

of revenue is the gold duty. Only two local bodies in this district are receiving gold duty, so it is quite obvious he referred to one or both of them—no doubt, both of them.

81. *The Chairman.*] The gold duty is fixed by law, and I suppose the same law that fixed that amount could increase it, or decrease it, or take it away altogether?—Yes.

82. As was done, I believe, in the South Island?—Yes.

Mr. McVeagh: It was done, no doubt, in the South Island, but it was done at the request of the local bodies there. The movement was bitterly opposed by the representatives of the local bodies in this district. It was owing to the bitter and determined fight put up by no less a person than the late Sir Alfred Cadman on behalf of the local bodies in the gold-mining districts in the North Island that the application of the Act of 1890 was limited, and since 1890 there has been no return to the attack. A new system of rating was devised for the South Island.

The Chairman: Which was satisfactory to the mining districts in the South Island.

Mr. McVeagh: Yes; and the condition of mining in the South Island is altogether different. The companies engaged in mining in the North Island have to spend large sums of money to get gold.

83. *Mr. McVeagh.*] You have certain reasons to advocate why the revenue of the local bodies should not be assailed by this Commission. I want you to state them to the Commissioners?—I would say that the gold duty was devised to provide a means of finance to meet the peculiar conditions attaching to the rapid growth of mining townships, so that the ordinary requirements provided by a municipality or other corporation might be promptly afforded to the population, for the reason that the value and stability of a mining township is usually of a very fluctuating nature.

84. Mining townships have their vicissitudes?—Yes. This duty has been current now for upwards of forty years in the North Island, and has the sanction of that time, and has come to be looked upon as a certain revenue for the local body concerned. The Waihi Borough was formed with the knowledge and on the assurance that there would be a large revenue from gold duty.

85. *The Chairman.*] What assurance?—The assurance of the existing law and custom.

86. *Mr. Mitchelson.*] Not a specific assurance from anybody?—No. I do not suggest anybody could get such an assurance.

87. You had to put up a fight for it?—The fight was opposition to the application to constitute the borough. It was seen at once by every person and body receiving the revenue what the result of the formation of the borough would be. The residents of Waihi pursued the course laid down by law—they formulated their memorial and presented it to the Governor praying that the borough be constituted. There was some opposition, and ultimately the borough was constituted, by which means the county lost largely.

88. *Mr. McVeagh.*] That is the assurance, at all events, you formed the borough on?—Yes: on that assurance large commitments were and have been made from time to time.

89. Then, I think you have other reasons: you have your revenue actually hypothecated?—Yes; the gold duty has been pledged as security for the waterworks loan during the currency of the loan.

90. *The Chairman.*] It is pledged as a security, but that is only one security, the other being the rate which the Government no doubt thought sufficient to produce the whole of the interest required?—If that is so, they would hardly have insisted upon the hypothecation of the gold duty.

91. Why did they ask for a rate of $1\frac{1}{10}$ d.?—I think I have already said this rate was pledged to comply with the legal machinery of the loan.

92. That machinery being for the safety of the Government?—No doubt, it is an additional safeguard: but I would point out that special legislation was passed to enable the gold duty to be pledged for this purpose. We had not a ghost of a show of getting the loan on the security of a rate. That is well known.

Mr. McVeagh: A little while ago the market value of one mine actually fell £1,000,000 in a few days, and that affords a very striking illustration of the vicissitudes of a mining population.

93. *Mr. McVeagh.*] You have some further reasons why your revenue should not be interfered with?—I would point to the small value of the rating-power—that is, to the smallness of the rateable value of the property in the district. We have to consider the population.

94. But if the borough chooses to give large concessions to its population before they are in a position to pay for them?—Why should it not if the community has revenue from other sources? I ask, why should it extract from its ratepayers more than is necessary for the purpose? I put it as a matter of logic and justice, and I ask why should the Borough Council do so when it has sufficient revenue accruing from other sources?

95. *The Chairman.*] That is scarcely the point. That revenue might cease?—Then they would have to increase their rate.

Mr. McVeagh: In answer to that, I would point out that if that revenue did cease there would be a corresponding flight of the population from that place. There would be less to provide for.

The Chairman: Suppose Parliament in its wisdom decided to treat the North Island as it did the South Island, and abolish the gold duty. Then you would have to find another source of revenue.

Mr. McVeagh: That is a supposition to be fought out on the floor of the House.

Mr. Mitchelson: The same thing may happen to Waihi as has happened to Thames and other mining districts, where the value of gold obtained from the quartz has fallen off.

Mr. McVeagh: Thames is in the fortunate position of having other industries to rely on. First, it has the agricultural industry at its back. Second, there are large iron-foundries in the place, and the fishing industry of which we heard the other day. The Thames has not been dependent on the mining industry for the last twenty years. No doubt, during the last three years there has been a large output of gold from the Waiotahi Mine.