

A further return, which is not included in the regulation, was asked for by the Committee, to give information as to the Councils' estimates of their annual requirements for the next three years' expenditure upon roads, bridges, public watering-places, ferries, wharves, administration, and pounds. They were also asked for their estimate of revenue for the next three years: and for information as to the unimproved capital value of all rateable lands in the shires. A specimen of one of these returns is attached (Lyndhurst Shire).

The information obtained in these returns was digested by clerks under the direction of the Local Government Engineer, and the results were laid before the Committee, together with a draft classification for consideration.

Many of the Councils asked for large sums to be given in endowment, and specified large amounts of road and other work as necessary, appearing to forget that the State is but a young newly settled country, and that it cannot be expected that practically all the road-construction work which is necessary shall be done within one, two, or three years. The Committee, therefore, had to use their knowledge of the country, of its needs, and where closer settlement is progressing by leaps and bounds, of where progress is slow, of where black-soil plains and absence of stone makes road-construction and maintenance difficult and very costly, and of where the handiness of road-metal and the easiness of grades makes roadwork cheap, and so on. Applying their knowledge to the case of each of the shires, the Committee produced a classification ranging the whole of the shires into the six classes required by section 161 of the Act.

Before the Local Government Act came into operation there was a Government tax of 1d. in the pound on the unimproved capital value of all alienated land (with certain exemptions). When the Shire Councils were formed and empowered to levy rates on the unimproved capital value of land, the Government land-tax was suspended.

The Committee was therefore required by section 161 to take 1d. in the pound as a sort of standard rate. Accordingly, where they found that the reasonable requirements of a Council could be met by a less rate than 1d., they put that shire in the first class and recommended no endowment. Other shires, where 1d., though not quite, was almost sufficient, were put in the first class and granted low rates of endowment such as 2s., 3s., and so on. Others, according to their necessities, were grouped in the higher classes, with the endowments fixed by section 161.

The classes and endowments of each class as fixed by law are,—

First class	..	..	..	..	from nothing up to 10s. in the pound.
Second class	..	..	..	..	15s. in the pound.
Third class	..	..	..	..	20s. "
Fourth class	..	..	..	..	25s. "
Fifth class	..	..	..	..	30s. "
Sixth class	..	..	..	..	40s. or any higher rate in the pound.

These endowments are all paid at so much in the pound upon the actual proceeds of the general rate collected by the Council in the year preceding the year of payment. Though the standard rate is 1d. in the pound, and most of the Committee's calculations had to be based on that, yet if a shire levies 1½d. or 2d. in the pound (the limit is 2d.) the endowment is paid on the actual collections.

It will be seen that the sixth class is 40s. or over in the pound. As a matter of fact, several shires are classified at much higher rates than 40s.: Thus, some receive 100s. in the pound, one 113s., and one 133s. in the pound. In these cases there are exceptional circumstances, such as wild mountainous country where roadmaking is costly; heavy rainfall, which washes the roads away; heavy traffic; and very vigorous closer settlement, rendering a large amount of construction necessary.

The difficulty of making such a classification is not small, and it cannot in any circumstances be expected to give universal satisfaction. So far, two classifications have been made under the New South Wales Act, in 1906 and 1909; and the Department has been gratified at the surprisingly small amount of dissatisfaction expressed. Speaking from memory, I do not think we have received ten complaints against the 1909 classification.

A suggestion was made by the Shires Association that that body should have some representation on the Classification Committee, but it was not deemed advisable to grant the request.

The system adopted in New South Wales may, on the whole, be considered as working very satisfactorily, but it is not without its faults. It makes a great deal of work once in three years—though probably this is less than the system adopted in other States of dealing throughout those three years with the individual requests by letter, deputation, and personal interview for special grants for this or for that. It has this defect, that no single man or body of men can know the circumstances of every one of our 134 shires, the class of settlement, the condition of the roads, the bridges, and so on. The taking of a 1d. rate as standard (*vide* section 161) is another defect which causes some difficulty: and it is proposed, in any future Amendment Bill, to neutralize the effect of this. These defects in the system, however, do not, it is thought, outweigh its many advantages.

4th June, 1912.

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