the whole ground.

122. *Right Hon. Sir J. G. Ward.*] You are still of opinion that the alteration made was, as I was informed, inconsequential?—I am of opinion that it is inconsequential.

GEORGE FREDERICK COLIN CAMPBELL re-examined. (No. 3.)

1. *The Chairman.*] I understand that you have perused the report of the evidence that was given by you the other day, and that there are one or two points in regard to which you thought it might be necessary for you to come before the Committee again so as to make some amendment beyond what you would care to make by way of revision of your copy?—That is right.

2. This is the first point that you wanted to speak about: Mr. Massey asked you this question: “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 bodies being created?” and you answered “Yes.” Then he asked, “Of course you are aware that nothing of the sort can be done without legislation?” and you said “Yes.” Q. “It can only be done under Act of Parliament?” A. “Yes.” You wish to supplement your evidence by revising your answers to those two last questions?—I should like to.

3. If those questions are correctly reported, then you misunderstood them?

Mr. Massey: They are correctly reported.

4. *The Chairman.*] Then Mr. Campbell will be permitted to answer those questions again. "You are aware that nothing of the sort can be done without legislation?"—My answer to that is that I understand that under existing legislation a Road Board can be divided into two parts.

5. *Mr. Massey.*] What you mean to say is that a part of a road district can be joined on to another road district without legislation: Is that it?—A Road Board can be subdivided without special legislation. There is existing legislation that enables it to be done. I should like to explain that that Act does not come under the administration of the Valuer-General, but under the administration of the Department of Internal Affairs.

6. *The Chairman.*] Is that all the correction you wish to make on that point?—Yes.

7. The next point where you have made a note is where Mr. Massey asked you these questions: "Are you of opinion that the payments made prior to the Act of 1908 were made in conformity with the law?" A. "I think they were in excess of the provisions of the law." Q. "Does that mean they were not made in conformity with the law?" A. "I am giving you my opinion only. In my opinion they were not made in conformity with the law." Q. "Yet you signed the vouchers for them?" A. "For the two years, certainly." Your note reads: "This reply may not be correct. I cannot say whether I have certified after I became aware of the position." You wish to make a correction there?—Yes, I want to qualify that last answer, if I may. My reply to that should be that since I became aware of the position I cannot say whether I have certified to any excess payment. It is quite possible that I may have certified before I became aware of the position, but I cannot say whether I have or not since I became aware of the position.

8. Is that all, Mr. Campbell?—I may be allowed, perhaps, to alter an answer that I made at an earlier stage. I referred to Ashley as being the first county in which the total subsidy had been exceeded. From subsequent inquiries I think that Eden was the first county to receive more than £2,500.

9. *Mr. Massey.*] To clear up a doubtful point, let me ask you this question: You do not want the Committee to understand that a county can be subdivided without legislation?—I cannot very well answer that question, because I have never had the administration of the Act dealing with that.

10. Are you aware that a county cannot be divided except by legislation?—I think a county can alter its boundaries by petition.

11. Are you aware that one county cannot be divided into two without an Act of Parliament providing therefor?—I could not say definitely whether that is so or not.

12. *Mr. Allen.*] When did you find out that there was a doubt about the interpretation of the law?—It was when I was revising information which had been compiled with a view to amended legislation in connection with the system of payment of subsidies to local bodies. In totalling up the amounts of subsidies that had been paid in previous years within counties in the colony, and in comparing those amounts with the sums that would be paid under the suggested amendment, I found out that in some counties the limit would be exceeded. It was then that I made the discovery.

13. At what time were these suggested amendments in the law being prepared?—There was a Bill before a Committee of the House in, I think, 1906 or 1907. I am not quite sure which year. The Bill did not come before the House. I may explain that when paying subsidy to a local body the subsidy is paid in two amounts: there is an advance at the beginning of the year, and the balance is paid at the end of the year. The consequence is that when these local bodies are paid subsidies, unless you add together the different claims that are sent in by the whole of the road districts within the county, you do not necessarily ascertain the total amount paid within each county for the year.

14. *Mr. Fraser.*] Mr. Jolliffe told us in his evidence that he had suggested to you that the total amount paid to local bodies within any county should not exceed the amount payable to a county as a whole. Is that the case?—I do not quite recognise the difference you refer to.

15. Local bodies, you say, had been receiving sums in excess of the provisions in last year's Appropriation Act?—Yes.

16. Well, the reason for the Government ceasing to pay those larger sums, Mr. Jolliffe informs us, was in consequence of a conversation he had with you in which he pointed out they were not entitled to receive more than the county would have received had there been no such local bodies: is that the case?—I believe that he did point that out, or, rather, that I discussed the question with him.

17. Very well. If there was no alteration made in the law by the clause of last year, there was a new interpretation of the law, which prompted your action, was there not?—No, I will not say that, because you will understand that in paying these subsidies annually you may not be called upon to interpret the law at all. It had been interpreted, and it is only when anything occurs which causes you to doubt the interpretation that you necessarily have occasion to refer to the law; and it was only on the occasion which I have referred to that this did come under my notice. It induced me to read the Act carefully, and that was the basis of my discussion with Mr. Jolliffe.

18. Then, were the payments made by you under this clause made under a different impression as to what the law meant from the impression you had when the former payments were made—the payments before the 1908 Appropriation Act came into force?—The impression I had when I paid the subsidies under the 1908 Act was the same impression that I had before the passing of that Act, but subsequent to the time when I first discovered the excess paid to these particular local bodies.

19. Let me put it in another way: Did you pay under the Appropriation Act of 1907 the same amount to those Road Boards as you paid in 1908?—I cannot tell you without reference what amounts were paid in 1907–8.

20. Was it a different amount?—I cannot be certain without reference. I think it is quite possible the amounts were different.

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

to these struggling local bodies. This reduction seems very unfair, in two ways, because there is only the one class of local body in the Manukau district—I mean the Road Boards. If the Counties Act were in force and there were the two systems, I understand they would get a higher subsidy than they get at the present time. The County Council would get 5s. and the Road Boards 5s. It seems to me only fair that the same district should get the 10s. Under the present system there appears to be a difference of opinion as to whether the County Council or the Road Board is the better system of local government, but I think every one is agreed that you do not want a system of dual government; but here is a case of encouraging people to go in for the dual system. A case occurred in the Waipa County. A certain Road Board there wanted to merge into the county, but they found that if they did they would lose £67 of subsidy. Therefore this is encouraging the local bodies not to merge. Not only that, but the present system of subsidy encourages the County Councils to divide. If a district is all under one local body—say a County Council—and it divides, that same district has a bigger subsidy on account of its having divided. It seems a very extraordinary position. I say that the whole system of subsidy is wrong in every way. For instance, if a local body increases its rate it frequently gets a lower subsidy in consequence.

3. *Right Hon. Sir J. G. Ward.*] We do not want to deal with that, but just the particular matter before us?—I will merely add, then, that the effect of this alteration on the Manukau district is that the local bodies lose a part of the subsidy that they have enjoyed for some time past, and that they had no means of knowing that this was coming about—they did not know, in fact, till they found their subsidy reduced.

4. *The Chairman.*] Some of these local bodies that you are interested in have been paid less by way of subsidy than hitherto?—Yes.

5. If they have been wrongly so paid, they ought to have the amount made up?—Yes.

6. If, on the other hand, they have been paid too much in the past, I suppose they will be ready to refund the excess?—I cannot answer that. My own opinion is that they have been paid too little in this case, and I hope the Government will reinstate the former amount and pay them the back subsidy. I am not saying that it is not right according to the law at the present time. I suppose it is right according to this amendment in the Appropriation Act.

7. You think it is really an alteration in the law?—I suppose it is, but we had no means of knowing it.

8. *Right Hon. Sir J. G. Ward.*] I presume that if the Government have inadvertently, upon a misinterpretation of the law, made an illegal payment, that was an improper thing to do?—I suppose it is an improper thing to make an illegal payment.

9. If an illegal payment has been made and it can be shown to be so, as a matter of right to the country that illegality should be rectified by deduction from the future subsidies of those local bodies that have been paid?—If it is so, yes. But do I understand you aright?

10. What I asked was this: If it is shown that an illegal payment has been made inadvertently by the Government in a matter of this sort, under advice, as a matter of correct procedure that illegality should be corrected?—If it is an illegality one must abide by the law, whatever it is.

11. *Mr. Massey.*] Do you think a payment could possibly be illegal when the vouchers were signed by the Valuer-General and certified to by the Auditor-General?—I should not think so, and I do not think the Government are in the habit of paying too much money to the local bodies.

12. *Mr. Allen.*] When was the first reduced payment made?—Soon after the Act was passed last year.

13. There was no reduced payment made in 1907?—Not to my knowledge.

14. *Mr. Fraser.*] The Premier asked you whether, the local bodies having received more money than they were entitled to, you did not think that would be an argument in favour of their refunding it, or its being deducted from future subsidies?—I did not understand the last sentence about deduction.

15. He said refunded or deducted from future subsidies. Do you approve of that?—No, I certainly do not. I did not understand the Premier to put it that way.

16. If it turns out now that the Government have in the past paid more than they ought to have paid, is not that due to the Government itself, and the local body ought not to be made to suffer for the *laches* of the Government?—Certainly.

17. *Right Hon. Sir J. G. Ward.*] Are you not of opinion that, if it is discovered that a mistake has been made by which a wrong thing has been done, that mistake should be corrected?—If a mistake has been made it should be corrected, I suppose.

18. *Mr. Russell.*] You know that as a matter of fact the Government do from time to time claim the right to adjust errors that have been made in connection with subsidies and payments, do you not?—Yes.

19. Sometimes they have paid up where there has been a shortage, and sometimes they have claimed a surcharge where there has been an excess?—I believe so.

20. You know that this matter which we are discussing only affects three or four local bodies, do you not?—No, it affects a great many local bodies—I suppose twenty or thirty that I know of.

21. The whole point of the Premier's question is this: that, if a certain small number of local bodies have received an excess of subsidy over and above what they are entitled to by law, is it a fair thing that they should refund what they have received in excess?—No, I do not think they should, under the circumstances. They have had to expend that money, and it would simply cripple the local bodies to have to pay back.

22. Then do you think that all the rest of the local bodies throughout the Dominion should have their subsidies increased, in order to come up level with what these others have had?—I do not admit that position, to begin with. In my evidence I said that it was not fair to those local bodies that they should have to refund former payments.

23. Are you aware that the question in dispute is this: Has an alteration in the law been made, or has there been an alteration in the interpretation of the existing law?—I take it that an alteration is made in the law by the Appropriation Act of 1908.

24. If it were proved to you that no alteration had been made in the law, but only that a correct legal interpretation of the existing law was being given now, how would that affect your opinion?—I should ask, "What was the necessity of this alteration in the Appropriation Act?" I take it that that altered the law.

25. *Right Hon. Sir J. G. Ward.*] If it was discovered that an underpayment had been made to a public local body, would you expect that mistake should be corrected by the Government and the full payment made?—Yes, because it would be the fault of the Government in making an underpayment.

26. *Mr. Massey.*] If an overpayment has been made in this instance, do you not think the parties responsible for the mistake—the Minister of Finance and the others—should be compelled to refund the money to the Treasury out of their own pockets?—I do not know whether they should refund it, but I do not think the local bodies should suffer.

27. *Right Hon. Sir J. G. Ward.*] So you are of opinion that if a local body has been overpaid, that should not be corrected?—That is so, because it is the fault of the people in authority in paying it. The local bodies took the money in all good faith and spent it accordingly.

WEDNESDAY, 15TH DECEMBER, 1909.

JOHN W. SALMOND, Counsel to the Law Drafting Office, examined. (No. 5.)

The Chairman: It was decided yesterday, as you know, gentlemen, to submit a certain question to Mr. Salmond. I have here his reply, which I will read to the Committee: "Law Drafting Office, Wellington, 14th December, 1909.—The Chairman, Public Accounts Committee.—SIR,—I have the honour to acknowledge the receipt of your letter of the 14th instant asking for my opinion as to whether any alteration in the law has been made by the substitution of the Sixth Schedule to 'The Appropriation Act, 1908,' for the schedule to 'The Local Bodies' Finance and Powers Act, 1885.' I understand that the question relates more particularly to the effect of paragraph 4 of the new schedule as compared with the last proviso of the old schedule. I have carefully considered the matter, and am of the opinion that no alteration has been made in the law, but that the new schedule reproduces with perfect accuracy the effect of the old one. The last proviso in the old schedule (imposing a limit on the maximum subsidy) covers the whole of clause (c) of that schedule, and therefore applies to all counties in which there are road districts and to all Road Boards. The new paragraph 4 has the same application.—I have, &c., JOHN W. SALMOND, Counsel to the Law Drafting Office."

1. *Right Hon. Sir J. G. Ward.*] Did you, Mr. Salmond, receive any direction from me in connection with any alteration in the Appropriation Bill of 1908?—No, sir.

2. *Mr. Massey.*] What was the object in altering the wording of the Act from the wording of 1885 to the wording of the Appropriation Act of last year?—The work was not done by me; it was done by Mr. Jolliffe, and I understand that his only object was to put the thing in proper form. It is certainly in the most cumbersome form in the old Act of 1885.

3. Do you not think it a wonderful coincidence that the reduction in the subsidies paid to the local bodies affected followed the alteration of the wording?—I do not know whether it is due to the new Act or not, or whether it was an independent act on the part of Mr. Campbell. If it is the result of the new wording of the Appropriation Act, it is simply due to the fact that the Appropriation Act is now clear on the point, while the other may not have been.

4. Would you mind turning to clause 4 of the Sixth Schedule of the 1908 Appropriation Act?—Yes, I have it.

5. "No greater sum in all than £2,500 shall be paid in respect of any county and its road districts; and when the total amount of subsidy that would be payable in respect of the total amount of general rates collected as aforesaid exceeds £2,500, 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." That contemplates the existence of a County Council, does it not?—You are thinking of a county in which the Counties Act is not in force.

6. I am thinking of counties where the Counties Act is in force, and where they have both County Council and Road Boards; and it seems to me that this subsection 4 is intended to apply to such counties, and I am asking whether the existence of a County Council is not contemplated in subsection 4?—I do not see why it should be. Clause 4 deals with road districts, and it is not essential to the operation of clause 4 that there should be a County Council.

7. You will notice these words: "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"?—Then, if there is no County Council, the clause would operate upon the Road Boards.

8. I think we are getting away from the point. Do you not think that clause 4 contemplates the existence of a County Council in its application?—Not as necessary—a County Council, if any.

9. The words "if any" are not there?—I think they are to be read in.

10. You think that section 4, then, would govern subclause (i) of subclause (c)?—Yes, I think it governs the whole.

11. Subclause (i) reads as follows: "When the general rates actually collected by the Road Board in the road district do not exceed the total sum of £500, then a sum equal to 10s. of every £1 of such rates." Do you not think that that subclause would apply to the Road Boards where there is no County Council?—Clause 1 cannot possibly apply to Road Boards.

12. Why?—Because the heading of it is "To the Council of each county wherein there are no road districts."

13. Will you read clause 2, "In respect of counties when there are road districts"?—Yes.

14. "To the Board of each road district in the county if the Counties Act is not in full force." Then it stops there. I understand that what follows is a sort of parenthesis, "if the Counties Act is in full force, then to each Road Board and the County Council in equal parts"?—I mistook your meaning. I thought you referred to clause 1.

15. I take it that it reads like this: "To the Board of each road district . . . if the Counties Act is not in full force . . . When the general rates actually collected by the Road Board in the road district do not exceed a total sum of £500, then a sum equal to 10s. for every £1 of such rates"—Yes.
16. Now I may explain that this has governed the payment of the subsidy to the road districts for many years?—Irrespective of paragraph 4?
17. Yes?—Well, I cannot reason in that way. It seems to me that paragraph 4 covers the whole.
18. Then you think that, where the Counties Act is suspended and the local government is carried out by Road Boards, if the subsidies paid have exceeded £2,500, such subsidies have not been legally paid—they have been paid in excess?—I think so.

JOHN P. DUGDALE, Inspecting Valuer, Valuation Department, examined. (No. 6.)

1. *The Chairman.*] You understand what you have been asked to supply, Mr. Dugdale?—I have a summary here, which I will leave with you. The Manukau County has about twenty-seven separate Road Boards. In the year 1907–8 the twenty-seven Road Boards received £3,252 15s. 6d. That was under the old Act. The Appropriation Act for 1908–9 enacted that the maximum should be £2,500. If in the year 1908–9 Manukau had been treated as in the previous year they would have received £3,522 16s. 1d.
2. *Mr. Fraser.*] What did they get?—£2,500. Those are the figures in connection with Manukau for the two years. There was a reference also, I understand, to Ashley County. Ashley County for the year 1907–8 received £2,804 1s. 9d. If they had been in the same position for the year 1908–9 they would have got £2,957 11s. 10d.
3. *Mr. Laurenson.*] How many Road Boards are there in Ashley?—Eight. In that year, 1908–9, they received the £2,500.
4. *The Chairman.*] That is your statement?—Yes. I can leave the details showing how the figures are made up. [Document handed in.*]
5. *Right Hon. Sir J. G. Ward.*] Can you tell the Committee what amount the Road Boards in the district of Manukau received for the year prior to 1907–8?—No, I have not got the figures here. I could get them from our records.
6. *Mr. Massey.*] Is not the County of Eden in the same position as Ashley and Manukau?—Yes, sir.
7. You have not prepared the figures?—No, but I know what the increase would be, assuming you placed it in the same position as it was in the year before last.

* MANUKAU COUNTY.

Part of County: Road Board.	Rates collected, 1907–8.	Subsidy.	Reduced to Maximum payable.	Advance.	Balance, Amount pay- able to Road Board.
<i>Particulars of Payment of Subsidy to Road Boards, 1907–8.</i>					
Awhitu (1½d. U.V. reduced to ¾d. C.V.)	£ 155 s. 5 d. 2	£ 76 s. 12 d. 7	..	£ 55 s. 2 d. 6	£ 21 s. 10 d. 1
Drury (¾d.)	225 7 3	112 13 7	..	67 10 0	45 3 7
East Tamaki (½d.)	348 18 7	174 9 3	..	130 10 0	43 19 3
Howick Township (¾d.)	77 11 4	38 15 8	..	28 10 0	10 5 8
Hunua (2¾d. U.V. reduced to ¾d. C.V.)	130 1 6	65 0 9	..	..	65 0 9
Karaka (¾d.)	240 14 7	120 7 3	..	..	120 7 3
Mangare (½d.)	670 13 11	250 0 0	..	..	250 0 0
Manurewa (½d.)	114 5 9	57 2 10	..	43 2 6	14 0 4
Maraetai (1d. U.V. less than ¾d. C.V.)	55 10 11	27 15 5	..	20 5 0	7 10 5
Mauku (½d. and 1d. reduced to ¾d.)	247 14 9	123 17 4	..	..	123 17 4
Maungatawhiri (½d.)	76 13 6	38 6 9	..	..	38 6 9
Mercer (¾d.)	57 16 0	28 18 0	..	..	28 18 0
Oraheke (1d. reduced to ¾d.)	186 10 3	93 5 1	..	..	93 5 1
Otahuhu (1d. reduced to ¾d.)	471 15 4	235 17 8	..	..	235 17 8
Pakuranga (1d. reduced to ¾d.)	258 15 10	129 7 11	..	95 12 6	33 15 5
Papakura (1½d. U.V. reduced to ¾d. C.V.)	209 2 10	104 11 5	..	82 10 0	22 1 5
Paparata (¾d.)	179 4 10	89 12 5	..	..	89 12 5
Paparoa (¾d.)	116 16 11	58 8 5	..	43 2 6	15 5 11
Papatoitoi (¼d.)	185 11 2	92 15 7	..	..	92 15 7
Pokeno (1d. reduced to ¾d.)	135 4 3	67 12 1	..	48 7 6	19 4 7
Pollock Settlement (1d. reduced to ¾d.)	52 14 9	26 7 4	..	..	26 7 4
Pukekohe East (1d. reduced to ¾d.)	502 0 1	250 0 0	..	..	250 0 0
Pukekohe West (¾d.)	535 11 6	250 0 0	..	..	250 0 0
Turanga (¾d.)	120 3 1	60 1 6	..	45 0 0	15 1 6
Wairoa (1½d. reduced to ¾d.)	420 5 10	210 2 11	..	157 10 0	52 12 11
Waipipi (¾d.)	611 2 5	250 0 0	..	187 10 0	62 10 0
Waiuku (¾d. reduced to ¾d.)	441 7 6	220 13 9	..	..	220 13 9
	6,826 19 10	3,252 15 6	..	1,004 12 6	2,248 3 0

MANUKAU COUNTY—continued.

Part of County : Road Board.	Rate collected, 1907-8,	Subsidy.	Reduced to Maximum payable.	Advance.	Balance, Amount pay- able to Road Board.
<i>Particulars of Payment of Balance of Subsidy to Road Boards, 1908-9.</i>					
Awhitu (1½d. U.V. reduced to ¾d. C.V.)	150 7 3	75 3 7	53 7 0	39 6 1	14 0 11
Drury (1d. reduced to ¾d.) ..	208 3 5	104 1 8	73 17 3	50 2 9	23 14 6
East Tamaki (¾d.) ..	524 11 2	250 0 0	177 8 3	133 13 11	43 14 4
Howick Township (¾d.) ..	78 0 0	39 0 0	27 13 7	20 1 1	7 12 6
Hunua (2¾d. U.V. reduced to ¾d. C.V.)	125 16 4	62 18 2	44 12 10	33 13 9	10 19 1
Karaka (¾d.) ..	208 1 5	104 0 8	73 16 7	64 3 6	9 13 1
Mangare (¾d.) ..	512 15 9	250 0 0	177 8 3	133 13 11	43 14 4
Manurewa ..	182 7 8	91 3 10	64 14 4	47 17 3	16 17 1
Maraetai (1d. U.V. less the ¾d. C.V.)	55 10 6	27 15 3	19 14 5	14 8 9	5 5 8
Mauku (¾d. and 1d. reduced to ¾d.)	269 10 4	134 15 2	95 12 7	71 7 10	24 4 9
Maungatawhiri (½d.)	108 11 7	54 5 9	38 10 5	28 17 6	9 13 1
Mercer (¾d.) ..	56 13 7	28 6 9	20 2 3	15 4 10	4 17 5
Opapeke (1d. reduced to ¾d.) ..	190 6 6	95 3 3	67 10 7	48 2 7	19 8 0
Otahuhu (1d. reduced to ¾d.) ..	504 2 5	250 0 0	177 8 3	..	177 8 3
Pakurangi (1d. reduced to ¾d.)	262 2 8	131 1 4	93 0 3	69 10 5	23 9 10
Papakura (1½d. U.V. reduced to ¾d. C.V.)	385 18 4	192 19 2	136 18 9	98 8 0	38 10 9
Paparata (¾d.) ..	182 17 6	91 8 9	64 17 10	47 17 3	17 0 7
Paparoa (¾d.) ..	112 7 3	56 3 7	39 17 4	30 15 0	9 2 4
Papatoitoi (¾d.) ..	200 14 2	100 7 1	71 4 4	53 9 7	17 14 9
Pokeno (¾d.) ..	213 17 6	106 18 9	75 17 9	57 15 1	18 2 8
Pollock Settlement (1d. reduced to ¾d.)	51 4 2	25 12 1	18 3 5	13 16 9	4 6 8
Pukekohe East (1d. reduced to ¾d.)	519 17 11	250 0 0	177 8 3	133 13 11	43 14 4
Pukekohe West (¾d.) ..	515 15 9	250 0 0	177 8 3	133 13 11	43 14 4
Turanga (¾d.) ..	131 17 11	65 18 11	46 16 0	34 15 3	12 0 9
Wairoa (1½d. reduced to ¾d.) ..	425 15 3	212 17 7	151 1 6	111 15 4	39 6 2
Waipipi (¾d.) ..	605 11 4	250 0 0	177 8 3	133 13 11	43 14 4
Waiuku (¾d. reduced to ¾d.) ..	445 9 6	222 14 9	158 1 4	121 7 11	36 13 5
	7,228 7 2	3,522 16 1	2,500 0 0	1,741 6 1	758 13 11

ASHLEY COUNTY.

Part of County : Road Board.	Rates collected, 1907-8.	Subsidy.	Reduced to Maximum payable.	Advance.	Balance Amount pay- able to Road Board.
<i>Particulars of Payment of Subsidy to Road Boards, 1907-8.</i>					
Ashley (¾d.) ..	£ s. d. 1,307 18 4	£ s. d. 326 19 7	£ s. d. ..	£ s. d. 243 15 0	£ s. d. 83 4 7
Cust (½d.) ..	467 13 1	233 16 6	..	..	233 16 6
Eyreton (¾d.) ..	1,303 2 1	325 15 6	..	241 17 6	83 18 0
Kowai (¾d.) ..	2,187 6 5	500 0 0	..	375 0 0	125 0 0
Mandeville-Rangiora (½d.) ..	1,534 8 2	383 12 0	..	281 5 0	102 7 0
Oxford (¾d.) ..	1,592 17 2	398 4 3	..	299 5 0	98 19 3
Waipara (¾d.) ..	3,886 0 8	500 0 0	..	375 0 0	125 0 0
West Eyreton (½d.) ..	271 7 11	135 13 11	..	..	135 13 11
	12,550 13 10	2,804 1 9	..	1,816 2 6	987 19 3

Particulars of Payment of Balance of Subsidy to Road Boards, 1908-9.

Ashley (¾d.) ..	£ s. d. 1,301 18 7	£ s. d. 325 9 7	£ s. d. 275 2 6	£ s. d. 204 16 6	£ s. d. 70 6 0
Cust (½d.) ..	468 2 10	234 1 5	197 17 2	139 13 10	58 3 4
Eyreton (¾d.) ..	1,733 13 6	433 8 4	366 7 2	272 6 5	94 0 9
Kowai (¾d.) ..	1,790 19 0	447 14 9	378 9 3	310 6 0	68 3 3
Mandeville-Rangiora (¾d.) ..	1,918 16 4	479 14 1	405 9 8	298 4 4	107 5 4
Oxford (¾d.) ..	1,605 19 3	401 9 9	339 7 5	250 19 6	88 7 11
Waipara (¾d.) ..	4,872 3 0	500 0 0	422 12 10	313 18 3	108 14 7
West Eyreton (½d.) ..	271 7 10	135 13 11	114 14 0	84 15 2	29 18 10
	13,963 0 4	2,957 11 10	2,500 0 0	1,875 0 0	625 0 0

APPENDIX.

SIR,—

Wellington, 14th December, 1909.

I have the honour to draw your attention to the schedule to "The Local Bodies' Finance and Powers Act, 1885," and to Schedule Six of "The Appropriation Act, 1908," in conjunction with section 9 of that Act, and to request you to submit to this Committee a written opinion as to whether there has been any variation in the law.

The Committee will meet as soon as this information is available, so I would ask you to give the matter your immediate attention.

I have, &c.,

JOHN GRAHAM,

Chairman, Public Accounts Committee.

Mr. Salmond, Parliament Buildings, Wellington.

[Reply from Mr. Salmond, Counsel to the Law Drafting Office, will be found on page 16.]

SIR,—

Wellington, 14th December, 1909.

I have the honour to request your attendance at the Public Accounts Committee on Wednesday, the 15th day of December, 1909, at 10 a.m., in Committee-room B, for the purpose of giving evidence on Paper No. 209 B ("Reduced Subsidy payable to Pukekohe West Road Board").

You will be required to produce the bases upon which subsidies were paid within the Counties of Manukau and Ashley for the years 1907-8 and 1908-9.*

I have, &c.,

JOHN GRAHAM,

Chairman, Public Accounts Committee.

The Valuer-General, Government Buildings, Wellington.

* See Mr. Dugdale's evidence, p. 17.

Approximate cost of paper.—Preparation, not given; printing (1,500 copies), £13 9s.

By Authority : JOHN MACKAY, Government Printer, Wellington.—1909.

Price 6d.]

