

Your answers to the questions as to Counties and Road Boards will materially help the Government and Parliament in dealing with the Road Boards Bill, and also the amending Counties Bill.

As to the finances of local bodies, of course the greater part of their revenue must at all times be derived from rates. Believing that the present system of valuing is unnecessarily expensive, and that the local bodies might, at small cost to the colony, be relieved of the cost of valuation altogether by using the property-tax valuation, the Government are preparing a new Rating Bill on that basis.

By such Bill it will be proposed that every third year, in March, commencing in the year 1883, the Property-Tax Commissioner, who will then have completed his valuation, shall furnish each body with a valuation roll; he will also have to furnish each body every intermediate year with a list of any alterations made by him owing to change of owner or occupier, purchase of land from the Crown, &c. Ratepayers will be protected from excessive valuations, for not only will they have the appeal to the Boards of Reviewers, but also under the Property Assessment Act of last session the Government must purchase the property if they do not reduce their valuation to what the owner has valued it at, while the Government are protected from unfairly low valuations by having the right of purchase at the owner's valuation, with £10 per cent. added.

The rates will then be struck on the capital value of the land, and of course the making-out of the rate-book will, under the proposed Bill, be a matter of clerical work simply.

It will also be proposed to vest the power of selling or letting land for non-payment of rates in the Public Trustee, six months after judgment has been obtained or notice given to the defaulters; but compelling the Public Trustee to do so on getting a certificate of the judgment, and also enabling him to pay over to the local body the rates, &c., in arrear, before sale or lease, in which case he will retain the interest charged. As these powers are generally exercised in the case of unoccupied or deserted lands, over which the Public Trustee has control, it will be more convenient for him to have these powers, and it will save both trouble and expense to the local bodies.

As to the financial aid which should be given by the colony to the local bodies, the Government proposals of last year were embodied in the Roads Construction Bill and the Crown and Native Lands Rating Bill; but the Government are now considering the propriety of making important alterations in these Bills before introducing them again, and hope thereby to make them satisfactory to Parliament and the public.

In considering this question, I would beg you to bear in mind—

1. That it is most desirable to avoid having to obtain aid for the local bodies directly from Parliament.

2. That, whether the money for the construction of local public works be found by Parliament or by the local bodies, it must to a great extent and for some time to come be found out of loans.

3. That, as regards such works as main roads which connect one centre of population with another, thereby promoting the prosperity of the whole colony to an even greater degree than they benefit the immediate localities through which they pass, it is only fair that the whole colony should bear, at any rate, the greater part of the cost of their construction.

4. That, as regards such works as district roads, which may be said to be constructed chiefly for the benefit of the property through which they pass, the greater part of the cost of their construction should be borne by the property so benefited—in other words, by rates which should be spread over a reasonable term of years, so as to repay the principal with interest at a low rate.

The Government endeavoured to effect these objects by the Roads Construction Bill of last session. Its main provisions were as follows:—

A Board was proposed which was to distribute the Government aid provided by the Bill, and to obtain repayment of those portions advanced as loans. Neither the existence of nor the method of constituting such Board was at all necessary to the scheme of the Bill, as the Board had practically no discretionary