

legal position to give such relief. What the Board has done was within the four corners of the law (however unfair it may have been to the Rural Areas), and the Board was safe, so it contented itself with showing in its books the overpayment by the Rural Areas, thus making it possible for them at any time to raise the moral claim to adjustment, and this is what they are now so strongly urging. The Rural Areas, however, have all along protested against these overpayments, and have from time to time endeavoured to get the necessary legislative authority to enable the adjustment to be made, but without success.

In the statement of claim the plaintiffs contend that the Rural Areas are entitled to £37,533 12s. 11d. (plus interest) from the Sewage Area, but the Drainage Board contends that £32,000 only is owing, and when the case opened the plaintiffs accepted this amount as correct, plus their claim for interest; but as the case went on and as the result of conferences between the parties, this £32,000 was by consent reduced to £30,649 19s. 8d. The plaintiffs also claim interest in addition, amounting to £12,499 8s. 7d., or a total amended claim of £43,149 8s. 3d. These amounts, it is claimed, should be credited to the rural districts as follows :—

Districts.	Principal.	Interest on £27,174 10s. only.	Total Claim.
Rural Heathcote—	£ s. d.	£ s. d.	£ s. d.
Heathcote	3,999 16 0	1,631 6 0	5,631 2 0
Woolston	1,443 0 0	588 1 6	2,031 1 6
Rural Avon	3,233 9 11	1,318 4 7	4,551 14 6
" Riccarton	8,194 13 1	3,343 10 0	11,538 3 1
" Spreydon	1,987 6 5	810 2 0	2,797 8 5
" New Brighton	1,047 8 3	427 0 0	1,474 8 3
Rural Christchurch—			
Richmond	262 10 4	107 0 0	369 10 4
Linwood	2,213 11 6	902 3 0	3,115 14 6
Sydenham	5,498 11 2	2,242 17 6	7,741 8 8
St. Albans	2,769 13 0	1,129 4 0	3,898 17 0
Totals	30,649 19 8	12,499 8 7	43,149 8 3

(See Book of Analysis of Accounts, page 24, and Exhibit 26, herewith.) The City Council admitted (subject to their counterclaim) that £27,525 had been overpaid by the Rural Areas. This amount is included in the sum of £30,649 19s. 8d. admitted by the Drainage Board, and the difference between these amounts is to be found in the Deposit Account, the bank overdraft, and uncollected rates. In one case the amount represents actual cash. In the other case it represents the balance between certain assets and liabilities, as well as actual cash. Thus :—

	£	s.	d.	£	s.	d.
Amount admitted as due by Drainage Board				30,649	19	8
Minus rates outstanding 31st March, 1907	5,271	15	6			
Plus contractors' Deposit Account £1,450 0 0						
„ Bank overdraft	696	15	10			
				2,146	15	10
Total						
				3,124	19	8

Amount as agreed upon by the City Council (which represents actual cash) 27,525 0 0

It is therefore quite clear, from the admission of the Drainage Board and City Council, that a sum of either, say, £30,650 or £27,525 will be collected or has been collected from ratepayers in the Rural Areas which ought strictly to have been contributed by ratepayers in the Sewage Area, if the method of apportioning the receipts and expenditure which the Drainage Board adopted is the correct one. The plaintiffs and the Board contend that it is correct. The