

Act, "such municipality may, at the discretion of the Minister, be granted an endowment in respect of such added area." It will be seen that the principle was adopted of making the endowment subject to the discretion of the Minister, not a fixed rate in the pound upon the general rates collected. There was only a very small number of municipalities to which additions were made under the Shires Act, and therefore this provision applies to but few Councils. The practice which has been followed has been this: The question of giving endowment to a Council in respect of an "added area" is not even considered by the Department unless the Council first makes application, and states its case in full, giving reasons in detail why it considers that it should be granted endowment. It must furnish information as to the length of roads in the added area and in the rest of the municipality, the expenditure in each, the land-values in each, the rates derived from each, the population in each, and other similar information. In some cases an engineer is sent to inspect the municipality, especially with regard to the condition of the roads. A factor which is also taken into consideration in dealing with the matter is that, at the inception of the new local government, the central Government ceased to collect State land-tax on the lands included in shire or municipal areas. The 1d. in the pound land-tax remitted is therefore also taken into account, and allowed for in any calculation of the equities of the case. On the information thus obtained the Minister has given a number of endowments to Councils under this subsection; but in all cases the amounts have been very small (seldom more than £150), and the endowments have been given for one year only at a time. Each year the case is reconsidered. If the land-values have risen, so that the Council obtains more revenue from the added area, this is allowed for in the following year's estimate of the necessities of the case. The result of this policy will be that within a few years all of the endowments under this particular provision will cease.

Necessitous Municipalities.

Under section 162 (3) of the Local Government Act, 1906, there is a provision under which any municipality shall be entitled to receive an endowment not exceeding 3s. 4d. in the pound upon the general rates collected. To this, however, several conditions apply. A Council which is receiving endowment by virtue of the continuance of its rights under the old law cannot receive endowment under this subsection. The endowment will not be payable unless the funds are voted by Parliament. It is not, therefore, a statutory endowment, as is the case with the shires, to be discussed later. The amounts are at the discretion of the Minister, but must not exceed a certain limit. These amounts are to be based upon the result of investigations which the Governor may cause to be made into the administration and financial necessities of the municipality. No endowment may be paid in cases where the revenues of the Councils under the Act are sufficient in the opinion of the Minister to meet the reasonable requirements *under proper management*.

On perusal of the foregoing it will be seen that very few municipalities will receive endowment under this provision. In the first place, the question of giving endowment is not considered unless a special application is made. Here again the onus is cast upon the Council of proving that it ought to receive an endowment—not upon the Department of showing that it ought not. The Council, therefore, is required to furnish full detailed information in regard to its works, its resources, and its management. The Governor appoints an officer (usually one with engineering knowledge in addition to knowledge of the Local Government Act and administration) to make an inspection and hold an inquiry. The Council must show that the maximum rate under the Act is insufficient for the reasonable requirements of the municipality *under proper management*. Very few Councils are in such a position in New South Wales to-day, largely because of the higher limit of rating allowed under the new law, largely because of the upward tendency of land-values all over the State, and largely because the great majority of the municipalities are excellently managed, and therefore do not need to make application for endowment under this subsection, and thus could not do so with any reasonable prospect of succeeding.

TRANSFERRED WORKS AND LAND-TAX.

Before the new local-government system came into force the whole of the roads, bridges, wharves, ferries, and other public works and local services within municipalities were not all maintained by the local Municipal Councils. Some of the roads, bridges, wharves, and other works and services were maintained by the central Government, while others were maintained by the Councils. Under the new Act the responsibility of practically all local works was cast upon the Councils. The works which thus passed from the control of the central Government to that of the Councils are known for convenience as "transferred works."

By subsection (4) of section 162 of the Act it is provided that when the Minister, or any person appointed by him in that behalf, has certified that the estimated responsibility for expenditure transferred to a municipality from the Government by this Act exceeds the amount of the land-tax suspended, the Minister may, in his discretion, grant to such municipality an endowment exceeding the amount of 3s. 4d. in the pound referred to in subsection (3), but not greater than the excess of transferred expenditure.

The "responsibility for expenditure transferred to a municipality" is the cost of maintenance of the transferred works. The suspension of the land-tax has been referred to in a preceding paragraph of this memorandum. If the land-tax remitted exceeds the expenditure transferred, the Council receives no endowment. If the land-tax remitted is less than the expenditure transferred, the Minister usually grants an endowment equal to the difference. The number of Councils which receive endowment under this subsection is very small.