

may be collected. For example, I think no one would suggest that a rich, wealthy, and well-roaded district should receive a subsidy on the same basis as should undoubtedly be paid to an undeveloped, unroaded, bush and hill district, wherever situated; whilst the spectacle of a rich city like Wellington or Auckland, Christchurch or Dunedin, receiving a subsidy upon rates in the same way as a small borough such as Te Aroha, Eastbourne, New Brighton, or Alexandra seems on the face of it absurd. Public subsidies should, I think, be paid according to the necessities of the district which receives the money, rather than upon the wealth of a district. It is true that the subsidies for boroughs are limited to a sum of £450 per year; but one would think that that sum could be far better spent in the backblocks of the province than in a wealthy city with, say, £15,000,000 capital value.

If we could provide a plan by which a certain sum of money could be set aside each year for the development and roading of the backblock portion of the country, and if the distribution of this money were placed in the hands of the Local Government Board, so that each district had to prove its claim, I think a better system would be found than that which we have at the present time.

One of the questions therefore which should be submitted to this Conference is this: *Is it desirable in the interests of the country that the present system of subsidies and roads-and-bridges grants should be continued; and in what direction can a change be made so as to provide for the interests of the out-districts and smaller centres with weak finances, without pressing unfairly and unduly upon the more-settled portions of the Dominion?*

I need not point out to you, gentlemen, that this is a very difficult and thorny question. Whether it is possible in a country situated as New Zealand is, with its unsettled territories, its varying classes of country and industries, and its diverse interests, to formulate a scheme which would work automatically is a problem which, I think, you, as a body of responsible men experienced in local government, should be asked to consider. If this large gathering of the most experienced men in the country cannot suggest a remedy I fear the problem must for the present be regarded as unsolvable.

There has been an outcry in recent years against votes for roads and bridges. What is the remedy? What substitute can be proposed? Is it to stop making such grants altogether, and throw on the settlers of the backblocks the cost of making the roads leading to their homes? I think you will agree with me that the State owes a responsibility to the pioneers who have pushed settlement farther and farther back. It is the duty of the State to see that they have access by means of fair roads and safe bridges in order to get to and from their lands, and that their produce may be got to market.

But it is equally true that when those roads and bridges are made the affected lands at once rise enormously in value, and, seeing that directly the settlers are on the land they are liable to pay rates, which increase with the rise in the value of the land, the cost of those roads and bridges might, by a long process of repayment, be recouped to the State by the local body in which they are situated. This was the principle underlying the Roads and Bridges Construction Act and the later Loans to Local Bodies Act, which have now been absorbed in and repealed by the State-guaranteed Advances Act, under which for the financial year ending on the 31st March, 1911, the sum of £404,163 was owing by local bodies.

There will, however, be a residue of public works (which should gradually be reduced to the vanishing-point) where grants may still be necessary to meet obligations on the part of the State that have not been fulfilled. And on this point I think there should be a general agreement with the principle—viz., that all grants should be for new work and development, and that *no Government grant should be allowed to be used for purposes of maintenance*, except in the case of Government roads and roads which pass through country where virtually no rates are collectible.

(5.) *Capacity for promoting Local Development; and (6) Power to group Contiguous Districts for Common Purposes.*—I shall refer to these two aspects of the question when I come to deal with the Provincial Council proposals.