

1945

NEW ZEALAND

# LOCAL GOVERNMENT COMMITTEE

(REPORTS OF THE)

(MR. R. McKEEN, CHAIRMAN)

*Laid on the Table of the House of Representatives*

## ORDERS OF REFERENCE

*Extracts from the Journals of the House of Representatives*

TUESDAY, THE 4TH DAY OF APRIL, 1944

*Ordered*, "That a Select Committee be appointed, consisting, by leave, of fourteen members, to inquire into and report upon all phases of the local government system of the Dominion, including questions of finance, elections, and the general structure of the system; the Committee to have power to sit at such times and at such places as it may see fit, and to consist of Mr. Acland, Mr. Anderton, Mr. Broadfoot, Mr. Coleman, Mr. Coulter, Mr. Gillespie, Mr. McCombs, Mr. McKeen, Mr. Massey, Mr. Petrie, Mr. Polson, Mr. Smith, Mr. Williams, and the Mover."—(Hon. Mr. PARRY.)

FRIDAY, THE 18TH DAY OF AUGUST, 1944

*Ordered*, "That the proceedings of the Committee during the taking of evidence be open to accredited representatives of the press."—(MR. McKEEN.)

FRIDAY, THE 8TH DAY OF DECEMBER, 1944

*Ordered*, "That the Select Committee (Local Government) appointed under order of reference dated 4th April, 1944, have power to continue to sit during the recess and to report to the House within fourteen days after the commencement of the next ensuing session."—(Hon. Mr. PARRY.)

FRIDAY, THE 6TH DAY OF JULY, 1945

*Ordered*, "That the period set down by order of the House dated 8th December, 1944, within which the Local Government Committee was required to present its report be extended until 31st October next to enable the Committee to complete its deliberations and prepare its report."—(Hon. Mr. JONES, for Hon. Mr. PARRY.)

## SPECIAL REPORTS

*16th August, 1944 :—*

I have the honour to report that the Local Government Committee has passed the following resolution :—

"That the proceedings of the Committee during the taking of evidence be open to accredited representatives of the press."—(MR. R. McKEEN.)

*26th September, 1945 :—*

I have the honour to report that at its final meeting held on Wednesday, 26th September, 1945, the Local Government Committee unanimously passed the following resolution :—

"That this Committee desires to express its appreciation of the able manner in which the Chairman, Mr. R. McKeen, has conducted the business of the Committee, and directs that this resolution be reported to the House."—(W. ANDERTON, Member of the Committee.)

I have the honour to report that at its final meeting held on Wednesday, 26th September, 1945, the Local Government Committee unanimously passed the following resolution :—

"That this Committee desires to express its appreciation of the able manner in which the Acting-Chairman, Mr. D. W. Coleman, conducted the business of the Committee during the absence, through illness, of the Chairman, Mr. R. McKeen, and directs that this resolution be reported to the House."—(W. ANDERTON, Member of the Committee.)

I have the honour to report that at its final meeting held on Wednesday, 26th September, 1945, the Local Government Committee unanimously passed the following resolution :—

"That this Committee desires to express its appreciation of the services rendered by its Secretary, Mr. F. B. Stephens, and by the staff associated with it, and directs that this resolution be reported to the House."—(R. McKEEN, Chairman of the Committee.)



## PREFACE

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ON behalf of the Local Government Committee I have the honour to present the following report. In view of the complexity of the subject-matter of our investigations it is thought wise to give some indication of the structure of the report.

The first section, to page 151, is concerned with a survey of existing conditions, in which account is taken of the evidence which was placed before us. From pages 152 to 178 we set out in detail our various recommendations. From pages 179 to 184 the most important of these recommendations are summarized as a conclusion to the Report.

R. MCKEEN,  
Chairman.

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# Report of Local Government Committee

## PART I.—A CRITICAL SURVEY OF EXISTING CONDITIONS

### CHAPTER I.—INTRODUCTORY

Government has its origin in the general recognition that the well-being of the individual arises from that of the general community and it is justified by its contribution to that welfare. There can be no plea for the existence of Government unless it aids the individual to live a full and happy life. This is true of every form of government. The function of a central Government may be said to be that of providing those services which are national in scope and which do not refer specifically to the individual problems of a locality. In theory there is no reason why a central Government should not administer even these local problems, but such an activity would call for a very great extension of its activities. In the early days of New Zealand's history such local problems were controlled centrally, but with the development of the country and the growth of the population pressure of business on the central Government was so great as to make attention to the details of local problems absolutely impossible. Some form of devolution of responsibility was imperative, and hence quite early in New Zealand's history steps were taken to set up local government authorities, the area of whose jurisdiction was confined to relatively small self-contained communities, and whose functions were to deal with the problems peculiar to those communities.

The distinction between what are legitimate functions of the central and the local governments respectively, however, is not something which can be laid down once and for all. For instance, the problem of the relief of distress was up till 1939 a duty of local Hospital Boards. The depression of the "thirties" showed conclusively that the causes of distress did not always or, indeed, often originate within a peculiarly local area, but were national in scope. To ask the people of a particular area to bear the full cost of relief of local residents might result in serious inequities. To-day, to all intents and purposes, the relief of distress is the function of the central Government. In the early days harbours were generally under the control of the central Government, but with the development of the country it became evident that effective control could be exercised only within a locality, and so autonomous Harbour Boards were set up to provide this service to the local community. Further changes are likely to occur in the future, both in the further devolution of responsibility to local authorities, and the reverse. There is nothing sacrosanct about the present, or, indeed, any division of, responsibilities between central and local governments. Government is not static, but dynamic. Certain functions will always be central; at the other extreme others will always be local, but where the line of demarcation as between these powers may be doubtful control should be placed as near the people as possible, providing efficiency is retained. There should be a general trend towards increasing local responsibility and fuller use of local endeavour.

The central Government, however, cannot divest itself of the responsibility of providing effective government of New Zealand as a whole. Hence it must provide the machinery to enable local authorities to work effectively. No local authority, as such, has any jurisdiction in New Zealand except that which is delegated by an Act of Parliament. Every activity of any local authority must be authorized, either implicitly or explicitly, by Act of Parliament. No local authority can raise funds, either by taxation or otherwise, unless it is given power to do so by Act of Parliament. Parliament, therefore, has a serious responsibility to see that the enabling statutes within which the local authorities carry on their activities are such as to allow them to carry out their functions as effectively as possible. Local government is not carried on separately from the Government of the country. There is only one structure of government for which Parliament alone is responsible. Hence it is important that Parliament undertakes a review of the structure of local government in the Dominion from time to time, to guarantee that it is carrying out its functions as effectively as possible. There is a tendency to look on local government problems in isolation, and to decide as has been done so frequently in the past, that because a particular problem can be controlled better locally, a special local governing body should be set up to control this new activity with the result that there has been in New Zealand a multiplicity of different types of local authorities, each of which is independent of the other, although many have jurisdiction over the same areas. There is also a tendency to feel that because a particular form of local government has been satisfactory in the past, its existence should be maintained in the future. The changing conditions of economic and social life demand changing governmental forms to cope with the changing problems. While the local authorities themselves have in the past carried out their functions to the best of their ability, the demands of the future frequently require some reorganization if those problems are to be satisfactorily dealt with.

For some years it has been evident that the organization of local government in New Zealand is in need of a thorough overhaul, both on its constitutional side and its financial side. This is the origin of the present investigation. From time to time over the past fifty years there have been criticisms of the number of local authorities in the Dominion. People of all shades of opinion have stated that there are too many local bodies, and particularly too many types of *ad hoc* bodies, and "New Zealand is overgoverned" is a common phrase. The result has been overlapping of functions and a situation approaching a chaos of jurisdictions. It has been felt that the administrative expenses involved have been unnecessarily great to provide for the effective development of local areas.

It was against such a background of official and private comment that we were asked to undertake our investigation.

### CHAPTER II.—HISTORICAL BACKGROUND

#### A. INTRODUCTORY

The history of New Zealand from 1840 to the present day has been marked by a gradual expansion, both of population and of economic development. In 1840 there were practically no roads; distances in terms of times were very great, and consequently the power of the central Government under Captain Hobson and his successors, who were located in Auckland, over development in outlying settlements was relatively weak. It soon became evident that if these outlying areas were to flourish some internal means of communication was of vital importance. Hence the first local

bodies to be set up were concerned with the development of internal roads and other purely local transport amenities. As time went on, and trade between the various parts of New Zealand and with overseas countries became more and more important, there became an urgent need for the provision of harbour facilities. Harbour control was decentralized within limits under the provinces, and, although Harbour Boards as such did not appear till much later, there was an element of local control in their development.

The next step was the opening-up of the more accessible hinterland, with the consequent need of drainage of otherwise fertile land in some parts. Rivers which were subject to flooding required some measure of control. These local problems, which directly benefited the owners of the land and those who were working the land, were obviously questions for local control, and River and Drainage Boards were set up in the late "sixties" and "seventies."

During the "seventies" the problem of the health of the community began to assume important dimensions. While certain general principles could be laid down as to the character of health control and hospitals, it was felt that the actual administration of health and hospitals was a matter for local responsibility. Hence the need arose for the establishment of Hospital Boards.

By the end of the century there were several types of local bodies in the Dominion. In the territorial field there were County Councils, Borough Councils, Town Boards, and Road Boards. Road Boards had their origin quite early in New Zealand's history, although their organization was systematized only in the early "eighties." Their function was essentially the development of district roads at a time when transport facilities were so undeveloped as to make inadequate effective development by an institution as large territorially as a county. By the end of the century transport facilities had considerably improved. Many of the road districts had been adequately served with roads, and they were left solely with the function of maintenance of the roads already constructed. They had fulfilled their function, and by the end of the century they were on the decline. By 1930 they had practically disappeared.

By the end of the century such *ad hoc* bodies as River and Drainage Boards, Harbour Boards, and Hospital Boards had been formed. Many municipalities had taken advantage of the powers given them by statute to undertake such municipal trading services as gas-supply, transport, libraries, and suchlike.

In the early days of New Zealand neither the Government nor the local authorities accepted any real responsibility for fire protection. Insurance companies, because of their financial interest in fire protection, frequently made some attempt to cope with the problem. By the end of the century, however, most boroughs had taken steps to safeguard themselves against the hazard of fire, and, although most fire brigades at that time were manned by volunteer firemen, the capital expenditure was normally borne by the local authorities. During the first decade of this century, however, it was recognized that insurance companies had a particular interest in the development of fire brigades, and should therefore bear some of the expense. The Fire Brigades Act, 1906, provided for the setting-up of Fire Boards on which local authorities, insurance companies, and the Government should have representation. Apart from a small contribution by the Government, finance was to be provided equally by local authorities and the insurance companies. Normally the area over which a Fire Board has jurisdiction is the area of the territorial local authority, although in some cases where there are a number of urbanized areas adjacent to each other the Fire Board has jurisdiction over the territory of those contiguous local authorities.

The next major step took place after the last war, when electricity had become of major importance in the economic life of the country. Many municipalities had by this time local electricity-supply, mostly produced from local steam-stations, although in some cases an adjacent water-supply had been taken advantage of to develop hydro-electricity. By 1920, however, it had become evident that action by the central Government was necessary for the generation of electricity, and from that time on the State assumed general responsibility for hydro-electric generation. It was also evident that the areas covered by territorial local authorities were not necessarily identical with the areas which would be most suitable for electricity distribution. Electric-power Boards, therefore, came into being in an attempt to devise for New Zealand a series of districts which would provide most satisfactorily for the distribution of electricity.

The next important step forward came in 1941. Almost since the beginning of this present century it has been obvious that, due to the destruction of much of the indigenous forests, and also to some of the wasteful farming methods adopted, New Zealand was faced with a serious problem of erosion, and that much of the disastrous flooding which has occurred since that time has been due to the denudation of the forest areas. The problem is one of tremendous economic significance, and one which demanded immediate and drastic action if further loss of valuable farming areas was to be avoided. Here again, although the general policy of soil conservation and river control could be laid down by Parliament, the actual work was confined to specific areas, and would call for the co-operation of those living in these areas. This accounts for the decision to set up Catchment Boards throughout the Dominion, the areas of which were to be delimited by the catchment areas into which New Zealand can be divided.

Although there is a multiplicity of types of local authorities in the Dominion, it is apparent that each of these types had its origin in a specific economic or social development which called for local activity and for the development of local responsibility.

Some other types of *ad hoc* authorities, however, owe their origin to local difficulties. In this category can be included such institutions as the Auckland Transport Board, the Christchurch Tramways Board, the Auckland Metropolitan Drainage Board, and the Christchurch Drainage Board, the Petone and Lower Hutt Gas Board, and similar isolated local institutions. In most areas the functions carried out by these bodies are under the jurisdiction of the territorial local authority, but because in Auckland, Christchurch, and Petone and Lower Hutt, the economic area of the services covered the territories of a number of territorial local bodies it was deemed advisable to set up a new body to deal specifically with a particular function.

The question arises as to whether the area of the territorial local authority should not be extended so as to enable it to cover an area which corresponded with the area of community of interest. This problem is still with us, and it is one to which we will devote some attention in the sequel.

## B. TERRITORIAL LOCAL GOVERNMENT

## (1) URBAN LOCAL GOVERNMENT

The period from 1830 to 1840 was one of important constitutional developments in England, not the least of which was the passing of the Municipal Corporations Act of 1835. This Act, which to all intents and purposes marks the beginning of modern municipal government in England, swept away practically the last remnants of medieval municipal organization, and gave the municipalities the charters under which they have developed up to the present. In 1839 Governor Hobson was charged with taking over New Zealand on behalf of the British Crown, because it was evident from the actions of the New Zealand Company that New Zealand would soon become an important colony of British residents. It was therefore natural that in drawing up his instructions the British Government should consider the development of local governing institutions in the new colony. Hobson was therefore instructed, among other things, to provide for local governing bodies with powers similar to those enjoyed by local authorities in England. The wording of his instructions is as follows: "And we do hereby give and grant to the Governor of our said Colony of New Zealand for the time being full authority . . . to issue . . . proclamations dividing our said Colony into districts, counties, hundreds, towns, townships, and parishes." These proposed divisions were the divisions which were in operation in England. For obvious reasons Hobson did not put these instructions into operation. The country was not extensively settled and there were very few organized settlements. It soon became clear, however, that with the distances which separated the settled parts of the Colony some more effective means of local administration would have to be developed. Matters requiring immediate attention, say, in Wellington, had to be referred to Auckland, the seat of the Government, before they could be finally dealt with. This was at times a very lengthy process.

The people themselves were strong supporters of the idea of local self-government. The first band of settlers to leave England for New Zealand under Edward Gibbon Wakefield's scheme of colonization, before leaving, agreed to entrust certain powers of government to a committee of their own members. On 14th September, 1839, a provisional constitution was drawn up in England and actually signed by the immigrants before departure. This group of settlers was bound for Wellington. Their constitution provided among other things, for a president and a committee of twenty-five with taxing powers. This committee, which was known at the Council of Colonists, held its first meeting in the Colony on 2nd March, 1840, at Petone. Although strictly illegal, this was the first real local government in the Dominion. The Council of Colonists, however, had scarcely begun to operate before it came in conflict with Hobson. The Council had endeavoured to exercise some judicial powers, and the aggrieved person had appealed to Governor Hobson. Hobson immediately sent the Colonial Secretary of the day to Wellington, with thirty soldiers, to suppress the Council as an illegal and treasonable association. The colonists immediately agreed to dissolve the Council, but demanded the protection of the Government of the day. Hobson dissolved the committee, but did not replace it. With the further development of Wellington it became more and more apparent that some form of local administration for purely local affairs was necessary. Since those who were behind the New Zealand Company, and therefore behind the Wellington settlement, were among those who had been prominent in the English reform movements of the "thirties" of the last century, they would never be satisfied with anything less than some form of democratic institution for their own local government.

In 1842, therefore, the first Municipal Corporations Act was passed, a number of the provisions of which were copied from the English Act of 1835, and were not peculiarly suited to New Zealand conditions. The Attorney-General of the day, in moving the second reading of the Bill, said that from the physical character of the country it was possible for New Zealand to be settled at various points, almost all of them at a distance from the capital. For this reason, he said, it was quite essential that each settlement should be given the full power of regulating its own local affairs. The central Government would thus be relieved from the necessity of much petty legislation, while at the same time the prosperity of the country at large would be promoted by the friendly rivalry which would spring up among various settlements entrusted with the unfettered management of their own local affairs. This speech, delivered so early in the history of the new Colony, stated quite succinctly the real *raison d'être* of local government. The ordinance was an essentially far-seeing, if unfortunate, measure. The Preamble to the Bill is one of the best statements of the real place and purpose of local government in a democratically governed country. It is well worth quoting in full: "Whereas it is necessary that provision should be made for the good health and convenience of inhabitants of towns and their neighbourhood, and whereas the inhabitants themselves are best qualified as well as by their more intimate knowledge of local affairs as by their more direct interest therein, effectually to provide for the same, and whereas the habit of self-government in such cases has been found to keep alive the spirit of self-reliance and respect for the laws, and to preparation for the due exercise of other political privileges, be it therefore enacted, &c." This is altogether a most remarkable statement. It was such a far reaching statement at the time that the *New Zealand Gazette and Wellington Spectator* stated that "the men who put these sentences together seem ready for a long stride towards republicanism."

The Ordinance provided for an elected Council to consist of twelve Aldermen, with a Mayor to be elected by the Aldermen. It is also interesting to note that the Aldermen were elected for two years, half the members retiring each year. A property franchise was laid down, although there was a provision that any person could by payment of 20s. to the returning officer obtain a right to vote, even although he had no rateable property in the borough in question.

The Act gave to the local authority control of the harbour beacons and lighthouses which were within its territorial limits. This provision was one of the reasons for the disallowance of the Act, it being held in England that the maintenance of these facilities came within the jurisdiction of the Admiralty, and consequently could not be delegated by the Governor to the municipalities. Another very interesting provision of the Ordinance was that enabling the Corporation to take over as its property, immediately after the first Council election, all land within the limits of the borough, except Crown land, Native reserves, and land sold, or about to be sold, to private persons. Because this particular provision conflicted with the rights of the Crown in regard to Native lands, another reason was provided for the disallowance of the Ordinance by the English authorities.

The first Municipal Corporations Ordinance showed a breadth of vision remarkable at the time, but further consideration will show that it suffered from the defects of a good deal of subsequent, and even modern, legislation because it copied provisions without alteration which, although eminently suitable for the conditions in England, were not suited to New Zealand conditions. It transpired that it was quite impossible to transfer to New Zealand in its pioneering stage a system of local government which was drawn up to meet conditions in England, where the social and economic system was relatively stable.

Even within the country there was considerable opposition to the Ordinance, first on the grounds that it gave to the municipality rating-powers, the opponents expressing their convictions that the national treasury, and not the owners of the land, should provide for all expenditure. Another objection was that the Ordinance was "an approach to the universal suffrage," which, it was stated, was particularly dangerous to the Colony.

Before the disallowance was notified from England, Wellington was created a borough, on the 27th July, 1842, although the Council was not elected until October of that year. Auckland, although the seat of Government, was not created a municipal corporation at this time, and there was practically no demand for such a development, because there was a feeling that if a municipality was created in Auckland it would be given taxing-power, and the people were not prepared to meet this responsibility. One writer is very frank: "If our friends to the southward are fond of all the nonsense and humbug of a corporation, we Aucklanders are not at all ambitious for the honour in our present infantile state."

Eighteen months after the Ordinance was passed it was disallowed by the Queen. Consequently, Wellington Municipal Council was dissolved, and the general position as regards local government remained as it had been prior to the passing of the Act.

In notifying its disallowance the Home Government indicated that if certain amendments to the law were made they would have no objection to recommending the Queen to approve of a new Municipal Corporations Ordinance. Such an Ordinance was passed in 1844. By this time, however, public interest had died down, and the Municipal Corporations Ordinance, 1844, was included among those which the *New Zealand Journal* said "the remaining Bills are not worth notice." The new Act was never operative, and after the passing of the Constitution Act, 1846 (U.K.), it automatically became obsolete.

With the growth of population in various isolated parts of New Zealand local problems tended to become more and more important, and since there was no municipal corporation or other local body responsible for the supervision and administration of local problems, some legislation to provide for this became absolutely necessary. In 1845 the Public Roads and Works Ordinance provided that owners or occupiers of land within certain districts should repair and maintain highways and other public roads, and make and levy rates to defray their expenses. This is important as being the first measure of practical local government granted to the colonists. A board of seven Commissioners was to be elected by the inhabitants, called Highway Commissioners, and they were to have authority to carry into effect all the provisions of the Ordinance. In effect, they were a local authority, as they had power to make and repair roads, streets, bridges, construct water-works and sewers, establish market places and landing-places, and other works of public utility.

It is very interesting to notice that where a person liable to pay rates was unable to do so, the Ordinance provided "that it shall be lawful for any person who shall be liable for the payment of any rate . . . to compound for the payment of such rate by the performance of work or labour upon any of the works which may be undertaken by such Commissioners." Probably the only other occasion when rates were actually worked off by manual labour in New Zealand was during the recent depression, when some local authorities allowed ratepayers whose rates were in arrears to make a payment by their labour instead of money. No information is available as to whether this Ordinance was actually put into effect. There is no record of the Proclamations of any districts or of the appointment of Commissioners.

The next step was the passing of the New Zealand Constitution Act, 1846, by the Imperial Government, which empowered Her Majesty to establish Municipal Corporations in New Zealand. The statute provided that these Municipal Corporations should be established by the Governor by Proclamation, which would set out the powers and responsibilities of the said municipalities. The actual corporation was to consist of a Mayor and Aldermen and Councillors, the Council being elected by the burgesses, the Aldermen in turn elected by the Councillors, and the Mayor to be elected by the Council consisting of Aldermen and ordinary Councillors. This followed the English precedent.

The 1846 Act, however, was suspended in 1848, but the Secretary of State for Colonies considered it would be perfectly safe to give the inhabitants of New Zealand municipal institutions for local purposes. In 1851 Auckland therefore was created a borough by charter. Auckland is the only municipality in the Dominion which owes its origin to the issue of a formal charter under the hand of the then Governor-in-Chief, Sir George Grey. The charter itself is a comprehensive document, containing in all somewhere about seventy-three clauses, and states in clause 53 that "the said Corporation shall be capable in law by the common Council thereof to do and suffer all such acts as may be lawfully done or suffered by any municipal Corporation in England by the common Council thereof." This wide granting of power in effect created in New Zealand a municipality similar to those which were in existence in England.

Voting was quite different from what it is to-day. A person desiring to register a vote appears to have been able to set down the name of the person qualified to be elected, his occupation and address, and sign the document himself, together with his own occupation and address. The paper was delivered to the returning officer on the day of the election. Secret voting or the use of the ballot-box appears to have been unknown. It would also appear that a person having been elected and who refused to take office was liable to certain fines and penalties. It is also interesting to notice that the boundaries of the Borough of Auckland as then set up included the whole of the area of the isthmus, including Onehunga, Pannure, Otahuhu, Howick, and Tamaki.

The Constitution Act, 1846, provided for the division of New Zealand into two provinces—New Ulster and New Munster. New Munster embraced what subsequently became the Province of Wellington, plus the whole of the South Island. The remainder of the North Island was included in the Province of New Ulster. For each of these provinces a Lieutenant-Governor, subordinate to the Governor-in-Chief, was to be appointed, and each of these Lieutenant-Governors was to be supported by a legislative body. The legislative body in New Ulster never operated, and, in fact, was never appointed or elected. The Legislative Council in the Province of New Munster was elected and met for one session in 1849. Two of the Ordinances passed during that one session of the Legislative Council of the Province of New Munster were the Town Roads and Streets Ordinance and the County Roads Ordinance. The Town Roads and Streets Ordinance provided for the election by the owners and occupiers of Town Boards of Commissioners who, in accordance with the terms of the Act, were “to be elected for the purpose of levying a yearly rate on all houses, lands, and tenements situated within the town, and for the purpose of superintending and managing the making, maintaining, and repairing the streets, roads, quays, and highways within the same.” The Lieutenant-Governor was empowered on requisition of a majority of the Magistrates (Justices of the Peace) of a district to proclaim the Ordinance to be effective in that district. Some such Boards of Commissioners were set up, and presumably did work in maintaining roads and streets. Here again the emphasis on roads and streets is of interest. It is interesting to notice that the Commissioners were to be elected at a meeting called by the Justices of the Peace, where all persons who had proved their right to vote were allowed to register an open vote. At this meeting the Commissioners were required to render an account of their doings, and the meeting then had the responsibility of appointing two or more auditors whose duty it was to supervise the financial accuracy of the work carried out by the Commissioners. This town meeting is very similar to the parish meetings held in England. It is also interesting to notice that Collectors of Rates were required to pay the rates to the Colonial Treasurer, and apparently the Commissioners used the national Treasury as their bank into which they paid rates and from which they were to draw their requirements.

The next important constitutional step was the Constitution Act, 1853 (U.K.). By this Act New Zealand was divided into six provinces, and the individual provinces under their Superintendents, and Provincial Councils were made responsible for the local government of their respective areas, and in every case quite early began to make some provision for the delegation of their local responsibilities.

The Town of Dunedin, which at that time was the largest urban area in the colony, was the first to be specifically provided for by the Dunedin Town Ordinance, 1855. This Ordinance created a Town Board of nine persons, four of whom were to retire in one year, and five the alternate year. The elections were to be carried out at a meeting of citizens called for the purpose, where a count of hands was sufficient, unless a poll was called for. In 1865, by the Otago Municipal Ordinance, the Corporation of the City of Dunedin was established, and provision was made for the incorporation of other towns on petition to the Superintendent.

Canterbury was the first province to provide a general Ordinance covering the setting-up of all municipal Corporations. The Municipal Council Ordinance of Canterbury of 1860 laid down the constitution of municipal districts and the setting-up in these districts of a Corporation to be known as the Town Council. The Ordinance did not prove satisfactory, and in 1862 Canterbury went the way of the other provinces and provided for its capital city, Christchurch, a separate Ordinance under the title of the Christchurch City Council Ordinance, 1862. Christchurch was the first “city” in New Zealand specifically so designated by legislation, although for ecclesiastical reasons Nelson was given the title several years earlier. The Ordinance did not provide for a Mayor, but provided for a Chairman of the Council to be elected from among the nine Councillors.

In 1854 the Wellington Provincial Council passed the Roads Ordinance, which provided for the declaration of highways districts and for the election of a Board of Commissioners with power to levy rates and expend the money so collected, on the roads of the district. The Act did not provide for the incorporation of the area, but for an *ad hoc* Board for a specific purpose. The particular Ordinance was probably designed to provide machinery to deal with rural roads, because in the same year a Streets Ordinance was passed, which provided for the setting-up in towns declared to be subject to the Ordinance of Streets Commissioners who were to have similar powers in relation to town streets. It was not until 1862 that a definite step was taken to make provision for Wellington City, and in that year the Wellington Town Board Ordinance was passed. The Preamble of this Ordinance states: “Whereas it is expedient for the establishment of a Board of Commissioners to be called a Board of Works and for making and repairing of roads and streets and other public works in the City of Wellington.” This particular Act provided for the election of six Commissioners from three wards, and provided fairly satisfactorily for the general detailed work which was involved in road making and maintenance. The Act was enabling and not mandatory, because it provided that it should not come into operation until it had been proclaimed by the Superintendent of the province on a request by a memorial of a majority of the electors from the City of Wellington. Twelve months later no such memorial had been presented, and the Provincial Council deemed it wise to bring the Ordinance into immediate operation, and the Wellington Town Board Amendment Act, 1863, was passed. This Act, among other things, provided for nine Commissioners for three wards. It is interesting to notice that although the Act is entitled a Town Board Ordinance, it described Wellington in every case as a city.

By the middle of the “sixties” of last century local governing institutions had begun to take shape in practically all the provinces. The four major towns had a definite municipal organization and many of the smaller areas had, if not formal incorporation, at least some form of *ad hoc* body to maintain their streets and public utilities. Otago had made the most satisfactory development in this respect, and the Municipal Corporations Ordinance of that province was a relatively satisfactory document. By this time there were eight provinces, and in each of these provinces different forms of local government had been set up, with different powers, different institutions, and generally different responsibilities. Because of a general lack of finance at the time, there was a growing tendency for the towns to look directly to the national Government rather than to the Provincial Councils, to which they were ultimately responsible. It is not surprising, then, by 1867 to find that the national Government was forced to take cognizance of this chaos of local government throughout the Dominion.

A Municipal Corporations Bill was introduced into the national Legislature in that year under the charge of the Honourable John Hall, who stated in his introduction to the Bill: "There are already in this Colony, as appears by the Schedule to the Bill, twenty incorporated towns, and there are nineteen different laws which provided for the management of these towns. It appears to the Government that the constitution of the different towns throughout the Colony is not by any means so dissimilar as to render necessary such a great variety of legislation. There is quite sufficient similarity in these institutions to enable one uniform system to be beneficially applied to all."

The Act, which, according to the Minister, was modelled on the Victorian law upon the subject, was particularly well drawn up, and provided a much more satisfactory working arrangement than any of the provincial Ordinances had done. Although the Act was not mandatory, but provided for its adoption in any of the twenty towns set out in the Schedule and in any other town on the petition of a sufficiently large number of ratepayers, it was adopted to quite a large extent as being much more satisfactory than any of the other laws under which the towns were then operating.

As this is the first operative national statute dealing with municipal government, it will be interesting to notice a few of the provisions, particularly where they differ from the conditions of the present day. On the question of amalgamation of adjacent local authorities the Act states that "if Councils or the majority of ratepayers in any two . . . Boroughs which . . . adjoin each other . . . shall by petitions . . . of such Boroughs or . . . of the ratepayers pray the Superintendent that such Boroughs shall be constituted one united borough, it shall be lawful to constitute such Boroughs . . . one Borough . . ." The Legislature did not at this time consider that a vote of the people was necessary, and it is obvious that the parliamentarians of that time anticipated that amalgamation would in future be a normal procedure in relation to the development of municipal government in the Colony.

Council elections were to be held every year, one-third of the Councillors retiring each year. The Mayor was elected annually by the Councillors, either from among their own number or from some person qualified to be elected as such. The auditors were also to be popularly elected. A very interesting feature of the Act is a schedule of model by-laws dealing with streets, footpaths, water-works, drains, wharves, recreation, regulation of buildings, buildings for public meetings, fire prevention, nuisances, and so on. The framers of the Act were obviously very far-sighted, because the Act gives power to local authorities to undertake the provision of gasworks, water-supply, markets, public baths, libraries, museums, gymnasia, gardens, recreation reserves, and charitable institutions. That these powers were given suggests that it was realized that municipalities were to play a very important part in the social and economic, as well as in the political and administrative, life of the community.

The Act is an important landmark in the history of New Zealand because it acknowledges the impossibility in a developing country, particularly one which was rapidly becoming united as the result of transport development, of allowing unco-ordinated administrative development throughout the country. It was recognized that the national Government had the general responsibility for the economic and social progress of the community, but that it could not itself assume all the detailed local work necessary.

After 1867 development was very rapid. There is no need in this report to go into the causes which led to the abolition of the provinces, but the very abolition of those provinces made it necessary to provide effectively for local administration, and hence with the abolition of the provinces it was necessary to pass a Municipal Corporations Act and a Counties Act (the development of counties will be discussed in the next section). As stated earlier, the 1867 Act was permissive, not mandatory. It had been adopted in a number of cases, but the major portion of the country was still outside its operation. Hence in 1876 the first mandatory Municipal Corporations Act was passed to provide for urban local government. The Municipal Corporations Act provided the framework within which local bodies still operate. There have been incidental changes from time to time—new powers have been conferred on local bodies, different methods of finance have been devised—but the plan drawn in 1876 is for the most part in operation to-day.

## 2. RURAL LOCAL GOVERNMENT

In the previous section dealing with municipal local government it was shown that from time to time in the early days of New Zealand's history attempts were made to set up Commissioners of Roads, and to provide some form of local government for rural areas. After the institution of the provinces some of those provinces did actually arrange for the setting-up of Road Boards, and even of counties. An enabling Act of the General Assembly of New Zealand, passed in 1856, gave the Governor power to divide the provinces into counties. There is no evidence that any action was taken under this statute. With the growing population, however, the Provincial Councils found that some form of devolution was necessary, and consequently road districts were created in some of the provinces for the detailed work of rural highway development. By 1875 there were 314 such road districts in the colony. The finances of these road districts were derived chiefly from rates and grants from the Provincial Councils. This latter item was practically twice the amount of the rates. When the provinces were abolished, and as part of the same movement, the Counties Act, 1876, was passed, dividing New Zealand into 63 counties. This Act did not abolish existing Road Boards, which were maintained in force and given specific power of constructing and maintaining district roads. The County Councils were responsible for the maintenance and construction of general arterial roads within the county. The number of counties in existence was increased from time to time for reasons which will be discussed later in this report, particularly the unsatisfactory subsidy system, which prevented the larger counties and those with heavier responsibilities from getting a larger subsidy than some of the smaller counties. There are to-day 129 counties, in 125 of which the Counties Act is in force.

With the development of the country and the growing population there arose within the counties certain small urban agglomerations which had interests distinct from the rural residents of the county. These interests had been recognized in some of the provinces, which had made provision for setting up of Town Boards, but the Town Board as a distinct type of local governing body did not come into existence until 1882, following the passing of the Town Districts Act, 1881, which provided that "any



Of the Boards so set up in 1876, none, except Hokitika and Wangamui, was given any power to levy a rate on the rateable property in the district. The next year, 1877, power was given to the Governor, where there was no Harbour Board, to vest the control and management of any wharves in any local authority. In 1878 the first general Harbours Act was passed, providing for a uniform method of control of all harbours in the Dominion. All existing Harbour Boards were brought under this Act, and provision was made that future Harbour Boards were to be constituted only by special Act of Parliament. The Act reconstituted the Boards, making separate provision for each existing Board. Some members were to be elected by the ratepayers of the borough, road district, or county; some by local bodies (in some cases restricted to their own members); some by the payers of harbour dues; some by the payers of dues on ships, or both combined; on some Boards the Mayor of the borough was an *ex officio* member, and the Chairman of the county near the port was often an *ex officio* member. In some cases a Mayor and a Chairman were both *ex officio* members. Of the twenty-two Boards constituted by the Harbours Act, 1878, sixteen of them contained one two, three, or four (and in one case, Moeraki, seven, the total membership of the Board) members appointed by the Governor. In five cases the local Chamber of Commerce was represented (the Chairman of the Auckland Chamber of Commerce being an *ex officio* member of the Auckland Harbour Board).

No additional rating-powers were given, but it was stated that where rating-power was given by special Act of Parliament it was to be exercised in accordance with the Rating Act, 1876. The Counties Amendment Act, 1885, enabled the Governor, by Order in Council, to declare a County Council or a Road Board to be a Harbour Board. The broad outlines of harbour control laid down in the Harbours Act, 1878, have remained to the present day. In 1910 the election of ordinary members to Harbour Boards was brought within the Local Elections and Polls Act, 1908, and the franchise was that exercised by the elector in the ordinary elections in the constituent district. Perhaps the most important change subsequent to this date was the passing of the Westport Harbour Act, 1920, by which the control of the Westport Harbour was taken away from the Westport Harbour Board and vested in the Crown. The chief reason for this step was that the export of coal from Westport was of such great importance that the harbour district could not provide the necessary finance from rates.

From time to time since the 1878 Act was passed new Harbour Boards have been constituted by Act of Parliament and by Order in Council, and some Harbour Boards have been dissolved. In the case of some of the small Harbour Boards the territorial local authority, usually the county, is constituted the Harbour Board, but for administrative purposes its operations as a Harbour Board are distinct from its operations as a county. These cases are of very great interest, however, because they prove that it is feasible for a territorial local authority actually to administer a harbour, with a consequent saving of administrative expenditure, both in terms of salaries and office expenses.

#### (b) Hospital Boards

Prior to 1885, when the first Hospital and Charitable Institutions Act was passed, there was no definite system of hospital control. Some institutions were maintained entirely by the Government, others by voluntary bodies with a varying degree of Government assistance and municipal assistance. Permissive legislation existed under which hospital districts could be created, and local authorities could rate for hospital purposes, but this was availed of only to a limited extent. The Act of 1885 marks the origin of the present system of hospital control in the Dominion setting up a system of corporate control of hospitals throughout the country. The Colony was divided into twenty-eight administrative districts under the control of Hospital and Charitable-aid Boards, whose members were appointed by local authorities in their respective areas. Under the Act of 1885 representation of local authority districts on the Boards was apportioned in relation to population. By the Act of 1886 the basis of apportionment was altered to that of the population and the amount of the contributions of the local authorities. As such contributions were levied in proportion to rateable values, the method of apportioning the representation was substantially as it is to-day. Under this Act several groups of contiguous districts were united for the purposes of administering charitable aid. In certain areas there were found both a Hospital Board and a Charitable-aid Board, each levying on local authorities within their districts.

The next important step was the Act of 1909, which set up one Hospital and Charitable-aid Board in each district. Under this Act members of Boards were elected by the electors of the contributory local authorities. Previously they had been elected or appointed by the local authorities themselves. This Act introduced a graduated scale of government subsidies, the subsidies varying from 12s. 3d. to 24s. 3d. in the pound, and were designed to give the maximum subsidy to the district which had both the lowest rateable value per head of the population and the lowest rate of levy per head of the population. The law governing Hospital Boards at present is contained in the Hospital and Charitable Institutions Act, 1926, which is a consolidation of earlier enactments.

Under the 1909 Act, 36 hospital districts were constituted. By subsequent legislation from 10 to 25 additional districts were constituted by subdivisions of existing districts, and when the Consolidation Act was passed in 1926 there were 47 districts. The 1909 Act and the 1926 Act contained provisions for the amalgamation of contiguous districts if the Board agreed, a provision which was availed of on two occasions, once in 1930, when the Picton and Wairau Hospital Districts were united to form the Marlborough Hospital District, and in 1931 when the Matakaoa and Waiapu Hospital Districts were united to form the Waiapu Hospital District.

The question of Hospital Boards was in the forefront during the depression, and in 1932 an amendment to the Hospital and Charitable Institutions Act made provision for the appointing of a Commission of Inquiry to report on the advisability of the amalgamation of two or more contiguous districts. This provision has been availed of on two occasions, once in 1937, when the Thames, Waihi, and Coromandel Hospital Districts were merged into one district, and in 1938, when the Southland

and the Wallace and Fiord Districts were merged into one district. In the Finance Act (No. 3), 1944, additional provision is made for the union of hospital districts by Order in Council, if it is considered expedient—that is, without a preliminary effort or agreement on the part of the Boards concerned, or the recommendation of a Commission. There are now 42 hospital districts covering the whole of New Zealand.

(c) *River Boards*

As stated previously, the tendency to flooding of many of the rivers in New Zealand led to the passing of numerous Ordinances and Acts between 1868 and 1880, giving power to set up specific river districts. In 1884 a general Act, known as the River Boards Act, was passed, which repealed previous Acts and Ordinances in force, and consolidated the law relating to the constitution of River Boards and the construction of river-works. The 16 existing districts were deemed to be districts under the new Act. From time to time new river districts have been set up, and in some cases there has been a consolidation of river districts. The Act of 1884 is the basis of the present constitution of river districts.

(d) *Land Drainage Boards*

Until the "nineties" of last century, land drainage was left to the initiative of the private individual. Even prior to this time it was evident that individual effort in this field could not solve the problem, and hence in 1893 the Land Drainage Act was passed, providing for the constitution of Land Drainage Districts and Boards. The object of the Act was to provide for the drainage of agricultural and pastoral lands, and for co-operation between a group of landowners the drainage of whose land required co-ordinated effort. From the time of the passing of this Act until the present time many land drainage districts have been set up throughout the Dominion, and have performed very useful services. The Counties Act also contains provision for land drainage, and some few counties have embarked on drainage-works. In other counties, officers, such as County Clerks and County Engineers, are officers of local Drainage Boards. It is probable that too many Drainage Boards have been set up\*. In the environment of Palmerston North, for instance, there are six Drainage Boards, covering adjacent areas, and there is little doubt in this case that further co-ordination of effort would reduce administrative expenditure, as well as provide more effectively for the over-all drainage of the area. In some few cases Drainage Boards have been amalgamated, particularly in the Taupiri, Hauraki Plains, and Piako areas. The Thames Valley Drainage Board, which was constituted on the amalgamation of a number of Drainage Boards in that area, is a large, important, and efficient authority.

(e) *Catchment Boards*

The functions of River Boards and Drainage Boards are essentially local, and are directed rather at alleviating effects than removing causes. The Catchment Board, which is the latest of the local authorities (set up under the Soil Conservation and Rivers Control Act, 1941), has the general function not merely of supervising the work of Drainage and River Boards and seeing that the detrimental effects of erosion and flooding are reduced to the minimum, but the more positive function of seeing that the catchment area is under proper control. Therefore, Catchment Boards are interested not merely in land drainage and river-control, but in afforestation and the prevention of soil erosion—all factors which must ultimately bring benefit to the Dominion. Within the catchment district, therefore, there may be quite a number of Drainage Boards and possibly River Boards. The Catchment Board, in its supervisory function, is called upon not merely to express an opinion on the actual operations of River and Drainage Boards, but may in certain circumstances advocate the abolition or amalgamation of these smaller bodies, and, in fact, it may undertake river-control or land-drainage work itself. With a view to a co-ordinated policy for the whole of the Dominion in a matter which is of vital concern to its future, the Catchment Boards work under the general advice and supervision of the Soil Conservation Council, a national body working within the administrative orbit of the Public Works Department.

(f) *Fire Boards*

Fire protection has been looked on as an important function of municipalities almost from the time of the Municipal Corporations Act, 1876. When in the early years of this century it was decided that insurance companies should contribute towards fire protection, it was provided that under certain conditions Fire Boards should be set up, which would be autonomous in terms of fire protection in given areas. In many of the borough areas of New Zealand to-day there are Fire Boards. Some still retain municipal fire brigades and receive no contributions from insurance companies.

In some cases, as in the case of Auckland, a metropolitan Fire Board has jurisdiction over the territories of a number of local authorities.

Normally there are two representatives on the Fire Boards appointed by the territorial local authority, two representatives appointed by the insurance companies operating in the district, and one representative of the Government. In metropolitan Auckland the various local authorities within the Metropolitan Fire Board District are entitled to certain representation on the Board. There is no popular election for members of the Fire Boards.

\* Some Drainage Boards have been constituted by special Act of Parliament.

*(g) Rabbit Boards*

Shortly after the introduction of rabbits into New Zealand it became evident that they were more than a potential danger to agriculture and pastoral lands, and hence in 1876 the Rabbit Nuisance Act was passed to make provision for the destruction of rabbits in New Zealand. Rabbit districts could be set up with power to contract for the destruction of rabbits and to offer bonuses or rewards for such destruction. The 1876 Act left the initiative with the local residents, but by 1881 a Government Inspector was appointed to supervise rabbit destruction. In 1882 the local board system was abolished, and the administration of the Act left solely in the hands of Inspectors. Four years later, however, the Board system was revived with slight modifications. During the 1914–1918 war the rabbit position became very serious throughout the Dominion, particularly in portions of the North Island. In an attempt to meet the situation drastic provisions were made in the Rabbit Nuisance Act, 1919–20, in respect to control by Rabbit Boards by reducing the area required from 200,000 acres to 2,000 acres, and generally by facilitating control through the formation of Rabbit Boards on the principle that local control by a body elected by the ratepayers would produce better results than could be expected from a purely inspectorial system by Government officers operating over large districts. There were then only three Rabbit Boards—two in the North Island and one in the South Island. Following on the passing of the amending legislation mentioned above, Rabbit Boards were quickly formed, particularly in the North Island. In 1928 the Act was further amended and consolidated in the light of experience already gained. The area for which a rabbit district could be formed and a subsidy drawn on the rates collected was amended to a minimum of 20,000 acres, but the position as to subsidy on rates in respect to Boards already formed comprising smaller areas was retained. Right from the very commencement the Government has subsidized Rabbit Boards pound for pound on all rates collected. Up to the present 96 Boards have been constituted—54 in the North Island and 42 in the South Island. Boards normally consist of five ratepayers elected for the one purpose, and directly interested in effective control. Provision is made for the amalgamation of Boards, and some amalgamations have taken place. The general achievement of the Boards, however, has been very uneven. In some cases Boards have operated very successfully; in other cases they have not taken their work seriously, and have made little impression on the problems at issue.

*(h) Electric-power Boards*

With the rapid development of hydro electricity in the Dominion it was necessary to provide for its effective distribution, and in 1918 the Electric-power Boards Act was passed, authorizing the setting-up throughout New Zealand of Electric-power Boards. These Power Boards are not the sole bodies responsible for the retail distribution of electric power in New Zealand, for, as noted elsewhere in this report, many municipalities and some counties still retain the right to generate or distribute electric power in their own territories, but generally in rural areas the distribution of electric power is focused in the Electric-power Board. The experience over the past twenty-five years has proved that they are doing their work very successfully. Whether their territories should be extended and some of the electricity distribution of some of the smaller local authorities taken over by Electric-power Boards is a question which we discuss later in this report.

*(i) Other*

There is no necessity to deal in detail with the origin and history of such minor local authorities as Water-supply Boards, Local Railway Boards, City and Suburban Drainage Boards, and suchlike. Their titles indicate generally the reasons for their constitution.

Water-supply Boards in general are concerned with the supply of water in open races in county districts, and are not intended to cover the water reticulation such as is undertaken by municipalities.

Local Railway Districts owe their origin to the necessity for transport, particularly for goods, but also for passengers, in an era before the emergence of motor transport. This particular Act was not taken advantage of to any great extent, but in the Manawatu and also in Southland there have been successful Local Railway Boards, the Ohai Railway Board in Southland still being in operation.

The Christchurch Drainage Board and the Tramways Board in Christchurch and similar Boards in Auckland were set up because the area over which these particular services operated embraced the territories of more than one territorial local authority, each of which was liable in certain cases for some portion of the expenditure, and it was desirable to provide for these territorial local authorities concerned having some control in their administration.

The Petone and Lower Hutt Gas Board owes its origin to the fact that Petone and Lower Hutt are contiguous local authorities, and for each to set up its own gas-generating plant would have been wasteful expenditure.

### CHAPTER III.—THE PRESENT STRUCTURE OF LOCAL GOVERNMENT: THE PROBLEM OF AREA

The present structure of the local government machine has its roots in the economic and social development of New Zealand. In the previous sections a general outline has been given of those developments, and even the most superficial student will be forced to the conclusion that local government has not proceeded according to any plan, but, like the British Empire, has grown in "a fit of absentmindedness." There has been a tendency to treat each problem *in vacuo*, with little attempt to create a properly integrated system of local government. Consequently considerable overlapping and little of that clear-cut definition of "area," which would assist in the promotion of the economic welfare of the community, are evident. This feeling of chaos will be further derived from the next ensuing sections, where an outline of the present structure of local government is set out.

The following table<sup>(1)</sup> gives the latest complete figures as to the number of different types of local authorities in New Zealand. This table shows the situation as at 31st March, 1942:—

*Table showing Number of Local Authorities functioning at 31st March, 1942*

							Total, 680
County Councils	..	..	..	..	..	..	125
Borough Councils	..	..	..	..	..	..	127
Town Boards (Independent)	..	..	..	..	..	..	34 <sup>(2)</sup>
Town Boards (Dependent)	..	..	..	..	..	..	21 <sup>(2)</sup>
Road Boards	..	..	..	..	..	..	9
Land Drainage Boards	..	..	..	..	..	..	47
Urban Drainage Boards	..	..	..	..	..	..	3
Water-supply Boards	..	..	..	..	..	..	3
River Boards	..	..	..	..	..	..	31
District Councils of Main Highways Board	..	..	..	..	..	..	18
Fire Boards	..	..	..	..	..	..	58
Local Railway Board	..	..	..	..	..	..	1
Harbour Boards	..	..	..	..	..	..	48
Electric-power Boards	..	..	..	..	..	..	41
Hospital Boards	..	..	..	..	..	..	42
Tramway Board	..	..	..	..	..	..	1
Transport Board	..	..	..	..	..	..	1
Gas Board	..	..	..	..	..	..	1
Rabbit Boards	..	..	..	..	..	..	84
Total	..	..	..	..	..	..	698 <sup>(3)</sup>

The table gives a fairly clear picture of the wide distribution of responsibility as between the various types of local authorities. Details as to the areas and functions of each of these types of local authorities will be given in the sequel.

#### A. BOROUGHS

The borough is the senior urban territorial local authority in New Zealand. The constitution, area, and functions of boroughs are set out in the Municipal Corporations Act, 1933, and amendments.

The basic requirements for the constitution of a borough are:—

- (a) A continuous area of not more than 9 square miles, and having no point distant more than 6 miles from another; and
- (b) A population of not less than 1,000<sup>(4)</sup><sup>(5)</sup>.

An area having the above qualifications may be constituted a borough on petition to the Governor-General, signed by not less than one-fifth of the electors of the district. Upon the receipt of such petition a Commission consisting of a Magistrate, the Commissioner of Crown Lands for the district, and a District Valuer hold an inquiry into the particulars and hear evidence for and against the proposal. In its report the Commission can approve of or disapprove of the proposal, or alter the proposed boundaries in such a manner as it may think fit, provided always that the area which it proposes has the qualifications set out above<sup>(6)</sup>. There is no converse provision to the above whereby in an area where the population falls below 1,000 borough status may be withdrawn. Consequently, several boroughs which were once thriving towns now have very small populations. Examples are: Shannon, 920; Eketahuna, 730; Martinborough, 940; Kumara, 420; Ross, 420; Brunner, 980; Akaroa, 460; Geraldine, 930; Hampden, 280; Naseby, 200; Palmerston, 780; Waikouaiti, 580; Roxburgh, 450; Lawrence, 630; Tapanui, 290; Cromwell, 730; Alexandra, 870; Arrowsmith, 230; Queenstown, 920; Winton, 880; Riverton, 900.<sup>(7)</sup>

The population of boroughs varies from 200 in Naseby to 120,700 in Wellington City<sup>(8)</sup>.

When a borough has a population over 20,000 it may be proclaimed a city, but this change of title does not imply an extension of powers. There are to-day nine cities in New Zealand—Auckland, Wellington, Christchurch, Dunedin, Invercargill, Palmerston North, Wanganui, Nelson, and Lower Hutt.<sup>(9)</sup>

(1) Official Year-Book, 1944, p. 368.

(2) This figure is different from that given elsewhere. There are 20 dependent and 32 independent town districts in 1945. Some independent town districts have become boroughs, and in one area a dependent town district has gone out of existence.

(3) Table does not include Domain Boards and some minor unimportant local authorities.

(4) Section 3 (c), Municipal Corporations Act, 1933.

(5) Under the 1876 Municipal Corporations Act, section 17 (2), the population was defined in terms of householders, and a minimum of 250 householders was laid down.

(6) Section 135, Municipal Corporations Act, 1933.

(7) It is worth noting for comparative purposes that dependent town districts vary in population from 240 to 530 and independent town districts from 380 to 1,980.

(8) The populations given are for the administrative unit and not the economic unit. Auckland City, for instance, is only one part of the Auckland Metropolitan Area—so for Christchurch and Dunedin.

(9) The population of Nelson is only 11,400. It owes its title of city to the Royal Proclamation creating the Nelson diocese.

The physical area of boroughs varies from 112 acres in Naseby to 18,253 acres in Auckland City. Eight boroughs are below 500 acres; thirty-six are between 500 and 1,000 acres; sixty-two are between 1,000 and 3,000 acres; fourteen are between 3,000 and 5,000 acres; four are between 5,000 and 6,000 acres, and four are over 12,000. All the boroughs of over 5,000 acres, with the exception of Brunner, which has an inhabitant to every 6 acres, are large towns. In each case (with the exception of Brunner) the area has been extended from time to time either by the absorption of adjacent urban areas or by the inclusion of urbanized sections of the adjoining counties.

Boroughs existing in 1876 were formally constituted under the Municipal Corporations Act, 1876. Most of the boroughs which have been established since that time have graduated from town districts. There has been frequent progression, first to dependent town district, and then to independent town district, and, finally, to borough.

### B. TOWN DISTRICTS

Town districts are urban areas which normally are too small to be constituted boroughs. Before an area can be created a town district the following conditions must pertain:

(a) An area not over 2 square miles and no one point in such area distant more than 2 miles from any point therein:

(b) Not less than 50 householders<sup>(1)</sup>(<sup>2</sup>):

(c) It must be wholly within the geographical area of a county.

Town Boards may be constituted on the petition of not less than two-thirds of such "resident" householders<sup>(3)</sup>.

#### (1) INDEPENDENT TOWN DISTRICTS

Independent town districts are autonomous, and although their powers are less than those of boroughs they are of the same character. A town district may be proclaimed an independent town district when the population exceeds 500<sup>(4)</sup>. There are now 32 independent town districts, which vary in population from Mangaweka, 380, to Papatoetoc, 2,640.

Three independent town districts have a population under 500; twenty-four have populations between 500 and 1,000; seven are over 1,000<sup>(5)</sup>. Four independent town districts have an area below 500 acres; fifteen between 500 and 1,000 acres; fifteen between 1,000 and 1,600 acres.

#### (2) DEPENDENT TOWN DISTRICTS

Dependent town districts are for general administration deemed to be a part of the administrative county, and as such are subject to certain county rates and county control, except for the specific purpose for which they are constituted. They owe their origin to the desire in urbanized areas to provide amenities not required by the county as a whole. There are 20 dependent town districts, varying in population from Kawhia (240) to Kawakawa (530). They vary in area from Havelock, 210 acres, to Te Kawhatu, 1,290 acres.

### C. COUNTIES

New Zealand is divided geographically into 129 counties. In four geographical counties the Counties Act is not wholly in force.<sup>(6)</sup>

Because of their territorial position there is no area or population qualification. In the 1876 Act, which divided New Zealand into 63 counties, provision was made for the creation of further counties, stipulating that the area of the new counties should not be less than 200,000 acres, and have not less than 100 electors. The provisions relating to area and population were repealed in 1885 by section 2 of the Counties Amendment Act, 1885.

Due to causes related to Government subsidies to counties,<sup>(7)</sup> many new counties were formed, chiefly between 1900 and 1914. This process led to the creation of some very small counties.

The areas of administrative counties is as set out in the following table:—

Table showing Number of Counties of various Areas in the Year 1941-42

Square Miles.	Number.
Under 50 .. .. .	4
50- 99 .. .. .	4
100- 199 .. .. .	15
200- 299 .. .. .	16
300- 499 .. .. .	26
500- 749 .. .. .	17
750- 999 .. .. .	18
1,000-1,999 .. .. .	16
2,000-2,999 .. .. .	5
Over 3,000 .. .. .	4
<b>Total</b> .. .. .	<b>125</b>

(1) Section 4 of Town Boards Act, 1908.

(2) Cf. Municipal Corporations Act, 1933.

(3) The insertion of the word "resident" here is of interest. Cf. section 135, Municipal Corporations Act, and *vide* page 000.

(4) See section 3, Town Boards Amendment Act, 1908 (No. 2). Certain town districts in existence at date of Act were proclaimed independent town districts.

(5) Including Papatoetoc.

(6) These are: (i) Eden, practically wholly covered by Municipal Corporations or bodies with substantially the same powers; (ii) Taupo, sparsely settled and largely undeveloped; (iii) Fiord and Sounds, almost uninhabited.

(7) See page 121.

Six of the eight counties with areas under 100 square miles are in the vicinity of Christchurch. All of the counties where the Counties Act is in operation with areas over 2,000 square miles are in the South Island. Sixty-two per cent. of all counties have areas between 200 and 1,000 square miles, or, omitting the eight smaller counties under 100 square miles and the nine counties over 2,000 square miles, 71 per cent. of the remainder have areas between 200 and 1,000 square miles.

The following table shows the distribution of population as between the various counties :

*Table showing the Distribution of Population as between the various Counties in 1941-42*

Population.						Number of Counties.
Under 1,000	..	..	..	..	..	10
1,000-1,999	..	..	..	..	..	18
2,000-2,999	..	..	..	..	..	21
3,000-4,999	..	..	..	..	..	27
5,000-7,499	..	..	..	..	..	22
7,500-9,999	..	..	..	..	..	11
Over 10,000	..	..	..	..	..	16
Total	..	..	..	..	..	125

There are four counties in each of the North and South Islands with a population of less than 1,000. The other two are the Chatham Islands and Great Barrier Island. One of the smallest counties, Waimairi, with an area of only 48 square miles, has the second largest population, 14,700. This county is highly urbanized, covering some of the better residential districts of Christchurch metropolitan area.

#### D. ROAD DISTRICTS

Road districts, as previously noted, were conceived as being within the area of any given county, and had their origin in an era when there were grave difficulties in the way of providing and maintaining district roads.<sup>(1)</sup> At the present time there are no Road Boards properly so called. Four so-called Road Boards are in reality Municipal Corporations; two others are on Waiheke Island, where there is no other local government authority; and another three are in the Sounds County, where the Counties Act is not in operation. These last nine Road Boards are entirely free of county control.

#### E. HARBOUR DISTRICTS

There are 47 Harbour Boards (including 21 where the Borough or County Council acts as Harbour Board) in New Zealand at the present time. The primary function of a Harbour Board is to maintain a port and provide facilities for its use.

The area served by the port is created into a harbour district for electoral and taxation purposes<sup>(2)</sup>. This area is in some cases a single county, in others it covers the areas of several territorial local authorities. These local authority areas are known as "constituent districts"<sup>(3)</sup>. Unlike hospital districts, constituent districts of harbour districts at times include only parts of a territorial local authority. Some areas in New Zealand are not in any harbour district. For electoral purposes the harbour district is divided into wards, from each of which one or more representatives are elected to the Harbour Board. Where two or more local authorities jointly elect one or more members, these are known as "combined districts"<sup>(4)</sup>.

Because of the situation and coverage of harbours, there are great variations in the size of harbour districts. Auckland Harbour District, for instance, covers an area from Helensville, 40 miles north of Auckland, to Te Awamutu, 100 miles south of Auckland; Wellington Harbour District extends to Feilding, 100 miles north of Wellington; on the other hand, Bay of Islands Harbour District covers the area of the Bay of Islands County only. In the case of the smaller coastal harbours, the local authority, usually the County Council, is by Order in Council constituted a Harbour Board, and its district is the area of its jurisdiction as a territorial local authority.<sup>(5)</sup>

Where the Harbour Board has rating-powers<sup>(6)</sup> its rating-powers extend over its district or over only part thereof.

#### F. HOSPITAL DISTRICTS

As with harbour districts, hospital districts may extend over the area of two or more local authorities. The distribution of hospitals has been determined largely by the geographical features at a time when transport facilities were not so efficient as to-day. As a consequence there are a number of small hospitals serving small areas and small populations. There are to-day 42 hospital districts in New Zealand—27 in the North Island and 15 in the South Island. Some of the districts comprise only one county and local districts internal thereto. Among such are Mangonui, which includes only Mangonui County and Kaitaia Town District; Whangaroa and Hokianga, each of which cover only the counties of the same names. At the other extreme several hospital districts cover the areas of many local authorities. Auckland Hospital District, for instance, covers the territories of 16 boroughs, 8 town districts, 5 counties, 5 road districts, and 1 ungoverned area—part of Waiheke Island; North Canterbury Hospital District includes 22 counties, 6 boroughs, and 1 town district.

The whole area of each territorial local authority is in one Hospital District<sup>(7)</sup>.

(1) See Public Works Act, 1908, Part VIII.

(2) Some Harbour Boards have no rating-powers.

(3) Harbours Act, 1923, section 21.

(4) *Ibid.*, section 22.

(5) *Ibid.*, sections 9-16 and section 30.

(6) For a fuller discussion of rating-powers of Harbour Boards, see pages 73-74.

(7) See Hospital and Charitable Institutions Act, 1926, section 3.

Another view of the variation in size of the hospital districts can be seen from the distribution of population served by the various Hospital Boards :—

*Table showing Population served by Hospital Boards in the Year 1941-42*

Population of Hospital District.	Number of Hospital Districts.
Under 5,000 .. .. .	3
5,000- 9,999 .. .. .	7
10,000- 14,999 .. .. .	8
15,000- 19,999 .. .. .	8
20,000- 49,999 .. .. .	8
50,000- 99,999 .. .. .	3
100,000-149,999 .. .. .	2
150,000-199,999 .. .. .	2
Over 200,000 .. .. .	1
Total .. .. .	42

In the case of Whangaroa, Bay of Islands, and Hokianga Hospital Districts, which cover only the area of the counties of the same names, the County Councils in each case are the Hospital Boards.<sup>(1)</sup>

For electoral purposes a hospital district is divided into wards which may cover the area of one or more territorial local authorities<sup>(2)</sup>. The Hospital and Charitable Institutions Act, 1926, suggests that in the construction of wards each contributory district<sup>(3)</sup> should have, where possible, at least one representative on the Hospital Board, the actual number to be determined by the relative populations and the relative values of rateable property in those districts; but where "by reason of the number of contributory districts . . . or by reason of the smallness of the population of any contributory district or of the value of rateable property in that district, . . . it is impracticable or inexpedient to give full effect" to the above provisions "the Governor-General may . . . combine into one or more combined districts any number of contributory districts . . . in that hospital district for the purpose of the election of representatives on the Board . . . ."<sup>(4)</sup>

#### G. ELECTRIC-POWER DISTRICTS

As their name implies, Electric-power Boards are concerned solely with the distribution of electric power, but, unlike most other *ad hoc* bodies, they are not the only bodies concerned with this function. Many territorial local authorities distribute electric power in their areas. The following table shows the bodies responsible for the distribution of electric power in 1944 :—

*Table showing Types of Local Authority distributing Electric Power in 1944*

Type.	Number.
Electric-power Boards .. .. .	41
City Councils .. .. .	6
Borough Councils .. .. .	29
Town Boards .. .. .	3
County Councils .. .. .	5
Private companies .. .. .	6
Government Departments .. .. .	2
Total .. .. .	92

On account of this diversity of control the districts of Electric-power Boards do not cover the whole of New Zealand. The area of a Power Board is determined in terms of an area which can be normally and conveniently served as a unit. Such districts are constituted by the Governor-General following a petition signed by not less than one-fourth of the ratepayers of the proposed district.<sup>(5)</sup> The electric-power district may cover the whole or part of the territories of one or more territorial local authorities, and any such local authority the whole or part of whose territory is within the electric-power district is known as a "constituent local authority."<sup>(6)</sup>

As for Hospital Boards and Harbour Boards, the electric-power districts are divided into wards for electoral purposes, and two or more constituent local authorities may be grouped into a "combined district"<sup>(7)</sup> for the election of representatives.

In addition to the electric-power district properly so defined, there may be, and frequently is, attached to a district an "outer area"<sup>(8)</sup> within which the Board may supply electricity to consumers, but where the residents have no vote for members of the Board and are not liable for any rates which may be necessary to meet deficits<sup>(9)</sup>.

No statistics are available to show the area of Power Board districts, but it will be evident that since to some extent power-supply is a function of population and is related to the geographical configuration of the country, no deductions can be made from crude population or area statistics as to the efficiency or otherwise of any "size" figures.

(1) Hospital and Charitable Institutions Act, 1926, section 26.

(2) *Ibid.*, section 14.

(3) "Contributory district" is defined as the district within the jurisdiction of a Borough or County Council, or a Town Board or Road Board, situated within the hospital district. See Hospital and Charitable Institutions Act, 1926, section 2.

(4) *Ibid.*, sections 13 and 14.

(5) Electric-power Boards Act, 1925, section 3.

(6) *Ibid.*, sections 2, 12, and 13.

(7) *Ibid.*, section 11.

(8) *Ibid.*, sections 2 and 3.

(9) For a discussion of the rating-powers of Electric-power Boards, see Part I, Chapter VI, C (3), page 80.

## H. LAND IMPROVEMENT AND PROTECTION

The three problems of land drainage\*, river protection, soil erosion, and catchment control are closely connected. Land drainage is a positive attempt to render fertile or maintain in production land of a swampy character, or land which is subject to periodic flooding. River protection is a negative approach to the same problem, because it involves control of rivers which tend to flood to the detriment of the surrounding country after the erosion or deforestation of the back country. Both these problems may be, and frequently are, essentially local, but the problem of soil erosion and catchment control is fundamental to the long-term protection of the fertile soil on the plains.

Historically, land drainage and river protection were antecedent to soil erosion and catchment control, which is essentially a twentieth century problem resulting from the steady destruction of native vegetation on the high country.

## (1) DRAINAGE DISTRICTS

There are 47 Drainage Boards† in operation at the present time. No statistics are available to show the area of Drainage Boards. Forty-one of the Boards are in the North Island; only six in the South Island. Nearly 30 of the Boards are in the Auckland Province. Some idea of the size of the Boards can be obtained from the following figures, showing revenue in 1938-39 (this year is taken as being the last full normal year), and from the figures for 1941-42:—

Table showing Total Receipts (both Capital and Revenue) by Drainage Boards in the Year 1938-39 and 1941-42

Amount. £	Number of Boards.	
	1938-39.	1941-42.
Under 100	6	2
100- 199	8	7
200- 299	2	3
300- 399	4	5
400- 499	2	4
500- 749	7	6
750- 999	5	5
1,000-1,999	4	6
2,000-4,999	4	2
5,000 and over	7	7
Totals	49‡	47

Thirty-four out of the 49 Boards (69 per cent.) in 1938-39 and 32 out of 47 Boards in 1941-42 (68 per cent.) have receipts under £1,000 per annum—14 in 1938-39 and 9 in 1941-42 under £200 per annum.

The situation is more clearly set out in the next table, which shows the revenue receipts of these Drainage Boards.

Table showing Receipts from Rates and Licenses, Rents, and other Sources§ of Drainage Boards in the Years 1938-39 and 1941-42

Amount. £	Number of Boards.	
	1938-39.	1941-42.
Under 100	7	2
100- 199	8	7
200- 299	3	3
300- 399	4	6
400- 499	1	4
500- 749	6	7
750- 999	8	5
1,000-1,999	5	5
2,000-4,999	2	3
5,000 and over	5	5
Total	49	47

Thirty-seven out of the 49 Boards (75 per cent.) in 1938-39 and 34 out of 47 (72 per cent.) in 1941-42 have a revenue under £1,000 per annum—15 in 1938-39 and 9 in 1941-42 have a revenue under £200.

It is probably fair to say that in some of the Boards where receipts, and hence expenditure, are very low that the major work has been done, and meantime little maintenance work is necessary, but this very fact raises doubt as to the necessity for the retention of Boards in these cases. Another important point is that in the year 1938-39, £23,336 was available from the Employment Promotion Fund for capital works.

\* The problem of urban drainage districts is not discussed herein: see pages 18-19.

† The problem of urban Drainage Boards is not discussed herein: see pages 18-19.

‡ NOTE.—Since 1938-39 two of the Boards under the class "under £100" receipts have gone out of existence.

§ Nearly 96 per cent. of the revenue is from rates; only a little over 4 per cent. is from other sources.

|| Since 1938-39 two of the Boards in class "under £100" have gone out of existence.

## (2) RIVER DISTRICTS

There were 33 River Boards in 1941-42, of which 13 are in the North Island. They are concerned primarily with the problem of flood-prevention arising from overflow or from the breaking of banks of rivers. By their very nature, statistics as to area are unavailable, and, in fact, useless in illustrating their value. Some idea of their relative importance can be gained from statistics as to their revenue in 1938-39 (the last normal year prior to the war) and in 1941-42 :—

Table showing Receipts (both Capital and Revenue) of River Boards for the Year 1938-39 and 1941-42

Amount. £	Number of Boards.	
	1938-39.	1941-42.
0 .. .. .	1	2
1- 99 .. .. .	4	4
100- 199 .. .. .	8	2
200- 299 .. .. .	..	4
300- 399 .. .. .	..	1
400- 499 .. .. .	2	..
500- 749 .. .. .	4	4
750- 999 .. .. .	3	..
1,000-1,999 .. .. .	6	5
2,000-4,999 .. .. .	1	3
5,000 and over .. .. .	8	8
Totals .. .. .	37*	33

Twenty-one Boards out of 35 (60 per cent.) in 1938-39 and 17 out of 33 (51 per cent.) in 1941-42 had receipts under £1,000.

A further picture is given in the next table, showing revenue receipts for 1938-39 and 1941-42 respectively :—

Table showing Revenue Receipts, from Rates and other Sources<sup>†</sup>, of Drainage Boards for the Years 1938-39 and 1941-42 respectively

Amount. £	Number of Boards.	
	1938-39.	1941-42.
0 .. .. .	1	2
1- 99 .. .. .	4	4
100- 199 .. .. .	8	2
200- 299 .. .. .	..	4
300- 399 .. .. .	3	1
400- 499 .. .. .	2	1
500- 749 .. .. .	5	4
750- 999 .. .. .	3	2
1,000-1,999 .. .. .	2	2
2,000-4,999 .. .. .	4	3
5,000 and over .. .. .	5	8
Totals .. .. .	37	33

Twenty-six out of the 37 (70 per cent.) in 1938-39 and 20 out of 33 (61 per cent.) in 1941-42 had a revenue under £1,000. In 1938-39 the Employment Promotion Fund provided £144,057 for capital works.

The Boards with the small revenue to-day may have completed their heavy construction work, and have little maintenance work to do to-day. This, of course, would be an argument for their absorption by territorial local authorities.

## (3) CATCHMENT DISTRICTS

The Drainage and River Boards respectively are essentially local in their operations, and are not equipped to take account of the broader question implied in the expression the "catchment area." As previously noted, these problems include the conservation of the soil resources of the Dominion, the prevention of damage by erosion, and the making of more adequate provision than in the past for protection of property from damage by flood. The area of service of a body charged with such duties must obviously be the catchment area of a particular district. At the other extreme such a body must be intimately concerned with the actual work of Drainage and River Boards. By the Soil Conservation and Rivers Control Act, 1941, provision was made for the setting-up of Catchment Boards with just the powers defined above. This work is still in its formative stage. Although only 10 Catchment Boards have been established up to the present time<sup>‡</sup> (May, 1945), it is anticipated that ultimately there will be 24 such Boards covering practically the whole of New Zealand<sup>§</sup>.

Catchment Boards are charged with the duty of supervising the work of interior River and Drainage Boards, and, where necessary, suggesting the reorganization or abolition of any such bodies.

Superimposed on the Catchment Boards, on which are elected and appointed members, is a National Soil Conservation and Rivers Control Council, charged with the task of supervising generally the work of the Catchment Boards so that their operations will conform to an overall national policy. The Council, in fact, delimits the catchment areas and arranges for the constitution of Catchment Boards. Because of their character, catchment districts vary considerably in size, and since catchment areas seldom coincide with the boundaries of territorial local authorities one part of the area of a territorial local authority may be in one catchment district and another part in another.

\* Since 1938-39 four Boards have gone out of existence.

† Chiefly rates.

‡ Another is about to be set up.

§ For certain areas no Catchment Board is at the present proposed. These are for the most part isolated and sparsely populated areas where there are no large river catchments.

Table showing Area, Rateable Capital Value, and Population of Catchment Districts already set up

	Area, Square Miles.	Rateable Capital Value, £(m.)	Population.
Rangitikei .. .. .	2,756	16	26,470
Manawatu .. .. .	2,680	43	75,800
Hawke's Bay .. .. .	3,070	29	57,800
Wairarapa .. .. .	2,230	18	26,230
Poverty Bay .. .. .	2,097	15	31,500
Nelson .. .. .	2,460	10	30,570
Westland .. .. .	6,254	5	26,820
North Canterbury .. .. .	4,290	57	162,570
South Canterbury .. .. .	4,326	29½	61,850
Southland .. .. .	11,000	27	71,830
Hauraki* .. .. .	1,500	17	45,000

## I. RABBIT DISTRICTS

As their name implies, Rabbit Boards owe their existence to the rabbit menace. There are, in 1945, 96† Rabbit Boards scattered over both Islands, although nearly two-thirds are in the North Island.

The Rabbit Nuisance Act, 1928, section 30, provides for the formation of Rabbit Boards in areas of not less than 1,000 acres, provided that when the area is less than 20,000 acres there shall be at least three ratepayers involved. For areas of over 20,000 acres there must be at least ten ratepayers. The Department of Agriculture in its evidence stated that since 1928 no new Rabbit Boards with areas less than 20,000 acres have been set up‡.

Rabbit districts may be instituted after petition by a majority of the ratepayers in the proposed district praying for the formation of a rabbit district, subject to the foregoing provisoes§.

Because of the nature of their work, the boundaries of rabbit districts are drawn up without reference to the boundaries of any territorial local authority.

The following table shows the areas of Rabbit Boards in the North and South Islands respectively :—

Table showing Areas of Rabbit Districts in the North and South Islands respectively in 1945

Area.	North Island.	South Island.	Total.
Under 10,000 acres .. .. .	4	..	4
10,000— 49,999 .. .. .	24	20	44
50,000— 99,999 .. .. .	11	9	20
100,000—199,999 .. .. .	9	7	16
200,000—499,999 .. .. .	4	5	9
500,000—999,999 .. .. .	..	..	..
Over 1,000,000 .. .. .	2	1	3
	54	42	96

Area alone, however, does not give a real picture of the work which Rabbit Boards are doing. A better picture is given by a survey of receipts, which in turn shows real activity. The following two tables show total receipts and revenue receipts respectively in 1938–39 and 1941–42 :—

Table showing Total Receipts of Rabbit Boards in 1938–39 and 1941–42 ||

£	1938–39.	1941–42.
Under £100 .. .. .	11	10
100— 199 .. .. .	2	4
200— 299 .. .. .	5	6
300— 399 .. .. .	8	5
400— 499 .. .. .	4	5
500— 749 .. .. .	11	7
750— 999 .. .. .	5	8
1,000—1,999 .. .. .	17	20
2,000—2,999 .. .. .	5	6
Over 3,000 .. .. .	3	11
	71	82

In 1938–39 three Boards, and in 1941–42 two Boards, had under £100 total receipts.

\* Not yet set up, but negotiations almost complete, June, 1945.

† The Official Year-Book, 1944, states there are 84 Rabbit Boards. The evidence on behalf of the Department of Agriculture shows 96 Boards. The Local Bodies Handbook, 1941–42 (the latest issue), gives statistics for 82 Boards.

‡ For a discussion of the historical development of Rabbit Boards, see page 10.

§ Rabbit Nuisance Act, 1928, section 30.

|| Statistics taken from Local Authorities Handbook, which gives details of only eighty-two Rabbit Boards.

Table showing Revenue Receipts from Rates, Statutory Subsidies, and other Sources<sup>(1)</sup> in 1938-39 and 1941-42<sup>(2)</sup>

£						1938-39.	1941-42.
Under £100	..	..	..	..	..	11	12
100- 199	..	..	..	..	..	2	3
200- 299	..	..	..	..	..	7	9
300- 399	..	..	..	..	..	7	3
400- 499	..	..	..	..	..	3	6
500- 749	..	..	..	..	..	12	10
750- 999	..	..	..	..	..	6	4
1,000-1,999	..	..	..	..	..	17	20
2,000-2,999	..	..	..	..	..	3	5
Over 3,000	..	..	..	..	..	3	10
						71	82

The above tables illustrate the smallness of many of the Boards, and suggest that the administration, at least of some of the smaller Boards, could easily be undertaken by the territorial local authority.

## J. FIRE DISTRICTS

Fire Boards are concerned solely with fire-fighting. Except in Auckland, Wellington, Patea, and Dunedin, the fire district is conceived as covering the area of jurisdiction of a municipal corporation<sup>(3)</sup>.

There are sixty Fire Boards in existence to-day<sup>(4)</sup><sup>(5)</sup>.

Except in Auckland and Dunedin, where the fire district covers almost the whole of the metropolitan area, fire districts are co-terminous with the boroughs which they serve. In some cases, however, Boards serve areas outside the district on a contract basis.

A fire district may be constituted by the Governor-General on the petition of a local authority, provided the proposal is endorsed by a poll of ratepayers in the district<sup>(6)</sup>.

Some idea of the relative importance of Fire Boards can be gained from statistics as to revenue received by Fire Boards:—

Table showing Revenue of Fire Boards<sup>(7)</sup> in the Years 1938-39 and 1941-42

£						1938-39.	1941-42.
100- 199	..	..	..	..	..	3	2
200- 299	..	..	..	..	..	2	5
300- 399	..	..	..	..	..	3	4
400- 499	..	..	..	..	..	5	4
500- 749	..	..	..	..	..	17	17
750- 999	..	..	..	..	..	5	3
1,000-1,999	..	..	..	..	..	3	3
2,000 and over	..	..	..	..	..	17	17
						55	55 <sup>(8)</sup>

In both 1938-39 and 1941-42, 35 out of 55 Boards (64 per cent.) had a revenue below £1,000 per annum. It can thus be seen that a large proportion of the Fire Boards are small unfinancial institutions.

## K. MISCELLANEOUS DISTRICTS

### (1) URBAN DRAINAGE BOARDS

There are three urban drainage districts. They have their origin in the fact that the drainage of Auckland, Christchurch, and Dunedin covers the area of more than one territorial local authority. In Wellington, where one territorial local authority governs the whole drainage area, the City Council administers the drainage.

Under this heading of "area" the recently passed Auckland Metropolitan Drainage Act<sup>(9)</sup> made some interesting provisions as to extension of the administrative responsibilities of the Drainage Board.

These provisions were necessary for two reasons:—

- (1) Drainage of the isthmian area of the Auckland Metropolitan Area is a single problem; and
- (2) Papatoetoe is growing at a very steady rate, and it was desirable to provide control over all drainage in the area.

(1) Subsidies are paid for pound on rates collected.

(2) Statistics taken from Local Authorities Handbook, which gives details of only eighty-two Rabbit Boards.

(3) In most of the larger boroughs fire-fighting is administered by Fire Boards. In the smaller municipalities, and in some urbanized county areas, fire-fighting is controlled by the territorial local authority (see page 25).

(4) The Official Year-Book, 1944, states that there are only 58, but the evidence of the Inspector of Fire Brigades gives 60. The Local Authorities Handbook, 1941-42, shows 55.

(5) There are also 96 brigades controlled by territorial local authorities, and not, therefore, shown as separate local authorities.

(6) Fire Brigades Act, 1926, section 3.

(7) Revenue consists of payment by local authorities, and an equal amount from insurance companies, a small Government subsidy, and some minor receipts.

(8) Local Bodies Handbook, 1941-42.

(9) Passed 1944. The old Auckland and Suburban Drainage Board is now replaced by the Auckland Metropolitan Drainage Board, with a wider area and more extensive powers.

The Act defines as "inner area"\* the districts of all the territorial local authorities which are to form part of the Board's district; an "outer area" over which the Board has complete control†, although drainage may not use the main metropolitan sewers; a "sphere of influence" within which no main drainage-works shall be undertaken without the approval of the Board. Drainage is thus regionally controlled, although not necessarily regionally administered.

#### (2) URBAN TRANSPORT DISTRICTS

There are two urban transport districts, in Auckland and Christchurch respectively. They came into existence for the same reason as urban Drainage Boards, because of the multiplicity of territorial local districts which the services covered. Again, in Wellington, the City Council controls local transport facilities, and in Dunedin, although St. Kilda—a separate borough—is served by the tramways, the Dunedin City Council administers the service.

#### (3) GAS DISTRICT

There is one gas-lighting district, covering the territories of Lower Hutt City and Petone Borough. Here, again, regional services required a separate *ad hoc* body for administrative purposes.

#### (4) WATER-SUPPLY DISTRICTS

There is only one water-supply district—the Waimakariri-Ashley Water-supply District. It owes its origin to the fact that the water-supply district covers part of the area of more than one local authority. Previous to 1944 there was an urban water-supply district—the North Shore Boroughs (Auckland) Water-supply District. This Board was abolished when the Auckland City Council undertook to supply water to these boroughs.

#### (5) LOCAL RAILWAYS DISTRICT

The Local Railways Act, 1914, and amendments, makes provision for the construction of a local railway to serve a given district. Such district may be set up following a petition signed by one-quarter of the ratepayers. The Board is elected by ratepayers. Only one such district is in existence at the present time—the Ohai Local Railway District. It has little material significance, since railways are to-day constructed, when required, by the State.

#### (6) MAIN HIGHWAYS DISTRICTS

Main highways districts are not local authorities properly so called, but administrative bodies subordinate to the Main Highways Board. The primary functions are to make recommendations for the construction and maintenance of main and State highways within the district. There are 18 such districts, each of which is composed of a number of counties, grouped according to geographical situation and community of interest. The District Councils are all nominative, consisting of an Engineer of the Public Works Department and a representative of each of the constituent counties.

It should be noted in passing that there are no main or State highways in boroughs with over 6,000 population. The methods of distribution of main highways finance will be discussed in the sequel.

### CHAPTER IV.—THE FUNCTIONS OF LOCAL AUTHORITIES

Local government has its origin in the necessity to provide locally certain fundamental requirements of community life and ideally the area of local authority administration should coincide with the area covered by the community. The size of the community, however, tends to change from time to time. For instance, a local authority's boundaries may be defined at any one time so as to include the whole of the community settled in a given area. Due to economic and social causes, the community may grow, and although it is still fundamentally one community yet, administratively, the new growth may be outside the functional area of the original local authority. Considered in isolation, the solution is easy—enlarge the area of the original local authority to include the new growth; but, in the meantime, another local authority has vested interests in the area under consideration. The residents of this area may be paying lower local taxation than the older area, and may not desire to be absorbed so long as they can make use of the amenities of the original local authority. In any case, growth and decay are the normal course of development of all communities, and to guarantee that at any one time the boundaries of the local authority are coterminous with the boundaries of the community, there would need to be continuous change of the area of jurisdiction. Good government, however, demands an element of long-term stability which would not be possible under the conditions described above. Hence it is impossible at any given time to guarantee that for any given purpose the community district and the local authority district will coincide.

Another feature of the expression "community," however, needs to be considered. Communities exist in terms of specific social activities or interests. Within any group of population there may be many communities. For one purpose the whole area may be a community, but for another purpose there may be several separate communities. Translating these ideas into the realm of local government, it is obvious that the area which could be effectively served by a library might be quite different from that to be served by an electricity or hospital service. This is basically the reason why the districts of the various *ad hoc* boards seldom coincide. That does not necessarily mean that the existing boundaries do coincide with the particular community interests catered for, or that in some cases the boundaries appear to have been determined by causes quite extraneous to community interest. It does suggest, however, that in any redrawing of functional boundaries the particular community interest should be an important factor.

\* Auckland Metropolitan Drainage Act, 1944, section 3.

† New main sewers are to be constructed by the Board, and extensions of existing main sewers to have the approval of the Board. *Ibid.*, sections 43 and 44.

Local governing authorities can justify their existence only if they are performing a service which they, themselves only, and no other authority, could carry out. Theoretically, the whole of the functions of local government could be undertaken by the State, but no modern State would consider that purely local functions could be carried out as well by Civil servants from a distance as by local officials, who are subject to the control of people with local knowledge and local loyalties. This immediately raises the question as to what principles should determine the distribution of functions between the central and local governing authorities.

Logically, of course, the primary consideration should be a delimitation of the actual functions of the State as a whole, but this is rather outside the scope of the present study. The conception of State functions has considerably broadened in the last century. Government, historically, had its origin in the desire for law and order within a community, and defence from outside aggression, but the growing complexity of modern social and economic relations has forced Governments in most countries into considerable activity in the field of social and economic welfare. Individuals are now subject to influences which are completely beyond the control of any individual or small group, and the only institution which can take an over-all view is obviously the State.

The only satisfactory criterion on which any delimitation of functions as between the central and local government can be made is obviously the area of influence of a particular function. For instance, defence must obviously be a central Government function. For this purpose the nation is a single indivisible unit. Similar considerations apply to justice, and although the actual administration of judicial functions may in certain minor cases be left to locally appointed officials, yet within broad limits they are responsible merely for the administration of centrally determined policies. The penal code within a nation, for instance, should not be left to the definition of each small individual territorial local authority. During the recent depression the relief of distress was left to the local Hospital and Charitable-aid Boards in New Zealand, which, in this sphere, were similar to the Poor Law Authorities in England, but the depression made it obvious that the influences which work to cause economic distress are nation-wide in their scope and extend over areas greater than even the largest local authority and it was obviously unfair to place the burden of relief of distress on any local authority when the fundamental causes were at least national, if not international. Hence, in determining what are the legitimate local functions, attention must be paid to the potential completeness of a particular service within any given area.

Historically the maintenance of roads within their areas was one of the first functions of local governing authorities, and considering the matter hastily it may appear that this function still remains, but the emergence of motor transport has changed this very fundamental function and results that the roads in any particular local district are not necessarily, or even primarily, used by the inhabitants of that authority. Throughout the world the finance of main roads is now conceived as a national responsibility, because they tend to serve the nation as a whole, rather than the inhabitants of any particular area. The contention of the Counties Association and certain individual counties throughout New Zealand is that the financial responsibility even of secondary roads should be taken over by the Government, since even the secondary roads to-day are used principally by people external to any given area.

This case merely illustrates the trends at work which have tended in the past to break down local authority functions, and to concentrate the financial responsibility in the hands of an authority which can and must take a wider view; and with the assumption of financial responsibility by the State it is obvious that certain administrative and supervisory responsibilities must also be absorbed.

One could mention also the problem of traffic control. Only a few years ago each territorial local authority had a complete authority to draw up its own traffic regulations, with the result that there was a chaos of authority throughout New Zealand. Because of the growing extension of motor-traffic, some national traffic regulations became absolutely necessary, and the emergence of those traffic regulations meant that the State had to assume some responsibility to see that the principles laid down were carried into effect. It may be that in this case it would be possible to allow the actual administration of these traffic regulations to be carried out by the local authorities themselves, but this could only be done provided some guarantee of central supervision was provided.

Government as such has no justification. As stated earlier, the only justification for any form of government at all is that it does minister more effectively to the economic and social welfare of the people than any private organization could. Another important principle is that the actual field of governmental operation must be clearly defined. Apart altogether from the question of "unreasonableness" as applying particularly to local body by-laws, it is essential that people should know to whom they are responsible, and what bodies are responsible for particular functions. It is perhaps in this respect that the local government structure of New Zealand is most chaotic. There are at least five types of local authorities responsible for electric-power distribution. In some boroughs there is a separate Fire Board; in others the Municipality is responsible for fire protection. The list could be extended to some considerable length, but the above will be sufficient to bring home the point. Returning, therefore, to the principle laid down earlier in this section, that community of interest should be the basis of the distribution of local government functions, the following section discusses the major local government functions in the Dominion, and sets out the local authorities responsible for their implementation.

#### A. ROADS

The primary function of the territorial local authorities (County Councils, Borough Councils, Road Boards, and Town Boards) is the provision of roading facilities within their area. Until 1925 the local authorities were responsible for the construction and maintenance of all roads within their districts, but since that date the State has increasingly taken over the responsibility for main roads. At the present time these main roads are classified under two headings—State highways, which are the main through traffic arteries, are the complete responsibility, both financially and administratively, of the State. The local authorities through which these State highways pass have no responsibility whatever for their maintenance and upkeep.

A main highway is a through road which is not sufficiently important to be classified as a State highway. For these main highways the State, through the Main Highways Board, subsidizes expenditure on maintenance and construction to the extent of at least £3 for £1. The State may, and frequently does, undertake the work, or it may allow the territorial local authority to do the work, and pay the subsidies, but generally the standard of construction and maintenance is that determined by the State and the local authority has very little real control over main highways.

It should be noted in passing that in boroughs with a population with over 6,000 there are no State or main highways. The full responsibility, apart from a small subsidy,<sup>(1)</sup> is in the hands of the local authority. It therefore follows that while the rural local authorities—that is, Counties and Road Boards<sup>(2)</sup> and the smaller Borough Councils—are now responsible only for the construction and maintenance of secondary roads, the Borough Councils in the larger urban areas, on the other hand, are responsible for all the roads within their area.

This distribution of functions between the central and the local government seems to have some justification in the course of economic development. The functions of main and State highways to-day can no longer be conceived of as within the community of interest of any single local authority, and hence the financial responsibility must pass to a body which is able to take a wider point of view, and this body is obviously the State.<sup>(3)</sup>

Public highways in boroughs and town districts are classified as streets<sup>(4)</sup>. "Street" includes every public square, public place, and every bridge, culvert, drain, channel, footway, ferry, ford, gate, building, or other thing belonging thereto or lying upon the line or within the limits thereof<sup>(5)</sup>.

All streets vest in fee-simple in the Borough Council or Town Board respectively, and are under its complete control, both for construction and repair, and generally for the maintenance of the street as a public highway<sup>(6)</sup>.

The Borough Council and Town Board respectively have also general control and supervision over "private streets which are laid out within the borough or town district on private property by the owner thereof, but intended for use of the public generally"<sup>(7)</sup>.

In regard to private streets, they can be laid down only after approval by the Borough Council, and may, under certain circumstances, be taken over by the Council or Town Board as a public street<sup>(8)</sup>.

The basic principle underlying the provision as to "streets" in the Municipal Corporations Act is the provision of effective public highways, and a reading of this section of the Act gives a very comprehensive picture of this primary responsibility of the territorial local authority. The powers thereunder include the powers for building-lines fronting streets, the level of streets, the questions as to injuries or nuisances on streets, problems as to cattle straying on streets, and ultimately the establishment of services for the conveyance of passengers and goods<sup>(9)</sup>.

Public highways in counties and Road Boards are classified as "roads."<sup>(10)</sup> The property in a "road" is vested in the Crown, but the County Council has control over such roads as are declared to be county or district roads<sup>(11)</sup>.

For county purposes, roads are divided into county roads and district roads<sup>(12)</sup>.

District roads are roads declared by the county to be the primary responsibility of the district, and such roads, where Road Boards are in existence, are the responsibility of the Road Board. There are no Road Boards properly so-called in existence to-day. Hence the problem of district and county roads becomes a question of internal administration as far as the county is concerned. Where the county is divided into ridings, the financial responsibility of district roads will fall on the ridings in which the district roads are found. For county roads, the whole county will be responsible. Where there are no ridings, then the fundamental reason for the difference between county and district roads tends to be obliterated. A county road is therefore a road which tends to serve the whole county, or has a greater purpose than the service of a particular area. A district road is one concerned primarily with the service of a particular district. The powers of rural local authorities—that is, County Councils and Road Boards—with respect to roads are not so wide as the powers of Borough Councils and Town Boards with respect to streets, but here again the primary function is the provision of a service to the community.

Public highways in the Dominion, therefore, may be divided as follows:

- (1) *State Highways*.—These are the national main trunk road communications. The complete responsibility for construction and maintenance is with the Crown.
- (2) *Main Highways*.—These are important communication systems which serve areas not included within the boundaries of any one particular local authority, and are of lesser importance as through communication systems than State highways. For these the State is normally responsible for 75 per cent. of the construction and maintenance costs, and the local authorities through which they pass for 25 per cent.:

(1) See page 123.

(2) As noted in page 7, Road Boards are now of practically no importance, and can be ignored in the subsequent discussion.

(3) This does not touch on the question as to whether the Public Works Department or the counties should be responsible for the actual work on the main and State highways. If, as has been maintained in evidence on a number of occasions, the counties could do the work as efficiently as the Public Works Department, then for that purpose the counties would be the agents of the central Government, and would not be working within their own original jurisdiction as local authorities. Hence the above discussion does not touch the argument in this footnote.

(4) See Division 6, Part XVIII, sections 174–210, of the Municipal Corporations Act, 1933. Town Boards have powers of Borough Councils in respect of streets. See also section 33, the Town Boards Act, 1908.

(5) Municipal Corporations Act, 1933, section 174, subsection (5).

(6) *Ibid.*, section 175.

(7) *Ibid.*, section 174 (2).

(8) *Ibid.*, sections 183–189.

(9) *Ibid.*, Part XVIII as above *passim*.

(10) Section 155, *et seq.*, Counties Act, 1920, and Public Works Act, 1928, Part VI, section 109, *et seq.*

(11) Public Works Act, 1928, section 112, subsection (3), and Counties Act, 1920, sections 155, 156, and 157.

(12) Omitting for the purpose of these discussions State and main highways.

- (3) *County Roads*.—These are roads within the county which provide for communication within the county itself, and have little importance as means of communication for larger areas :
- (4) *District Roads*.—These are concerned with providing transport facilities within a relatively confined area of a particular rural local body. County and district roads respectively refer only to such rural local bodies as counties and road districts.

The provisions as to main and State highways refer only to rural local authorities and to boroughs and Town Boards with populations under 6,000. No boroughs with populations of over 6,000 have any main or State highways, and they are entirely responsible for the construction and maintenance of all the streets within their districts\*:

- (5) *Streets*.—Public highways in boroughs and town districts are designated streets. As stated above, boroughs with over 6,000 population are responsible for all streets within their territories. Boroughs with populations below 6,000 are responsible only for streets other than State and main highways.

The importance of road construction and maintenance in rural local authorities is evidenced by the following statistics of county receipts and payments for the year 1941-42. The total revenue of all the counties in New Zealand in 1941-42 was approximately £2,500,000. This does not include hospital rates, subsidies on rates, or other revenue receipts from the Government, nor does it include receipts—not revenue—including receipts from the Main Highways Account, the Labour Department, or from loans. In that year the counties paid out of revenue on all roads and bridges (including main highways) and on the purchase and upkeep of plant and machinery† a total of £1,382,757, which is 55 per cent. of the total revenue. If to that is added the interest on loans and overdraft, and the amortization of debt, practically all of which expenditure can be referred to road construction or maintenance, the total expended on roads in that year is £1,931,634, approximately 77 per cent. of the total revenue of the counties. The balance of the expenditure is made up of general administration—approximately 14 per cent.—and other payments, approximately 5 per cent. In view of the fact that 77 per cent. of the total rate revenue is expended on road maintenance and construction it would be legitimate to take approximately the same proportion of the administrative expenditure as referable to roads. Hence, a round figure of 87 per cent. of the revenue of counties is destined for the construction and maintenance of roads.

The above figures are admittedly only rough, but are intended to give some idea of the importance of road construction and maintenance as a primary function of the rural local authorities in New Zealand. They are, in effect, roading authorities‡.

In addition to the above, counties also spent somewhere about £47,000 on roads and bridges out of loan moneys.

Similar figures are not available for boroughs, but the following figures give a picture on a somewhat similar basis. The total revenue of boroughs from rates and other sources associated with rates§ was approximately £3,857,000. The total expenditure on roads and bridges was approximately £1,174,000, an expenditure of approximately 30 per cent. of the total revenue on roads and bridges.

Boroughs, on the other hand, have to expend their money on drainage, sanitary and garbage removal, water-supply, fire-prevention, baths, traffic control as well, to mention only some of the general subjects without mentioning the public utilities.

## B. HEALTH AND SANITARY SERVICES

The maintenance of public health is one of the functions which must be undertaken by a public authority, since no individual or group of individuals has sufficient proprietary interest therein. While certain general health standards can be laid down nationally, the actual detailed implementation of the provisions necessary to maintain these health standards must necessarily be a function of local government. Dangers to health arise principally in areas where people tend to congregate, and consequently problems of public health demand much closer attention in urban than in rural areas. Therefore urban local authorities have very much more important responsibilities in this field than rural local authorities.

The Health Act, 1920, requires that every local authority shall have a Sanitary Inspector,|| and that such Sanitary Inspector must be a qualified member of the Royal Sanitary Institute, or hold similar qualifications. The powers and duties of local authorities with respect to public health are dealt with generally in the Health Act, 1920. Special provisions as to powers and duties of particular local authorities are contained in the particular Acts relating thereto. These will be discussed in the sequel. The Health Act requires that every local authority shall promote and conserve the public health within its district, and in particular is required to carry out a regular inspection to ascertain if any nuisances or conditions likely to be dangerous to health or convenience exist in the district, and to take steps to cause abatement of such nuisances¶.

For the purpose of this provision the local authorities are subject to the general direction of the Board of Health, through the Director-General of Health. The District Officers of Health are in their own areas generally responsible for the supervision of the general health requirements of the district, and do, in fact, exercise a supervision over the activities of the local authorities in this direction. In addition to the general requirement of abatement of nuisances and of conditions likely to be dangerous to health, local authorities must on requisition of the Board of Health, provide drainage or sewerage works, water-works, and works for the collection and disposal of nightsoil and offensive matter.

\* This does not touch the question of the general statutory subsidy, which is paid out of the Main Highways Account, and a small proportion of which goes to Borough Councils.

† Practically all of this expenditure will be on roadmaking or road-maintenance equipment.

‡ This discussion does not touch the question as to the burden of rates on county ratepayers.

§ Not including revenue from public utilities, &c.

|| Health Act, 1920, section 25.

¶ *Ibid.*, 1920, section 20.

There are also provisions as to the requirements of dwellinghouses and business premises as far as the supply of water and sanitary conveniences are concerned, including the authority to prohibit the use of buildings for human habitation or occupation, either absolutely or until repairs have been carried out<sup>(1)</sup>. They also have power to demolish buildings unfit for human habitation<sup>(2)</sup>; and regulate offensive trades<sup>(3)</sup>, the keeping of animals in particular areas, and the setting-up of cattle saleyards<sup>(4)</sup>, and generally they have a very wide power to control all matters likely to be inimical to public health. While the Health Department, through its local officers of health, has an important part to play in all these questions, the primary responsibility falls on the local authorities, and, as stated above, each is required to appoint one or more Sanitary Inspectors to carry out the provisions so laid down in the Health Act. In view of the fact that small local bodies, particularly the rural local bodies and the smaller urban bodies, have not sufficient work to warrant the appointment of a fully qualified Sanitary Inspector, for full-time service, the Health Act provides that on the payment of a sum to be arranged as between the Health Department and the local authority, the Health Department may arrange for the carrying-out of the work of the Sanitary Inspectors by its own Health Inspectors<sup>(5)</sup>.

In general, only the larger urban local authorities employ a Sanitary Inspector, and in most of the rural authorities, and in some of the smaller urban authorities, advantage is taken of this provision, so that in a large proportion of the territorial local authorities in New Zealand the Health Department does actually undertake the work of sanitary inspection by arrangement with the local authorities. Such Health Department Inspectors frequently cover the territory of more than one local authority.

In addition to the powers and responsibilities imposed on Borough Councils by the Health Act, as noted above the Municipal Corporations Act, 1933, imposes certain other responsibilities on Borough Councils in regard to public health and convenience<sup>(6)</sup>.

The Municipal Corporations Act, 1933, makes provision for the appointment of Inspectors of Nuisances, without laying down the qualifications of such officers. This was amended in 1938 by the Municipal Corporations Amendment Act of that year (section 32), which provided that all references to Inspectors of Nuisances in the Municipal Corporations Act should be deleted and the expression "Sanitary Inspector" substituted therefor, the term "Sanitary Inspector" to have a connotation as in the Public Health Act. Although this was largely an administrative clarification of the law, it illustrates an important principle as to the necessity for fully qualified people dealing with this very important phase of local-body activity.

The Municipal Corporations Act, 1933, makes provision for several matters not included in the Health Act, including the inspection of milk and dairies, the control of dangerous or deserted buildings, the improvement of insanitary portions in boroughs, the prevention of overcrowding, and the provision for public baths and washhouses. In addition to these provisions as to the public health and convenience, Borough Councils are given very considerable powers as to drainage<sup>(7)</sup><sup>(8)</sup>.

Town Boards are given powers similar to those conferred on Borough Councils<sup>(9)</sup>.

While rural local authorities are required by the Health Act to maintain the same general standard of sanitation in their areas as other territorial local authorities, they are not given the same specific responsibilities as are allocated to Borough Councils by the Municipal Corporations Act, although in special circumstances the Governor-General, by Order in Council, may confer, and frequently has conferred, on County Councils such of the powers of Borough Councils with respect to drainage, sanitation, and the supply of water for domestic and industrial purposes as he may think fit<sup>(10)</sup><sup>(11)</sup>.

Where Sanitary Inspectors are appointed by the local authority they are definitely local-body officers, although in actual fact their activities are primarily defined by the Health Act, and are under the general supervision of the Board of Health, through the Health Department. In actual fact there is a very close personal liaison between the District Officer of Health and the Sanitary Inspectors of the local authority. The function of the District Officer of Health is obviously to supervise the general health standards of the district, and the function of the Sanitary Inspector is to see that the health requirements of the district of his particular local authority are maintained up to the standard required by the Health Act and by the Medical Officer of Health. Where a Sanitary Inspector is not fulfilling his function, or where the standard maintained is not up to that required by the District Officer of Health, a requisition may be served on the local authority requiring it to maintain that standard.

### C. WATER-SUPPLY

Closely allied to the problem of sanitation is the problem of water-supply. Borough Councils and Town Boards are given full authority to provide water for domestic, industrial, and other uses<sup>(12)</sup>. The power of County Councils to supply water to inhabitants within their area is not so specific. Under the Water-supply Act, 1908, provision is made for County Councils to arrange for a water-supply, but this is not a general authority to supply water by what is known as the high-pressure system, but rather a power to supply water by water-races. If County Councils desire to supply water by a high-pressure system, they must be given the powers of a Borough Council, as provided in the Counties Act<sup>(13)</sup>.

(1) Health Act, 1920, sections 36-46.

(2) *Ibid.*, sections 47-52.

(3) *Ibid.*, sections 54-56.

(4) *Ibid.*, sections 57-60.

(5) *Ibid.*, section 25 (4).

(6) Municipal Corporations Act, 1933, Part XXIII, sections 293-307.

(7) *Ibid.*, Part XIX, sections 219-242.

(8) The responsibility for sewerage and drainage in the Auckland and Christchurch Metropolitan Areas is vested in an *ad hoc* Drainage Board, so that the territorial local authorities within the district of these Drainage Boards do not have that responsibility.

(9) Town Boards Act, 1908, section 33.

(10) Counties Act, 1920, section 182.

(11) The drainage provisions in the Counties Act refer to land drainage, which is dealt with on page 31.

(12) Municipal Corporations Act, 1933, Part XX, sections 244-261; Town Boards Act, 1908, section 33.

(13) See Counties Act, 1920, section 182.

Where a satisfactory water-supply is not available, the Board of Health may, by requisition, require the local authority to provide a water-supply. The power to supply water naturally includes the power to take all measures necessary for the supply of the water which covers the choice of watersheds, catchment areas, the erection of reservoirs and dams. Power is also given for a Borough Council to supply persons outside the borough<sup>(1)</sup>. An illustration of the exercise of this power is seen in Auckland, where the Auckland City Council provides the reservoirs, dams, and catchment areas, and supplies water at a fixed rate to a number of the other boroughs on the isthmian area in Auckland. As noted previously, the Auckland City Council also supplies water to the North Shore Boroughs<sup>(2)</sup>.

#### D. PUBLIC RECREATION INSTITUTIONS AND AMENITIES

As with all modern governing institutions, local authorities have to accept certain responsibilities concerning the social and physical welfare of the inhabitants of their districts. Because of the greater grouping of people in urban areas, the responsibilities and, therefore, the powers, of the urban local authorities are considerably greater than those of rural local authorities, although from the evidence received it would seem that there is a desire for further powers to be granted to rural local authorities in this direction.

Municipal Corporations<sup>(3)</sup> and Town Boards<sup>(4)</sup> have very wide powers with regard to the provision of pleasure-grounds, sports-grounds, rifle-ranges, gymnasiums, physical-training schools, gardens, zoological gardens, music and dance halls, libraries, museums, and art galleries.

One very interesting provision of the Municipal Corporations Act is that the authority to prepare handbooks and other publications containing information and matters of interest relative to the history, administration, or affairs of the borough requires the prior approval of the Minister of Internal Affairs<sup>(5)</sup>.

The above provisions refer to amenities which are owned and controlled by the local authority, but the Borough Councils are also authorized to make grants of sums of money, or leases of land, to institutions not conducted for private profit, such as technical, secondary, or agricultural schools, or model farms, or the Workers' Educational Association, libraries, museums, art galleries, youth institutes, trades halls, dental clinics, crèches, district nurses, the Royal Society for the Protection of the Health of Women and Children, or similarly constituted bodies for the purpose of recreation, enjoyment, health, education, or instruction of the public<sup>(6)</sup>. The powers of County Councils are not so extensive<sup>(7)</sup>.

Not all of these powers are exercised by all urban local authorities. Only the larger cities exercise all the powers, but there is a growing consciousness of the civic implications of providing these amenities, particularly in regard to physical welfare and recreation. The Physical Welfare and Recreation Act, 1937, makes specific provision for local-authority co-operation in this particular direction<sup>(8)</sup>.

Fundamentally, one of the most important phases of local-body activity in this direction is the provision of parks and open spaces. These "breathing-spaces" are fundamental to modern urban life, and there is a growing consciousness among local-body members and executives to-day of the importance of making these areas not merely decorative, but useful and usable. While the day of the formal botanical gardens is by no means past, the day of the planned open spaces, attractively yet usefully laid out, is just beginning. Perhaps the most important function at the present time is the education of the public in the effective use of these. There was some indication from the evidence that local bodies in the planning of future developments were making more adequate provision for such spaces than had been done in the past.

In the larger towns library facilities are relatively adequate, but much remains to be done in the smaller towns and in the rural areas. The Libraries Association in their evidence suggested a new basis for library facilities which seems to have very much to commend it. This will be discussed in more detail later.

The powers of County Councils are not so extensive and probably do not need to be so extensive as Borough Councils, but they are permitted to acquire and maintain museums, public halls, and public libraries within the geographical limits of the boundaries of the county. The Country Library Service is doing much to provide library facilities in country areas, and many rural local authorities are co-operating.

Certain land belonging to the Crown may be reserved as recreation areas within the territorial limits of a local authority, and may for this purpose be placed under the jurisdiction of a Domain Board. The Domain Board is sometimes the Council of the local authority in which the domain is situated. For the purposes of the administration of the particular domain the local authority acts as a separate authority. This seems to be a little redundant, and possibly calls for statutory amendment to enable the domain to be controlled by the local authority itself. A large number of these domains are scattered throughout the Dominion, and although the property in the domain always remains with the Crown, the administration is vested in the Domains Board.

In addition to these Domain Boards, there are also a number of scenic and native reserves which are not vested in the local authority either as to property or as to administration, but are maintained by the State.

(1) Municipal Corporations Act, 1933, sections 253 and 254.

(2) See North Shore Boroughs Auckland Water Conservation Act, 1944.

(3) Part XXIV, Municipal Corporations Act, 1933, sections 308-310.

(4) Town Boards Act, 1908, section 33.

(5) Municipal Corporations Act, section 308 (1) (f).

(6) Municipal Corporations Act, 1933, section 308.

(7) Counties Act, 1920, sections 198-200.

(8) Physical Welfare and Recreation Act, 1937, sections 11-13.

### E. PREVENTION OF FIRE

Power is given in the Municipal Corporations Act, 1933, for Borough Councils to take all measures necessary for the prevention of fires<sup>(1)</sup>, and a similar power is conferred on Town Boards<sup>(2)</sup>, and also County Councils<sup>(3)</sup>.

The Fire Brigades Act, 1926, makes provision for the setting-up of Fire Boards, the sole function of which is the prevention of fires and damage incidental thereto. Where a Fire Board is established the Borough Council or other local authority within the district of the Fire Board no longer has a direct responsibility in regard to the provision of fire-fighting services. It still has, however, a responsibility in regard to the inspection of buildings, the making of by-laws for fire prevention, and the appointment of an Inspector (usually the Fire Brigade Superintendent) to inspect not only residential premises, but also any buildings over one story in height, and all public buildings used for entertainment or other public purposes, to decide how many and what type of fire-escapes are necessary therein. As far as counties are concerned, fire protection is undertaken only by that relatively small number of County Councils which have fairly highly urbanized areas in their districts. Normally, fire brigades maintained by territorial local authorities are run on the volunteer basis, although there may be one or more permanent officers. In the larger Fire Boards the majority of the staff is normally on a full-time basis, although in some of the smaller Fire Board districts the volunteer system is retained.

### F. TOWN AND REGIONAL PLANNING

The formal responsibility to provide plans for urban areas is laid down in the Town-planning Act, 1926. Although there was some rather disintegrated control over specific subdivisions in operation for a considerable period prior to 1926, the importance of the 1926 Act is that it recognizes that urban development is of an organic character, and unless controlled will lead to unsatisfactory conditions, with consequent economic and social loss. It is of interest to quote the definition of "purpose" as laid down in the Town-planning Act, 1926: "Every town-planning scheme shall have for its general purpose the development of the city or borough to which it relates (including, where necessary, the reconstruction of any area therein that has already been subdivided and built on) in such a way as will most effectively tend to promote healthfulness, amenity, convenience, and advancement."<sup>(4)</sup>

The obligation to prepare a town-planning scheme was imposed on all boroughs having a population of not less than 1,000 in 1926<sup>(5)</sup>.

They were required by the Act to prepare a town-planning scheme before 1930. This period was subsequently extended by the Town-planning Amendment Act, 1929, to 1932, and again extended to 1937 by the Finance Act (No. 4), 1931, section 47. Very few local bodies carried out their obligations under the 1926 Act. This failure was due to several causes, among which may be noted the lack of appreciation of the value of town-planning, the absence of qualified technical advisers in this field, in particular the non-appointment of the Director of Town-planning until 1928, and, further, to the financial stress of this period. By 1929 the Town-planning Board was fully in operation, but it was then obvious that the schemes could not be completed in the required time, and hence the extension until 1932. By that time, however, the depression was at its height, and it was obviously impossible to embark on town-planning schemes at that period. The extension to 1937 was decided in 1931. No extension of time has been granted since 1937. Up to the present only eleven local authorities, and most of them in the smaller group, have completed a town-planning scheme; of these only six have been finally approved by the Town-planning Board. To all intents and purposes there was practically no interest in town-planning until the last two or three years. The evidence which was forthcoming before the Committee showed that most local authorities to-day definitely realize the importance of town-planning, although due to the absence of fully trained personnel, few schemes are being expedited.

The Town-planning Act, 1926, made provision for what was then called "extra-urban planning schemes," which were conceived as affecting principally the urbanized areas of counties, including the smaller internal local authorities<sup>(6)</sup>. No specific obligation was placed on County Councils for the preparation of these regional schemes, although the Town-planning Board could order such an authority to prepare a scheme for a definite portion of its rural area. As stated above, the Town-planning Act, 1926, was conceived as applying only to areas which are possessed of certain urban characteristics, or which, being adjacent to boroughs, must be taken into account in the preparation and consideration of an adequate town-planning scheme in that Borough<sup>(7)</sup>.

The 1929 Amendment Act recognizes a further feature—namely that the principles of physical planning should apply to an area in which there was a community of economic and social interest, whether or not this region was under the control of a single local authority. It was realized such a region might, and probably would, include not only urban areas, but also the wider non-urbanized area of the country, and this wider type of planning was elsewhere defined as "regional planning," the term "regional planning" in the 1926 Act being amended to "extra-urban planning." Hence, under the Town-planning Acts, three types of planning schemes were envisaged:—

- (a) The town-planning scheme, which was conceived as applying to the larger urban areas;
- (b) The extra-urban planning scheme, to cover the smaller urbanized areas within a county district;
- (c) The regional planning scheme, which was conceived as covering the areas where there was a community of social and economic interests covering the areas of a number of territorial local authorities.

(1) Municipal Corporations Act, 1933, Part XXI, sections 262-273.

(2) Town Boards Act, 1908, section 33.

(3) Counties Act, 1920, sections 183-184.

(4) Town-planning Act, 1926, section 3 (1).

(5) *Ibid.*, section 13.

(6) *Ibid.*, section 24, *et seq.*

(7) Town-planning Amendment Act, 1929, section 2.

The purpose of a regional planning scheme is defined in the 1929 Act as being for "the conservation and economic development of the natural resources of the region to which it relates, by means of the classification of lands comprised therein for the purposes for which they are best suited by Nature or for which they can best be adapted, and the co-ordination of all such public improvements, utilities, services, and amenities as are not limited by the boundaries of the district of any one local authority, or do not relate exclusively to the development of any one such district."\*

It is important to note that town and related planning is a different subject altogether from building control. Under a town-planning scheme a borough may zone its area for particular purposes, and by so doing may prohibit the erection of particular types of buildings or buildings for particular purposes in defined areas. The basic fact in town and related planning is the orderly development of the district.

As regards town-planning properly so called (and the principles defined hereunder would apply to extra-urban planning in so far as it relates to a specific and defined area), the general responsibilities of the Borough Council or Town Board are these: having decided to prepare a town-planning scheme, the local authority is required, in the first place, to carry out a civic survey, and to show the results of the civic survey on a civic map, on which the following list of the matters have to be shown:

- (a) The position of all streets and private streets with the names, widths, and surface-levels thereof:
- (b) The routes of tramways, railways, and licensed motor-omnibus services:
- (c) The position of any harbour or other waterway, showing in relation thereto all wharves, quays, piers, jetties, or landing-stages:
- (d) All reserves and other open spaces, with particulars as to their several purposes:
- (e) Areas of Crown land and of Native land:
- (f) Land with buildings thereon, with particulars as to the kinds of buildings (for example, residences, shops, factories, public buildings, or as the case may be) to be shown by means of distinctive colours:
- (g) The several allotments into which the land within the borough is divided, showing section numbers or other subdivisional references.

The civic survey is concerned with land use, and only in so far as the latter is related to economic activity is the civic survey an economic survey. A town-planning scheme is concerned with the control of land use and only incidentally human activity. The civic survey provides the basic data on which the local authority proceeds to plan its area, and the plan so drawn up is the town plan under the Act. Hence, a second map is required, called "the provisional town-planning map." This town-planning map must naturally be supported by written explanations and by a formal written town-planning scheme, laying down the principles of administration.

When these documents have been prepared the scheme is submitted to the Town-planning Board, which consists of the Minister of Internal Affairs as the Chairman, one person appointed on the recommendation of the Council of the New Zealand Institute of Engineers, Incorporated, one person appointed on the recommendation of the Council of the New Zealand Institute of Architects, one person appointed on the recommendation of the Council of the New Zealand Institute of Surveyors, two persons appointed by the Municipal Association, one person by the Counties Association, the Surveyor-General, the Engineer-in-Chief of the Public Works Department, the Government Architect, and the Director of Town-planning,† and not more than two other persons to be appointed on the recommendation of the Minister of Internal Affairs. If the scheme, as prepared and submitted to the Board, is on first examination satisfactory, the Board may provisionally approve the scheme. Whereupon the Borough Council shall publicly notify the scheme, and deposit a copy of all maps, plans, and other particulars comprised in the scheme. Every occupier of rateable property within the borough has the right of objection against it by notice to the Council within three months after the first publication of the scheme. These objections are forwarded to the Board, together with a statement of the Council's opinion and views as to the merits of the several objections. The Board then is required to set up a committee of two or more of its members to hear such objections and to make such decisions as it deems best. After all objections have been disposed of, and the requirements of the Board for the modification of the scheme complied with, the Board shall approve of the scheme. When it is finally approved, the Borough Council is required to enforce the observance of the requirements of the scheme in respect of any works of any description undertaken. It shall not undertake, nor permit, any alteration or modification of any existing works if these would tend to prevent or delay their being brought into conformity with the tenor of the approved scheme. Schemes may be subsequently modified subject to the same procedure as adopted for the first approval of the scheme.

Shortly before the war the New Zealand Standards Institute, a branch of the Industries and Commerce Department, prepared a set of model town-planning clauses, actually in the form of a draft town-planning scheme. In the preparation of this scheme numerous experts throughout New Zealand, employed in the service of the Government and of local bodies, were actively engaged, and although it now becomes evident that some modifications of this scheme are definitely desirable, it does form the basis for definite progress and removes one of the serious problems which hindered the development of town-planning in New Zealand.

Evidence was adduced from several quarters as to the shortage of adequately trained town-planners in the Dominion. One way in which this showed itself was the fact that we were informed that Mr. J. W. Mawson, General Executive Officer of the Town-planning Board, does act as adviser to a large number of Borough Councils in the Dominion in the preparation of their town-planning schemes. The Government has acquiesced in this arrangement largely because of the shortage of qualified town-planners. We think this is an important point because, as we state later, we feel that effective town-planning should be pushed on with, in view of its importance to the future development of New Zealand.

\* Town-planning Amendment Act, 1929, section 6 (2).

† Since 1932 no person has held the office of Director of Town-planning.

Some town-planning has been done in the past by architects, surveyors, and engineers, but, in view of the social and economic implications of town-planning, it needs to be stressed that the qualifications of a town-planner are essentially different from those of the architect, who is primarily concerned with the structure of buildings and their placing on a good site, from those of the surveyor, who is concerned with the cutting-up of land, or from those of the engineer, whose professional field is concerned largely with the provision of facilities for the economic use of land for occupation or held for occupation. The Housing Construction Branch of the Public Works Department does employ town-planners, and we are given to understand that there is a formal relationship between the Town-planning Board and the Housing Construction Branch. This relationship should be strengthened, because we consider it of essential importance that the Government housing schemes should be designed on the most modern town-planning principles and in conformity with the general layout of the boroughs in which the housing schemes are situated.

In addition to the town-planning scheme, properly so defined, the preparation of fourteen extra-urban schemes has been approved, although none of these have so far been submitted to the Town-planning Board for its approval. All of these extra-urban schemes are concerned with urbanized development in counties, many in connection with seaside resorts. Some evidence was forthcoming to show that certain undesirable features were developing in some of these areas, and we are convinced that these should be adequately dealt with.

In view of the fact that there are some two hundred bodies which have statutory responsibility to provide town-planning schemes, and only six of these bodies have so far complied with the statutory requirements, and only five others have partially complied with them, the situation is somewhat grave. Of the larger towns very few have so far submitted a scheme, either provisional or final, to the Town-planning Board.

Many of the Borough Councils are operating under section 34 of the Town-planning Act, 1926, which provides that during the preparation of a town-planning scheme the local authority may exercise provisional control over development in a particular area to prevent non-conforming use when the scheme is finally approved. This section prevents undesirable new developments, but it does not enable control to be exercised over existing developments, and in Rotorua it was pointed out to us that, although a town-planning scheme was in the course of preparation, and although the Borough Councils were operating under section 34 to give it provisional control, the Borough Councils had no power to prevent houses in residential districts being converted into factories for noxious industries. On the assumption that the provision of a town-planning scheme is desirable, and that when put into operation it should not be encumbered with unnecessary difficulties, we think that section 34 should be amended to enable Borough Councils, when preparing town-planning schemes, to exercise full control over developments in all areas in their territory.

As conceived in the Town-planning Act, 1929, regional planning was not mandatory on any local body or group of local bodies, and even when prepared the regional planning scheme was merely a series of recommendations which no local body was compelled to observe. This Act envisaged the delimitation of natural regions throughout the country by the Town-planning Board, with the co-operation of the various local authorities within that area for the drawing-up of a regional planning scheme. In this connection the Town-planning Board set up a commission in 1931, which, after making various inquiries throughout New Zealand, divided the country into some twenty-five regional planning areas. Considerable opposition was expressed. The plan was put forward at a bad time, in the middle of the depression; it was envisaged that the local authorities concerned would be required to bear the full cost of the preparation of the plan themselves. Furthermore, there was a feeling that this was an unwarranted interference with the rights and prerogatives of the local authorities themselves. As a consequence, the proposals of the Town-planning Board to inaugurate regional planning at this time were completely inoperative. Thus the Town-planning Amendment, Act 1929, failed to inaugurate regional planning.

The question of regional planning has been raised again in another form within the last year, in connection with the problems of post-war reconstruction. The problems of regionalism and decentralization are closely allied. It is now recognized that the economic and social life of New Zealand extends beyond the boundaries of the territorial local body. The Town-planning Amendment Act, 1929, conceived of regions as concerned solely with land use. Regionalism as discussed at the moment is concerned rather with the problems of economics, of which land use is merely one, and town-planning merely a relatively small phase of regional planning. The twenty-five regions into which the Town-planning Board divided New Zealand in 1931 have been generally accepted as a satisfactory distribution of New Zealand for the purposes of this new movement, and within the past few months meetings have been held and councils or provisional committees have been set up in each of these regions.

In one very important aspect the recent development differs fundamentally from the Town-planning Amendment Act, 1929, which conceived of the work as the sole responsibility of the local authorities. The present movement is an attempt to integrate the whole of the social, economic, and administrative life of the region, and seeks to bring together not merely the local authorities, but such institutions as chambers of commerce, employers' associations, trades-unions, farmers' unions, and representatives of all phases of the economic life of the community. At the moment we are given to understand that the work of these committees is primarily concerned during the transition period with the rehabilitation of returned servicemen and other war workers, with a view to guaranteeing that they will find satisfactory economic employment on their return to civil life.

In another important aspect the present movement is a change from that conceived in the 1929 Act, in that the final responsibility for the provision of secretarial services and the primary financial responsibility for the provision of technical services has been accepted by the Government. We are given to understand, for instance, that the Rehabilitation Department provides the secretarial services, and that such technical Departments as the Lands and Survey Department and the Public Works Department supply many of the technical services required for the regional surveys.

We understand that there has been some discontent among certain local authorities as to this distribution of immediate authority and the relegation of the local authorities into a relatively minor role. If, as we said in another Section of this report, the territorial local authority is an important part of the government of this country, if its retention and strengthening is fundamental to democracy, then obviously it should be given the opportunity of accepting the wider responsibilities that are concerned with the economic and social development of the area in which it may find itself. Evidence is not lacking that, given these responsibilities, local authorities will respond adequately. In fact, we understand that in certain of the Regional Councils which have been set up the local authorities have insisted that the Council shall consist only of local-body members. This, we think, is a move in the right direction. We will, however, have more to say on the proposed activities of Regional Councils and regional planning later in this report.

#### G. TRADING SERVICES

Like their counter-parts in other parts of the world, many New Zealand local authorities are engaged in trading undertakings. The justification for such activity need not be outlined here, but generally it rests in the fact that local authorities are warranted in undertaking these services when, in the first place, the service is necessary for the well-being of the community, and, secondly, when efficient service requires a monopoly. The three services which naturally come to mind in discussing such activities are the provision of gas, electricity, and public transport. The provision of water could, for some purposes, be included under these headings, but as this is discussed under another heading it will be omitted from this Section :

##### (1) GAS

Boroughs are given power under the Municipal Corporations Act to institute a gas-supply and do all things necessary thereto, within the boundaries of their own territory. This power is permissive.

Gas undertakings are controlled by the Board of Trade Act, 1919, section 26, which provides that regulations may be made for the "prevention or suppression of methods of competitive trading or business which are considered to be unfair or prejudicial to the industries of New Zealand or the public welfare." There are other similar provisions in this section ; but control in such a field is necessary if undue competition is to be avoided. This control is exercised to prevent more than one gas undertaking in a particular district. In some of the larger towns, as, for instance, Wellington and Auckland, gas-supply is in the hands of a private company. In many other of the larger towns, as, for instance, Dunedin, Hamilton, Wanganui, Palmerston North, Nelson, and Invercargill, the gas-supply is in the hands of the municipality. In all of the other boroughs it is supplied by private companies. In quite a number of the smaller boroughs there are no gasworks.

It is interesting to notice that Borough Councils which generate gas may supply it to persons residing beyond the boundaries of the particular local authority responsible for its generation. For instance, the Dunedin City Corporation gas-supply is also used to supply gas to St. Kilda, and this is duplicated in some other areas. The position here is very similar to that with regard to water, discussed previously. Naturally, in regard to gas there is a superior control with regard to the quality of the gas, and regulations under the Board of Trade Act, 1919 (gazetted 1929), laid down certain specifications as to quality.

##### (2) ELECTRICITY SUPPLY

General control over the distribution of electricity in New Zealand is exercised by the Minister of Public Works, under the Public Works Act, 1928\*. No person or institution can commence the distribution of electricity, or do any work in connection therewith, without the issue of a license by the Governor-General in Council. Subject to the issue of such licenses, Municipal Corporations are entitled to supply electricity to the inhabitants of the borough or generally to the area specified in the license†. Power is also contained in the Municipal Corporations Act to supply electricity to persons not actually living within the boundaries of the borough to whom the license is issued. Similar powers are vested in Town Boards‡ and County Councils§.

In the early days of electricity practically the whole of the retail supply was undertaken by the local authorities from power generated in their own plants. Since the Water-power Act, 1903, however, the sole right to use water power for electricity generation purposes has been vested in the Crown, and the policy of successive Governments in the Dominion has been to give to the State a practical monopoly||.

With the growth in the economic importance of electricity, both for domestic and industrial purposes, it was necessary to systematize the distribution of electricity and to guarantee that it would serve the population as effectively as possible. It was decided in 1918 to establish in New Zealand a series of *ad hoc* Boards concerned solely with the distribution of electric power. The question of the setting-up of Power Boards has already been dealt with. There are at the present time 41 Power Boards. Since many of the boroughs and some other territorial local authorities had already received licenses and were operating within their authority under the Municipal Corporations Act or the Counties Act, and already had electric-power-distribution systems in operation, it was decided that, despite the passing of the Electric-power Boards Act, that they should be allowed to continue their distribution. The policy of the Hydro-electric Branch of the Public Works Department, however, in recent years has been to concentrate, as far as possible, distribution in the hands of the Power Boards, and a number of boroughs, which in the early days had licenses to distribute power within their own districts, have since been absorbed by Power Boards, but at the present time 35 boroughs (including six cities), three Town Boards, and five counties are responsible for the distribution of their own power. Two of the counties

\* Public Works Act, 1928, sections 319-329.

† Municipal Corporations Act, 1933, section 287.

‡ Town Boards Act, 1908, section 33.

§ Counties Act, 1920, section 186.

|| Water-power Act, 1903.

distributing electric power are in the vicinity of Christchurch, and are really urbanized areas. Two others are in relatively isolated areas where there is no justification for the setting-up of a Power Board, and the fifth is a county operating in a very small way in a relatively isolated area. In one of the counties adjacent to Christchurch, where the county is the distributing authority, steps were taken in 1944 to set up a Power Board, but it is possible that the Power Board will not operate as such.

There are still a number of small private generating-stations owned either by the local authorities or, in some cases, by private institutions. These are situated in general in isolated areas distant from main generating-stations, but their relative importance is very small.

While the responsibility of all supply authorities is to supply electricity within the districts laid down by their licenses, some supply authorities do in addition operate trading undertakings supplying electrical requisites to their consumers. In some cases the Hydro-electric Branch of the Public Works Department itself operates the retail distribution system. The Southland area was, prior to 1936, operating as a Power Board, but at that date was in financial difficulties and was taken over by the Government and operated directly by the Hydro-electric Branch.

In the Rotorua area, where until two decades ago the State practically controlled the whole of the municipal development, electricity distribution is in the hands of the Tourist Department. It is worth while noting in passing that the State also operates the water-supply and drainage system in Rotorua, although in the case of these items negotiations are at present in process for their taking-over by the Rotorua Borough Council. It is also of interest to note that, as far as the distribution of electricity is concerned, Borough Councils have power under the Municipal Corporations Act\* to operate outside the boundaries of their own district. This actually happens in quite a number of cases, as, for instance, in New Plymouth, where the New Plymouth Borough Council supplies a fairly large area in the environs of New Plymouth Borough.

The question as to the advisability of allowing territorial local authorities to continue as distributing authorities was hotly debated in the evidence submitted to us. The municipal authorities maintained that they were providing a very satisfactory service, and that because of the density of population, there being a relatively large number of consumers per mile of line, they were able to operate more effectively than Electric-power Boards, and that, indeed, they had done so. On the other hand, it was maintained on behalf of the Electric Supply Authorities and by the Hydro-electric Department that a large proportion of those boroughs which retained their licenses were drawing power in bulk from the Power Boards, and not directly from the Hydro-electric Branch, and that there was unnecessary over-lapping and duplication and a lack of that unified control which was very necessary for the efficient operation of a highly technical service like electricity. Some supply authorities also pointed out that a number of boroughs were making large profits from electricity, which were not used for consumers but used for the relief of rates. This problem will be discussed in the sequel, but at this stage it is mentioned in connection with the debate as to the advisability of territorial local authorities retaining their power to operate as distributing authorities.

A strong point was made by the supply authorities that at the original setting-up of Power Boards it was stated to be the policy of the Government, that ideally the supply authorities should include both rural and urban areas, thus giving more smoothness in the load. This proved more economical than under a divided control. At this stage, however, it is sufficient to say that the territorial local authorities mentioned above do operate as supply authorities.

In addition to the Power Boards specifically set up for that purpose, there is some diversity as to the operations in different districts. The Auckland Metropolitan Area, including the districts of a large number of local authorities in the vicinity of Auckland, is controlled by a Power Board; Wellington, Christchurch, and Dunedin are under municipal control; Wanganui is under a Power Board; Palmerston North, adjacent thereto, is controlled by the Palmerston North City Council; Oamaru is under a Power Board; Timaru is under the Borough Council. These instances are given to show the diversity of control, and while at this stage there is no suggestion as to the efficiency or otherwise of borough control, they do suggest that more uniformity would perhaps produce a better service in New Zealand.

### (3) TRANSPORT SERVICES

Borough Councils may establish and maintain a service for the conveyance of passengers and goods to and from any place within the borough, or, with the consent of any neighbouring local authority, between any place within the borough and any place within the district of that local authority†.

Authority is contained in the Tramways Act, 1908, for the construction of tramways in any borough, town district, or county, provided they are authorized thereto under this Act‡.

Authority under this Act may be issued to the local authority or to any person or body to whom the local authority has delegated its authority. In the early days of tramways in New Zealand many of the tramways were constructed and operated by private companies. There is still one privately owned public tramway service, operating in Wellington. The second to last of these privately-owned tramways was a cable-car service in Dunedin, which was taken over by the Dunedin City Council during the last decade.

The authority for Borough Councils (and, by reference, Town Boards) to operate transport services within, or under certain circumstances, outside their own areas, includes the power to operate bus and other transport services.

Six of the eight cities and two boroughs operate tramways. Before the war tramway services were, in general, operating at a very considerable economic loss. Temporarily, during the war, they are operating at a profit, but the ultimate future of the tramway services is a matter of considerable debate. At the present time there is a strong tendency to shift to trolley buses. Some of the Corporations which operate tramways also operate bus services, and in several cases Borough Councils which do not operate a tramway service own and operate a bus service. In Auckland and Christchurch, where

\* Municipal Corporations Act, section 288.

† Municipal Corporations Act, 1933, section 217.

‡ Tramways Act, 1908, section 33, and Second Schedule.

the public transport services cover the districts of a number of local authorities, an *ad hoc* body has been set up to control these transport services. One of the primary causes leading to the setting-up of these special transport authorities was the fact that the tramways were run at a loss, and this loss was falling on the ratepayers of the Auckland City Council and the Christchurch City Council respectively, although services were being provided for the inhabitants of a large number of other areas. This fact, together with the desire of these other local authorities to have some say in the control of services for their own inhabitants, led to the setting-up of the Auckland Transport Board in 1928 and the Christchurch Tramways Board in 1906.

Under the Local Railways Act, 1877, the provision was made for the construction of railways to serve local districts and for the setting-up of an *ad hoc* board for that purpose. Only one such Railway Board is now in existence, the Ohai Railway Board, in Southland.

The Eastbourne Borough, on the eastern side of the Wellington Harbour, besides maintaining a bus service, for the carriage of passengers between Eastbourne and Wellington also maintains a water ferry service. This service was originally in the hands of private companies, but for a number of years now has been owned and operated by the Eastbourne Borough Council.

In many of the boroughs which are not served by publicly owned transport facilities licenses are granted to private firms and institutions to operate buses for passenger service.

## H. HOUSING

Both Borough Councils and County Councils have power to erect or purchase workers' dwellings and dispose of them under certain conditions.\* The general purpose of these provisions is to encourage territorial local authorities to provide effectively for dwellings for their inhabitants or for local-body employees. In the cases where this power has been availed of to any extent, special local legislation, giving wider powers than those contained in either of the general statutes, has usually been obtained. As far as counties are concerned, very little work was done in this field under the Counties Act, but the Rural Housing Act of 1939 (amended 1940) has given to County Councils fairly wide powers and made finance available under fairly generous conditions. However, owing to the fact that labour and materials are not only very scarce, but are also very high in price at the present time, very little advantage has been taken of these provisions. There was some evidence that Raglan County, for instance, had done some interesting work in this field, and that a few other counties had done some exploratory work, but had been unable to proceed effectively.

As far as boroughs are concerned, Auckland City Council and Dunedin City Council have operated on a fairly extensive scale, and recently in Christchurch and Palmerston North a considerable amount has been done, but the operations in other areas have been relatively insignificant up to the present time.

The State housing operations, however, have tended, and will probably tend, to restrict activity in this field to a relatively small scale.

## I. NOXIOUS WEEDS

Both County Councils and Borough Councils have power to control noxious weeds within their territories†. No information is available to show whether Municipal Corporations are operating under this provision. As far as counties are concerned, there was considerable evidence to show that, although counties had the authority and the responsibility to control noxious weeds within their areas, many of them were not putting them into operation. There was some suggestion that large areas of land were being detrimentally affected because of the fact that the County Councils were not prepared to carry out their responsibility. Only forty counties are administering the noxious-weeds provisions.

## J. HOSPITALS

The responsibilities of Hospital Boards are defined in the Hospital and Charitable Institutions Act. These may be divided into two classes: (1) to make adequate provision for persons suffering from disease, including the setting-up of hospitals, reception centres, and all facilities for the treatment of disease, and (2) the granting of charitable aid within the district of the Board. This granting of charitable aid may be in the form of monetary relief or relief in kind, or in the setting-up of institutions to care for the poor. Charitable aid was of considerably greater importance prior to 1932 than at the present time. Prior to that date relief as administered by Hospital Boards was the only form of monetary or other relief available in New Zealand. Since that date unemployment relief has been a responsibility of the State, and since 1938 the Social Security Act has to a large extent taken care of other causes of hardship, although there is still a small residue who are not eligible under the Social Security Act, and are therefore catered for by Hospital Boards.

The relative importance of public hospitals in New Zealand is definitely on the increase, and in evidence it was stated that the tendency was for the elimination of the smaller private hospitals in view of the much more efficient service which could be given in the public hospitals. Much of the reluctance of the public to the use of the public hospitals disappeared during recent years, and statistics as to patients using public hospitals, given later in this report, showed a very steady rise in the number of persons catered for in public hospitals as compared with the number catered for in private institutions.

## K. HARBOURS

The general supervision of shipping and harbour facilities in the Dominion is vested in the Minister of Marine. The control of harbours includes the provision of wharves, storage accommodation, pilotage, navigation channels, and so on. The Harbours Act provides for the setting-up of Harbour Boards. Municipal Corporations have powers, subject to the Harbours Act, 1923, and where there is no Harbour Board, to undertake certain harbour-works, such as the maintenance of quays and docks, and the provision of satisfactory navigation facilities. They may also contribute to a Harbour

\* Municipal Corporations Act, 1933, Part XXVII, sections 327-331; Counties Act, 1920, sections 192-195.

† Municipal Corporations Act, 1933, section 342.

Board towards the cost of a boat haven<sup>(1)</sup>. Similar powers are vested in County Councils<sup>(2)</sup>. Road Boards are authorized, subject to the consent of the Governor-General, to carry out harbour-works in areas where there is no Harbour Board, and may for that purpose be constituted a Harbour Board<sup>(3)</sup>. Most of the powers exercised under the Municipal Corporations Act, the Counties Act, and the Road Boards Act, however, are concerned with small local works, such as the construction of jetties and facilities for small coastal or pleasure craft.

In actual fact the relative importance of these works is small.

The important harbour-controlling authorities are the Harbour Boards, of which there are 47 in existence at the present time. For 21 of these Harbour Boards the territorial local authority is constituted the Harbour Board. Seventeen County Councils operate as Harbour Boards, 2 Road Boards, and 2 Borough Councils. In all of these cases the harbours are relatively small, and serve merely the area of the local authority in control. In the remaining 26 harbour districts the Board is a separately constituted body. Several of the smaller Harbour Boards have been dissolved in recent years, and their functions taken over by the territorial local authorities as such. For instance, Waitomo County Council is responsible as a County Council for the Mokau Harbour; Opunake Borough Council for the collection of rates for the expenses of the now non-existent Opunake Harbour; Clutha River Board for Port Molyneux; Thames Borough for the Thames Harbour; Waitara Borough for the Waitara Harbour; Chatham Islands wharf is administered by the Chatham Islands County Council. Three harbours—Westport, Picton, and Kaipara—are administered directly by the Government. Some of the harbours noted above as being of recent years placed under the direct control of the local authority are now practically non-operative as harbours. Some of the smaller harbours under Harbour Boards are to-day practically unused, and the question arises as to whether there is any justification for their continuance except to pay for existing liabilities. In at least one case, no ship has been in the harbour since 1937, and the Harbour Board continues to administer and draw revenue from rents and certain properties which it owns, though it does not operate as a Harbour Board.

#### L. LAND DRAINAGE AND PROTECTION

New Zealand is primarily an agricultural country. In the early days of New Zealand those lands were used for agriculture which were nearest to centres of settlement, and which could be used without much breaking in, other than the clearing of the native vegetation. As the population of the country developed, and as the pressure on land became more acute, it became necessary to take in lands which were not so immediately suitable for agricultural purposes. A good deal of land which was otherwise suitable was either subject to floods or so water-logged as to prevent its being used effectively. Historically the first problem was flooding, and in 1868 provision was made for river-protection works in Hawke's Bay. Counties and boroughs were from time to time<sup>(4)</sup> given power to carry out drainage-works, but the progress made was not sufficient to make a real contribution to the solution of the admittedly serious problem, and hence, in 1893, the Land Drainage Act was passed. More recently still it has been recognized that both land drainage and river protection were part of a much wider problem of soil conservation and river control, and in 1941 an Act, under this title, was passed to give an over-all control.

So many New Zealand rivers are subject to heavy flooding that from time to time it has been necessary to make provision for control. By the Public Works Act, 1928, the primary responsibility for the control of all drains—and the term "drain" has been decided to include a non-navigable river—is vested in the County Council of the area in which the drain is to pass. More specific provision for the control of rivers is included in the River Boards Act, 1908, which makes provision for the setting-up of a River Board to control the whole or such portion of the river, stream, or watercourse within the district defined in the document setting up the River Board. The general power of a River Board is defined as the construction of any works necessary to "prevent or lessen any damage which may be occasioned by the overflow or breaking of the banks of the" river<sup>(5)</sup>. River Boards are also given power, in consultation with the County Council, which has the primary responsibility for any drains, to take over the drainage works for which the County Council may be responsible.

The responsibility for drainage, as stated above, is placed primarily on the County Council<sup>(6)</sup>. Similar powers are vested in Municipal Corporations<sup>(7)</sup>.

Quite a number of County Councils do, in fact, maintain drainage-works. Since drainage problems, however, are likely to affect only relatively small integrated areas within a county, provision is made by the Land Drainage Act, 1908, for the setting-up of specific boards for that purpose. These Boards have very wide powers and are responsible generally for the effective drainage of their areas.

Both Drainage and River Boards have made a very distinct contribution to the development of New Zealand. As stated in a previous Section, some of these Drainage Boards are of almost microscopic character, and there is a question as to whether County Councils should not be compelled to assume the responsibility for which they have authority in the Counties Act.

Because Drainage and River Boards in general are confined to relatively small areas, and are unable to deal with the wider problem of catchment control, the Soil Conservation and River Control Act was passed in 1941, which made provision for setting up a further series of Boards concerned with this problem. It is too early as yet to examine in detail the operations of the Catchment Boards which have been set up, or proposed to be set up, under this Act, but, generally, their responsibilities are to provide an over-all service in the catchment area, so as to guarantee that everything necessary is done to prevent further deterioration in the area under their control. Catchment Boards are vested with powers to supervise and control the work of interior Drainage and River Boards, and may, under certain circumstances, undertake the actual work of drainage and river protection.

(1) Municipal Corporations Act, 1933, sections 336 and 337.

(2) Counties Act, 1920, section 189.

(3) Road Boards Act, 1908, section 141.

(4) A Drainage Act, 1881, gave certain drainage rights to private individuals, but did not set up Drainage Boards.

(5) "River," in terms of a River Board, includes navigable river.

(6) Public Works Act, 1928, sections 260-261; see also Counties Act, 1920, sections 167-182.

(7) Municipal Corporations Act, 1933, sections 219-242.

## M. BY-LAWS

Practically all local authorities have power to make by-laws which are fairly closely defined. Local authorities have fairly wide responsibilities. Generally a local authority can make by-laws covering any matter on which it has specific powers conferred on it. A by-law is a form of subordinate legislation, but, unlike the legislation of Parliament, is subject to the control of the Courts, and may be disallowed because it is beyond the powers laid down in the enabling Act, or because of unreasonableness.

The widest powers to make by-laws are conferred on Municipal Corporations and on Town Boards. In addition to the power to make by-laws generally for the subjects discussed previously, Borough Councils have wide powers to make by-laws under the Municipal Corporations Act, covering the good rule and government of the borough. In addition to the powers contained in the Municipal Corporations Act, Borough Councils and Town Boards have very wide powers conferred on them by the Health Act.\* The power to make by-laws under the Health Act is conferred on Borough Councils, Town Boards, County Councils, and Road Boards. Generally the provisions of the Health Act give power to make by-laws covering matters within the broad general field of health, as previously discussed, but include a number of other matters subsidiary to the question of health.

On one particular matter Borough Councils have very wide powers which are extensively used. These cover the construction and repair of buildings, and generally the control of buildings and the size of building lots, within the borough. The powers conferred by this provision are much more detailed than the powers conferred by a town-planning scheme, previously discussed. Practically all Borough Councils and Town Boards in New Zealand have building by-laws.

The powers of County Councils and Road Boards to make by-laws are much more restricted than in the case of boroughs, although, as stated above, County Councils have certain very wide powers to make by-laws under the Health Act, including powers with regard to the site, erection, and construction of buildings. In the case of County Councils this power is not used to nearly the same extent as it is in the case of Borough Councils. Some County Councils have building by-laws, but a large number do not operate under this provision, and in many cases there is no control over building in county areas. This has led, and is still leading, to some serious problems in several parts of the Dominion. As stated earlier, the Standards Institute has been operating for a considerable time preparing a model set of by-laws for the whole of New Zealand. This would appear to be very desirable. At the present time each local authority has the power to prepare its own by-laws, and therefore a multiplicity of standards exist with consequent economic waste.

Other local authorities have specific powers to make by-laws covering the field of their operations, but there would be no value in this discussion in enumerating those powers, as they are generally merely machinery provisions to implement the powers previously discussed in respect of the individual local authorities above.

## N. PHYSICAL WELFARE

One major addition to the responsibilities of local authorities was provided in the Physical Welfare and Recreation Act, 1937. That Act gave to territorial local authorities the power to provide and maintain facilities for recreation and physical welfare. Many of the powers contained in that Act were already enjoyed by Borough Councils and Town Boards, but they were an extension of the powers previously given to County Councils†. In addition, all local authorities were given new and extensive powers to assist financially in the promotion of the recreational and cultural well-being of their citizens, either directly or by way of subsidy to existing institutions. One important new provision was that loans for the provision of facilities for physical welfare and recreation could be raised without a poll of ratepayers.

Although in a number of districts joint Councils were set up under the aegis of one or more local authorities in the district, these councils have not up to the present time been very active. Doubtless the war has been responsible for some slackness of activity. The general purpose of the Act, however is that local authorities should assume certain responsibilities for the physical well-being of their inhabitants and should provide for recreation generally. To a large extent counties have not availed themselves of the new powers which have been given to them, and it is doubtful whether, with some exceptions, anything really new has been achieved by Borough Councils, other than what would have been done under the existing provisions.

On the other hand, the Physical Welfare and Recreation Branch of the Department of Internal Affairs has been very active in this field‡.

We think this new movement is worthy of every encouragement, and it is of interest to notice during recent months an increasing desire on the part of a number of local authorities to create community centres which will be the focus of civil life and recreation. If local authorities, particularly boroughs, are prepared to adopt a forward policy in this regard, there is little doubt that it will react to the benefit of the inhabitants of New Zealand.

## O. SPECIAL FUNCTIONS OF LOCAL AUTHORITIES

Over the last few years local authorities have been called upon on several occasions to undertake special functions, including such things as emergency precautions schemes, the organization of collections and disbursements of patriotic funds, and, at an earlier period, the organization of the Centennial celebrations.

The fact that local authorities have been able in general to adapt themselves to these new and at times very onerous tasks is a very good indication not only of their flexibility, but of their capacity to appreciate the problems of a modern community. It is at least an indication of their ability to undertake further functions, and is evidence of the validity of our contention at a later stage that local authorities are able to carry out a much wider range of functions than they are at present entrusted with.

\* Health Act, 1920, section 67.

† See page 24.

‡ See parliamentary paper H. 22, 1944.

## (1) EMERGENCY PRECAUTIONS SCHEMES

When it became necessary during the war to arrange for emergency precautions schemes for the protection of the lives and property of the inhabitants of New Zealand much of the administrative work in connection therewith was the responsibility of local authorities, particularly of the territorial local authorities. For this purpose they were subsidized fairly heavily by the Government, but the administrative work was carried out by the local authorities themselves. For this purpose many adjacent local authorities co-operated so that the work over an area would be carried out in a comprehensive and co-ordinated fashion. Our investigations have shown that they did carry out this work with very great efficiency, which reflects very great credit not only on the councils, but also on the administrative officers concerned. One important aspect of this work was the necessity for inter-local-body co-operation, and it is sincerely hoped that the experience so gained of the value of co-operation will not be lost in the future. In fact, the experience so gained should be very valuable in the operations of the Regional Councils discussed elsewhere in this report.

## (2) PATRIOTIC PURPOSES

For the purpose of collection and disbursement of patriotic funds New Zealand was divided into a number of districts. In general, the advisory work tended to focus round the Mayors and Chairmen of the various local authorities within the district, and although much of the administrative work was in the main centres carried out by specially appointed officers and administrations, the local authorities themselves in many cases actually carried out the administrative details. The fact that this service was carried out much more effectively in this war than during the last is in itself due largely to the civic spirit of many of the local authorities concerned.

## (3) CENTENNIAL CELEBRATIONS

The districts into which local authorities were subdivided for patriotic purposes were to a large extent identical with the districts which were set up to organize celebrations on the occasion of New Zealand's Centennial in the year 1939-40. Here again the idea was that the territorial local authorities, as the senior local government bodies in the various areas, should be responsible for the organization of local Centennial celebrations and for the erection of Centennial memorials. The work was very efficiently done, and here again the credit is due not only to the various local Councils, but also to the administrative officers concerned.

**CHAPTER V.—MEMBERSHIP AND ELECTIONS****A. MEMBERSHIP**

For every territorial local authority (Borough Council, County Council, Town Board, and Road Board), and for some *ad hoc* authorities (Hospital Boards, Drainage Boards, River Boards, Electric-power Boards, Water-supply Boards, Urban Drainage Boards, Urban Transport Boards, Local Railway Boards, and Gas Board) there is a popularly elected Council. In the case of some *ad hoc* authorities (Harbour Boards, Catchment Boards, Fire Boards, and Rabbit Boards) the Council is not fully elective. Details of the provisions for these various authorities are given hereunder:—

Where the population of a borough does not exceed 30,000, the council consists of not less than 6, nor more than 12, Councillors, exclusive of the Mayor. Where the borough exceeds 30,000 in population, there are not less than 12, nor more than 21 Councillors, exclusive of the Mayor\* :

A County Council consists of not less than 6, nor more than 12 Councillors, except in united counties, where the number may be equal to the number of ridings.

A Town Board consists of not less than 5 nor more than 7 members.

A Road Board consists of not less than 4 nor more than 9 members.

A Hospital Board has not less than 8 nor more than 20 members.

A Drainage Board has not less than 5 nor more than 7 members.

A River Board has not less than 5 nor more than 9 members.

An Electric-power Board has not less than 5 nor more than 12 members.

Rabbit Boards consist of not less than 3 nor more than 6 members.

In the case of the minor local authorities, such as Urban Drainage Boards, Transport Boards, Water-supply Boards, Local Railway Boards, and Gas Board, the number of elective members is specifically determined by the empowering Act. All of these Boards are set up by special statute.

No specific details are laid down as to the numbers on Harbour Boards generally, but each Board is specified individually in the First Schedule of the Harbour Boards Act, 1923, and the number of members, both elective and appointive, is set out. Where subsequently there have been changes, or where new Boards have been constituted, this has been done by Act of Parliament.

All Harbour Boards have a majority of elected members, and all but three (Hokitika, Motueka, and Timaru) have one or two Government nominees. Some special interests are also represented on some Harbour Boards, but not all. In the larger Harbour Boards payers of harbour dues on ships and payers of harbour dues other than on ships are represented. In some of the smaller Harbour Boards these two classes are represented jointly.

The Soil Conservation and Rivers Control Act makes provision for Catchment Boards to consist either of wholly elected members or of elective and non-elective members, with the provision that the elective members shall exceed the number of non-elective members. The non-elective members are appointed by the Governor-General by Order in Council, and are normally senior Government technical officers resident in the district. The number of elective members is determined by the number of constituent districts within the Catchment Board area.

Normally a Rabbit Board consists of six members, five of whom are elected by the ratepayers of the district, and one, who shall be an Inspector, appointed under the Act, nominated by the Minister. In the case of the smaller Rabbit Boards provision is made for a smaller Council†.

\* Municipal Corporations Act, 1933, section 34.

† Rabbit Nuisance Act, 1928, section 37.

Except in united districts, Fire Boards consist of five members, one of whom is appointed by the Governor-General, two elected by the contributory local authority, and two elected by the insurance companies at the time carrying on business in the fire district. Where the population exceeds 20,000 the Governor-General may authorize the appointment of two additional members, one each from the contributing local authorities and the insurance companies respectively. In the case of united fire districts, where the Fire Boards administer a territory other than that of a single local authority, the Fire Board, in addition to the number appointed by the Governor-General, consists of equal numbers of local authority nominees elected to represent local authorities and the insurance companies.

## B. ELECTIONS

The franchise for local-body elections was materially altered in 1944 by the Local Elections and Polls Amendment Act. Prior to that date, for boroughs and town districts, the franchise was given to all residents and ratepayers. In counties the franchise was available only to ratepayers. This provision also influenced the franchise in relation to a number of *ad hoc* bodies, the general provision being that for constituent districts of Hospital Boards, Harbour Boards, Electric-power Boards, and Catchment Boards the franchise in any such district of these Boards was that of the constituent local authority. Thus in the election of a member of a Hospital Board in a borough, the franchise was exercised by residents, while an election for a member in a county area, the privilege of voting was confined to ratepayers only. Since 1944 the residential franchise has been instituted in county areas, so that for all territorial local authorities the franchise is now a residential one in addition to the former ratepaying qualification, and as a consequence this extends the residential franchise also to those all-embracing *ad hoc* bodies such as Hospital Boards, Harbour Boards, Electric-power Boards, and Catchment Boards.

In the smaller and more local *ad hoc* bodies the franchise is still on a ratepaying qualification. The reason for this difference is not hard to find. Drainage Boards, River Boards, and Rabbit Boards confer specific benefit on specific pieces of land, and the benefit resides in the land rather than to the individual resident. Hence the Boards controlling these authorities are elected by ratepayers.

Fire Boards are differently elected. The local authority, in the case of a Fire Board covering the district of one territorial local authority, and the constituent local authorities in the case of a fire district covering the area of more than one local authority, appoint the local authority members to the Fire Board. They are not popularly elected. With regard to the appointment of insurance representatives, these are nominated by the insurance companies operating in the district. This amounts in effect, to an election by a special interested group. Similar conditions apply also in regard to the appointment of representatives of payers of dues on ships and payers of harbour dues on other than ships. The members representing these classes on the Harbour Board are elected by those who are qualified as shown above.

Boroughs may be divided into wards for electoral purposes, in which case it is normal to have not less than one member for each ward. The electors in this case vote not for the Borough Council as a whole, but for their ward member or members. Although in years gone by the ward system of election for Borough Councils was very common, it is now practically non-existent. On the other hand, in counties the elections are definitely on a riding basis, for electoral purposes. The county is divided into ridings, and at least one member must be elected by each riding. The county is required in the September preceding every general election to hold a meeting for the purpose of considering the representation of the different ridings, and, if necessary, adjust the same so that representation of the several ridings shall as far as possible be apportioned to the rateable value and the number of electors in each riding.\*

As far as Hospital Boards, Harbour Boards, Electric-power Boards, and Catchment Boards are concerned, the area is, for electoral purposes, divided into constituent districts. The constituent districts may include only the area of one territorial local authority, or may include the area of more than one local authority. In the case of Hospital Boards, the boundaries of the hospital district must coincide with the boundaries of some local district so that no such district can be in more than one hospital district. In the case of Electric-power Boards and Harbour Boards, however, the districts may cut across the boundaries of a local authority, so that any given county may be partly in one electric-power district and partly in another, and similarly with harbour district.

At the present time the members of practically all local authorities have a three-year term†. The normal procedure is that the territorial local authority acts as the agent for such *ad hoc* authorities as are operative within its district, and conducts the elections on behalf of those *ad hoc* authorities.

## C. QUALIFICATIONS OF MEMBERS

The primary qualification for membership of a local authority is that he shall be an elector of the district‡. Residents of boroughs and town districts have for some time been qualified as electors, and hence for membership of the Borough Council or Town Board§. Similarly, where a borough or town district was a constituent district of a hospital district, harbour district, or electric-power district, a resident could represent such a district on the respective Boards||.

In counties and road districts, however, prior to 1944 ratepayers only were qualified as electors, and hence only ratepayers could sit on the County Council or Road Board, and consequently when a county or road district was a constituent district of a hospital, harbour, electric-power, or catchment

\* Counties Act, 1920, section 60.

† Some years ago boroughs had a two-year term and counties a three-year term. Other local authorities had varying terms. Excepting one or two minor cases, all local authorities now conduct their elections triennially on a Saturday in May.

‡ The usual provisions as to alienage, insanity, bankruptcy, conviction of a crime as barriers to membership are included in all Acts relating to local authorities.

§ Municipal Corporations Act, 1933, section 35.

|| Hospital and Charitable Institutions Act, 1926, section 17; Harbours Act, 1923, section 21; Electric-power Boards Act, 1925, sections 13, 14. Power is given for the Governor-General to declare an electric-power district an undivided area for election purposes, in which case only ratepayers can vote and only ratepayers can sit as members: see section 20, Electric-power Boards Act, 1925; Soil Conservation and Rivers Control Act, 1941, sections 45 and 46

district only ratepayers could be elected to represent such districts on these *ad hoc* Boards. Since the passing of the Local Elections and Polls Amendment Act, 1944, a residential franchise has been given in counties and road districts, and hence residents and ratepayers are qualified to sit on County Councils and Road Boards, and also to represent such districts on Hospital Boards, Harbour Boards, Electric-power Boards, and Catchment Boards<sup>(1)</sup>.

Since only those paying rates to a Drainage, River, or Rabbit Boards are qualified as electors for those Boards, only ratepayers can sit as members of the Boards<sup>(2)</sup>.

As far as the smaller localized *ad hoc* bodies, such as Urban Drainage Boards, Urban Transport Boards, Water-supply Boards, and Gas Board, are concerned, the franchise is normally given to residents, and hence residents are entitled to sit as members<sup>(3)</sup>.

#### D. MAYOR AND CHAIRMEN

The Mayor of a borough is popularly elected. Every person qualified to be elected as a councillor—that is, every elector—may be elected as Mayor<sup>(4)</sup>.

The Council may elect a Deputy-Mayor<sup>(5)</sup>.

The Mayor, by virtue of his office, presides at meetings of the Council.

In all other local authorities the Chairman is elected by the Council or Board from among its own members. In Town Boards and Road Boards the Chairman holds office for the duration of the Board—that is, three years; or if elected during the term of the Council, he holds office until the next election<sup>(6)</sup>.

In County Councils, River Boards, Catchment Boards, Harbour Boards, and Electric-power Boards the Chairman is elected annually<sup>(7)</sup>.

In Rabbit Boards and Drainage Boards the Chairman can be appointed when the Board decides<sup>(8)</sup>.

In Hospital Boards the Chairman is appointed in the month of June, and thereafter in alternate years<sup>(9)</sup>.

In the smaller *ad hoc* authorities the Chairman is appointed by the Council<sup>(10)</sup>.

#### E. THE FRANCHISE<sup>(11)</sup>

Residents and ratepayers are entitled to vote for members of local authorities in the case of the following local authorities:—

- Borough Councils:
- Town Boards:
- Road Boards:
- County Councils:
- Electric-power Boards:
- Hospital Boards:
- Harbour Boards:
- Catchment Boards:
- Auckland Transport Board:
- Christchurch Tramways Board:
- Christchurch Drainage Board:
- Petone and Lower Hutt Gas Board.

Ratepayers only are entitled to vote in the case of Drainage Boards, River Boards, Water-supply Boards, and Rabbit Boards.

(1) Local Elections and Polls Amendment Act, 1944, section 6.

(2) Land Drainage Act, 1908, sections 6-9; River Board Act, 1908, sections 28-31; Rabbit Nuisance Act, 1908, sections 72-74.

(3) Christchurch Drainage Act, 1920, section 15: members to be qualified as electors in constituent districts. Water Supply Act, 1908, section 67: members to be qualified as electors. Petone and Lower Hutt Gas-lighting Act, 1922, section 5, and Amending Act, 1927, section 11: two members each elected by the electors of Petone and Lower Hutt. One member from Lower Hutt and one from Petone to remain in office for next ensuing term. This makes six members. A seventh member is chosen by the other six. Auckland Transport Board Act, 1928, section 10: electors of constituent districts qualified to act as members. Christchurch Tramway District Act, 1920, sections 9-17: electors are qualified as members; residential qualification. Dunedin District Drainage and Sewerage Act, 1900, section 5: electors who are qualified as "Borough or County Councillors of some borough or county." Since there are no counties in the district, this is a peculiar provision. Auckland Metropolitan Drainage Act, 1944, section 6: the area is divided into constituent districts and combined districts, and the members are elected by the Councils of the constituent or combined district.

(4) Municipal Corporations Act, 1933, Part III, sections 23-27.

(5) Municipal Corporations Act, 1933, section 29.

(6) Town Boards Act, 1908, section 29; Road Boards Act, 1908, sections 50, 51.

(7) (i) Counties Act, 1920, section 75: the Chairman is elected at the first meeting of new Council after the elections, and thereafter annually at the annual meeting on the fourth Wednesday in May. (ii) River Boards Act, 1908, section 47: the Chairman is elected at the first meeting of new Council, and thereafter annually on second Tuesday in January. (iii) Soil Conservation and Rivers Control Act, 1941: the Chairman is elected at first meeting of Board, and thereafter at annual meeting, which is held not later than thirty days after third Saturday in May. (iv) Harbours Act, 1923, section 40: the Chairman is elected at first meeting of Board, and thereafter annually at the annual meeting, which is to be held not later than thirty days after second Wednesday in May. (v) Electric-power Boards Act, 1925, sections 26 and 33: the Chairman is elected annually, and thereafter at annual meeting, which is held in the month of May.

(8) Rabbit Nuisance Act, 1908, section 49.

(9) Hospital and Charitable Institutions Act, 1926, section 31.

(10) Christchurch Drainage Act, 1875, section 23: Chairman appointed annually in January. Water-supply Act, 1908, section 67 (5): Chairman to be elected at first meeting of the Board, and "shall hold office for so long as he continues to be a member of the Board." Petone and Lower Hutt Gas-lighting Act, 1928, section 9: Chairman holds office for the term of the Board. Auckland Transport Board Act, 1928, section 15: Chairman elected at first meeting of Board, and thereafter at annual meeting in each second year. There is no provision for the date of the annual meeting. Christchurch Tramway District Act, 1920, section 24: Chairman elected annually. Dunedin District Drainage and Sewerage Act, 1900, section 15: Chairman chosen annually. Auckland Metropolitan Drainage Act, 1944, section 12: Chairman appointed by Board for its term of office.

(11) For franchise on loan polls see pages 134-135.

In most local elections the principle of "one man one vote" functions. In the following cases, however, plural voting is allowed. In counties and road districts ratepayers are entitled to one vote where the property has a rateable value of less than £1,000; to two votes when the rateable value is between £1,000 and £2,000; and to three votes where property is over £2,000. In rabbit districts which rate on acreage or rateable value the provisions of plurality of votes as in counties apply. Where rating is on basis of number of stock carried, the following provisions apply: where number of stock is less than 5,000, one vote; where between 5,000 and 10,000, two votes; where between 10,000 and 20,000, three votes; where between 20,000 and 30,000, four votes; where over 30,000, five votes.

In drainage districts each ratepayer has the same number of votes as he exercises in elections for members of a County Council<sup>(1)</sup>.

River districts may, and at times do, include parts or all of boroughs and town districts. In river districts all ratepayers, whether in boroughs, town districts, or counties, have similar plural voting rights to county ratepayers<sup>(2)</sup>.

## F. MEETINGS

By the nature of the case all local authorities have powers to hold meetings. The Municipal Corporations Act, 1933, contains no specific, but rather an implied, authority to hold ordinary meetings. The other local authorities are specifically empowered to hold ordinary meetings for the conduct of their business<sup>(3)</sup>.

Several Acts specifically state that meetings shall be open to the public, unless the Council or Board decides to exclude strangers or goes into committee<sup>(4)</sup>.

Other local authorities have implicit or explicit powers to regulate the conduct of their meetings. Generally, ordinary meetings of local authorities are open to the press and the public.

Several of the statutes provide that minutes must be kept, and that such minutes are admissible as evidence of the proceedings of the Council<sup>(5)</sup>.

Most of the statutes lay down provisions as to a quorum at meetings. In Borough Councils, County Councils, Road Boards and Town Boards, Hospitals Boards, Electric-power Boards, River Boards a quorum is one-half of the members where there is even number in Council or a majority where an odd number<sup>(6)</sup>.

In some cases the Council or Board itself may fix a quorum<sup>(7)</sup>.

Special meetings may be called by the Chairman or by a small number of Councillors. There is some diversity as to notice which must be given. In Borough Councils, two days; in County Councils, Town Boards, Drainage Boards, Catchment Boards, and Electric-power Boards, seven days; in Road Boards, River Boards, Hospital Boards, Harbour Boards, four days.

Meetings are also required by Borough Councils, County Councils, Road Boards, and Town Boards for the confirmation of special orders. Such meetings must be held in the case of Borough Councils and Town Boards not more than twenty-eight days after the first meeting; in County Councils seventy days, and Road Boards fifty-six days.

## G. HONORARIUM OF MAYOR OR CHAIRMAN

Most statutes provide for an honorarium for the Mayor or Chairman, but there is a wide difference in the provisions.

*Boroughs.*—An annual allowance not exceeding £500 is authorized for Mayors of Boroughs, except in the case of Auckland, Wellington, Christchurch, and Dunedin, where the maximum is £750. No alteration can be made during the Mayor's tenure of office<sup>(8)</sup>. This has led to inequities in some cases Mayors may also be paid travelling-expenses when travelling on the business of the Council.

*Counties.*—County Chairmen are entitled to receive travelling-expenses up to £100 per annum, or £100 in lieu of travelling-expenses<sup>(9)</sup>. A County Chairman receiving a lump sum is not entitled to any travelling-expenses. This provision is definitely unfair when compared with the provisions regarding honoraria of Chairmen of other local authorities.

*Road Boards.*—There is no provision as to honoraria of Chairmen of Road Boards.

Chairmen of Harbour Boards may be paid an honorarium not exceeding £200 per annum<sup>(10)</sup>.

Chairmen of Hospital Boards may be paid an honorarium at the following rates<sup>(11)</sup>: Where one-fifth of 1 per cent. of the Board's maintenance expenditure in any year does not exceed £100, the sum of £100; where one-fifth of 1 per cent. of the maintenance expenditure in the previous year exceeds £100, then an amount equal to such percentage of the maintenance expenditure, but not exceeding £250.

<sup>(1)</sup> Land Drainage Act, 1908, section 9.

<sup>(2)</sup> River Boards Act, 1908, section 31.

<sup>(3)</sup> Counties Act, 1920, sections 88 and 89; Road Boards Act, 1908, sections 66 and 67; Town Boards Act, 1908, section 31; Electric-power Boards Act, 1925, sections 33, 35-37; Hospital and Charitable Institutions Act, 1926, section 30; Harbours Act, 1923, section 45; Land Drainage Act, 1908, section 12; River Boards Act, 1908, sections 51 and 56; Soil Conservation and Rivers Control Act, 1941, section 65.

<sup>(4)</sup> The Acts where this provision appears are: Counties Act, 1920, section 89; Road Boards Act, 1908, section 68; Town Boards Act, 1908, section 31 (*h*); Electric-power Boards Act, 1925, section 37.

<sup>(5)</sup> Municipal Corporations Act, 1933, section 60; Counties Act, 1920, section 98; Road Boards Act, 1908, sections 81-83; River Boards Act, 1908, sections 63-65; Soil Conservation and Rivers Control Act, 1941, section 75.

<sup>(6)</sup> Municipal Corporations Act, 1933, section 57; Counties Act, 1920, section 81; Road Boards Act, 1908, section 64; Town Boards Act, 1908, section 31; Hospital and Charitable Institutions Act, 1926, section 34; Electric-power Boards Act, 1925, section 28; River Boards Act, 1908, section 53.

<sup>(7)</sup> Soil Conservation and Rivers Control Act, 1941, section 72; Harbours Act, 1923, section 45.

<sup>(8)</sup> Municipal Corporations Act, 1933, section 28, and Municipal Corporations Amendment Act, 1938, section 3.

<sup>(9)</sup> Counties Act, 1920, section 84.

<sup>(10)</sup> Harbours Act, 1923, section 42. The honorarium may not be changed during the term of office of any Chairman.

<sup>(11)</sup> Hospital and Charitable Institutions Act, 1926, section 32.

A Chairman of an Electric-power Board may be paid an honorarium not exceeding £300 per annum subject to Ministerial approval<sup>(1)</sup>. A Chairman of a Catchment Board may be paid £250 per annum<sup>(2)</sup>.

There is no provision for honoraria for Chairmen of Drainage, River, and Rabbit Boards. Members of a Local Railways Board are entitled to £3 3s. per day for attending meetings or transacting business for the Board. The Chairman may receive an honorarium of £200 per annum<sup>(3)</sup>.

It is evident that there is a wide variation in the honoraria paid to Chairmen of the various classes of local authorities which does not seem to be related to differences in responsibility. In all cases, except that of County Chairmen, travelling-expenses, in addition to the honoraria, may be paid.

## H. REMUNERATION OF MEMBERS OF LOCAL AUTHORITIES

Except in the case of members of Power Boards, no member of a local authority is entitled to any remuneration for attendances at meetings. Power Board members may be paid "such reasonable remuneration for their services as may be prescribed<sup>(4)</sup>." The amount prescribed is £1 1s. per meeting, and is paid by nearly all Power Boards. Members of Auckland Transport Board<sup>(5)</sup> and Christchurch Tramways Board are entitled to £1 10s. for each meeting, with a maximum of £78 per annum. Here again there is no justification for differences in treatment of members of different Local Authorities. In a number of cases it was pointed out that where local authorities have their meetings in the daytime, some members are out of pocket because of loss of income, and this fact does definitely preclude some potential councillors from offering their services.

## I. TRAVELLING-EXPENSES

Members of practically all local authorities are entitled to travelling-expenses when travelling on the business of the local authority. In some cases travelling-expenses are allowed for attendance at meetings. There is considerable variation in the rates of travelling-expenses payable, as will be seen from the following details:—

*Boroughs.*—Actual expenses may be refunded on business authorized by the Council involving distances over three miles (one way only). Members are also entitled to be refunded for cost of conveyance after meetings when ordinary public means of conveyance are unavailable<sup>(6)</sup>. Where a Borough Council is affiliated to the New Zealand Municipal Association the actual and reasonable expenses of its representatives (not exceeding £40 in any one year) attending any conference or executive committee is payable to those representatives<sup>(7)</sup>.

*Counties.*—Members are entitled to actual transport expenses for attending meetings of the Council or Committee meetings, or attending to business of the Council when duly authorized, plus living-expenses at the rate of £1 per day of twenty-four hours when away from home. Mileage-allowance for private cars at the rate of 8d. per mile is payable where no other means of transport is available, also garaging expenses not exceeding 5s. per day<sup>(8)</sup> <sup>(9)</sup>.

County Councils, as boroughs, may pay expenses (not exceeding £40 in any one year) of delegates attending the conference or the executive of the Counties Association<sup>(10)</sup> <sup>(11)</sup>.

*Town and Road Boards.* There is no specific provision in the Town Boards Act, 1908, or the Road Boards Act, 1908, for travelling-expenses, and in these cases any travelling-expenses can be paid only out of "unauthorized."<sup>(12)</sup>

*Electric-power Boards.*—Actual and reasonable travelling-expenses in attending meetings of the Board or Committees thereof are payable<sup>(13)</sup>. Motor-car-mileage allowance at 6d per mile is also payable. Electric-power Boards may pay expenses (not exceeding £40 per annum) of delegates attending the Conferences of the Power Boards Association<sup>(14)</sup>.

*Hospital Boards.*—Hospital Boards may pay their members actual expenses for attendance at meetings of the Board or Committees, or for a visit of inspection to an institution when authorized to do so, plus living-expenses at £1 per day when absent from home, and mileage at 8d. per mile and garaging fees not exceeding 5s. per day<sup>(15)</sup>.

Hospital Boards may also pay actual reasonable expenses (no limit) of delegates to the conference of the Hospitals Association<sup>(16)</sup>.

*Harbour Boards.*—The provision as to Harbour Boards is similar to Hospital Boards, except that the garaging fee is 2s. 6d. per night<sup>(17)</sup>. Harbour Boards may also pay actual and reasonable expenses (no limit) of delegates attending the conference and Executive of the Harbours Association<sup>(18)</sup>.

(1) Electric-power Boards Act, 1925, section 27. The honorarium may not be changed during the term of office of any Chairman, but a re-election of a Chairman is deemed a new appointment.

(2) Soil Conservation and Rivers Control Act, 1941, section 59.

(3) Local Railways Act, 1914, sections 20 and 34, and regulations thereunder dated 12th September, 1921, and 26th March, 1936.

(4) Electric-power Boards Act, 1925, section 45.

(5) Auckland Transport Board Act, 1928, section 37; Christchurch Tramway District Act, 1920, section 26.

(6) Municipal Corporations Act, 1933, section 103, and regulations thereunder dated 30th August, 1921, and 11th August, 1924.

(7) Municipal Associations Act, 1939, section 8.

(8) Counties Amendment Act, 1927, section 6, and regulations thereunder dated 21st December, 1927.

(9) Counties Act, 1920, section 132.

(10) Counties Act, 1920, section 132.

(11) NOTE.—A County Chairman in receipt of an honorarium is not entitled to travelling-expenses when travelling on business of the county, but is paid travelling-expenses for attendance at meetings: Counties Act, 1927, section 8.

(12) For a discussion of unauthorized expenditure, see pages 115–116.

(13) Electric-power Boards Act, 1925, section 44.

(14) Electric-power Board Supply Authorities Amendment Act, 1934, section 6.

(15) Hospital and Charitable Institutions Act, 1926, section 35, and regulations thereunder dated 13th April, 1927.

(16) Hospital and Charitable Institutions Act, 1926, section 42.

(17) Harbours Act, 1923, section 91.

(18) Harbours Amendment Act, 1933, section 9, and regulations thereunder dated 12th July, 1945.

*Catchment Boards.*—Members may be paid actual reasonable expenses for attendance at meetings of Boards, or travelling on business of Board, plus 25s. per day and mileage at from 5d. to 6¼d. (depending on horse-power of vehicle), plus garaging at not more than 2s. 6d. per day<sup>(1)</sup>.

*Minor Boards.*—Members of Rabbit, Fire, and Local Railways Boards may be paid actual travelling-expenses in attending meetings or when travelling on the Board's business<sup>(2)</sup>. Members of Drainage and River Boards may be paid travelling-expenses when required to travel five miles or more (one way) to meetings (not committee meetings) or on the business of the Board<sup>(3)</sup>.

Members of Water-supply Boards may be paid actual expenses by road and rail to Board meetings where members reside more than three miles from place of meeting, but not exceeding £15 per annum to a member, or £25 per annum to Chairman. The Chairman may also receive payment for travelling on Board business, subject to the above limit for total expenses.<sup>(4)</sup>

Although Education and similar Boards do not come within our terms of reference, it is interesting to note that Education Board members receive actual travelling-expenses, plus £1 2s. 6d. per day, plus 8d. per mile for a private car, plus 2s. 6d. garaging fee. Members of Secondary School and Technical School Boards receive only actual reasonable expenses<sup>(5)</sup>.

It is clear that there is a definite need for uniformity in the scale of travelling-allowances. The amounts vary from—

- (a) Actual and reasonable travelling-expenses, to
- (b) Actual and reasonable transport expenses, plus travelling-allowances varying from £1 to £1 5s. per day, plus mileage-allowances varying from 5d. to 8d. per mile, plus garaging expenses varying from 2s. 6d. to 5s. per day.

## CHAPTER VI.—FINANCE OF LOCAL GOVERNMENT

### A. GENERAL SURVEY OF REVENUE AND EXPENDITURE STRUCTURE OF LOCAL AUTHORITIES

Local authorities, as subordinate legislative bodies, derive all their powers from some enabling statute or statutes of the central Legislature. The allotment of powers or responsibilities implies that the finance for the carrying-out of those functions will be available to the local authority. Only the State, through Parliament, has a general taxing-power, and it may, and does, delegate to local authorities specific and well-defined powers to raise revenue. A local authority is defined in the Local Bodies' Finance Act, 1921–22, as including, besides the usually accepted local authorities, "the governing authority of any district constituted under any Act heretofore passed or hereafter to be passed, and having a revenue derivable wholly or in part from rates or dues."<sup>(6)</sup>

Under the Local Bodies' Loans Act, 1926, a local authority is defined as "the Council, Board, or other statutory governing authority of a district as herein defined, having power to make and levy rates in such district<sup>(7)</sup>." This definition is extended in the Local Government Loans Board Act, 1926, to include *ad hoc* Boards and "such other local bodies as are from time to time declared by the Governor-General by Order in Council to be local authorities for the purposes of this Act."<sup>(8)</sup>

By the Acts Interpretation Act, 1924,<sup>(9)</sup> local authority is defined as "any Council, Board, Trustees, Commissioners, or other persons by whatever name designated, entrusted under any Act with the administration of the local affairs of any city, town, place, borough, county, or district, and having power to make and levy rates."

Local authorities in general are not given a blanket authority to tax. For instance, Borough Councils may tax only to the extent necessary to raise the money required to meet proposed and authorized outgoings after taking into account sums already available<sup>(10)</sup>.

Apart from licenses and fees, which are discussed later, and which are of little relative importance, the major taxing-power of a local authority is the power to levy a rate. A rate is a tax assessed on land, usually, but not necessarily, on the value of the land. In rabbit districts, for instance, the rate may be on the number of stock carried, or the acreage of the land, or on the value of the land<sup>(11)</sup>.

Local authorities also derive revenue from the public utility services or trading undertakings, such as gas and electricity distribution, transport services, libraries, waterworks, and a number of other services.

A further source of revenue is from licenses which local authorities are authorized to collect. A charge for a license is in the nature of a tax for permission to engage in a particular activity. Such charges are payable from publicans' and accommodation licenses, heavy traffic fees, motor-drivers' licenses, auctioneers' and hawkers' licenses, slaughtering licenses, dangerous goods licenses, billiard-rooms, dog registration, and several others<sup>(12)</sup>. The amount of these licenses is usually fixed by statute or by-laws.

Another source of revenue is from fees for work done, such as building permits and drainage service. The amount of the fee as fixed by by-laws may vary with the amount of work done, or may be a flat charge.

(1) Soil Conservation and Rivers Control Act, 1941, section 8, and Regulations Serial 1944/156.

(2) Rabbit Nuisance Act, 1928, section 78; Fire Brigades Act, 1926, section 58; Local Railways Act, 1914, section 34, and regulations thereunder dated 12th September, 1921, and 24th January, 1922.

(3) Land Drainage Amendment Act, 1920, section 4; River Boards Act, 1908, section 66; and River Boards Amendment Act, 1913, section 8.

(4) Water-supply Act, 1908, section 70.

(5) Education Act, 1914, sections 31 and 93; Education Amendment Act, 1920, section 3; Education Amendment Act, 1926, section 14; Education Amendment Act, 1932–33, section 5, and Regulations Series 1944/167.

(6) Local Bodies' Finance Act, 1921–22, section 2.

(7) Local Bodies' Loans Act, 1926, section 2.

(8) Local Government Loans Board Act, 1926, section 2. See also Education Reserves Act, 1928, section 20 (3) and *Gazette*, 1927, page 1514.

(9) Section 4.

(10) Municipal Corporations Act, 1933, section 79.

(11) Rabbit Nuisance Act, 1928, sections 65–66.

(12) Some of these fees are collected by the State and remitted to local authorities, less collection charges.

Certain fines also find their way into the Treasury of the local authority. Fines for breach of local by-laws are paid to the local authority. Also, if the local authority proceeds for a breach of a statutory provision in a matter over which it has jurisdiction, as, for example, the Heavy Motor-vehicles Act, the fines are paid to the local authority. Another source of revenue is from rents of property owned by the local authority, as, for example, rent of halls, Council chambers, sports-grounds, and suchlike.

Most local authorities receive some form of Government subsidy for revenue purposes, but usually this is a relatively small part of their revenue receipts.

A local authority may, in certain cases, also carry out work for private individuals, such as the provision of channel crossings, and hire of equipment. The receipts from these sources are part of the revenue of the local authority.

Superimposed on these revenue receipts are the capital receipts, the chief of which is from loans. All local authorities have power to raise loans for specific works. The power to raise a loan is carefully defined and controlled.\* In addition, a local authority under certain circumstances can raise money on overdraft in anticipation of rate receipts. Receipts from the sale of capital assets, such as land, are treated as capital receipts, and in general are not available for revenue purposes.

Many local authorities—particularly territorial local authorities—receive Government subsidies for specific capital works. These receipts are available only for the works specified and are of a capital nature.

The relative importance of the various receipts vary with the different type of local authority. In territorial local authorities receipts from rates will tend to be a larger proportion of total revenue receipts than in the case of such *ad hoc* bodies as Electric-power Boards and Harbour Boards. Counties in general do not undertake trading activities, and hence rate revenue in their case will be greater proportionately than in Borough Councils, many of which have extensive trading undertakings. On the other hand, except where Borough Councils make profits out of their trading undertakings, which are used for the relief of rates, the net position of Borough and County Councils will be approximately equal. Other *ad hoc* bodies, such as Drainage Boards, River Boards, Hospital Boards, and Rabbit Boards, have no trading receipts, and, apart from Government contributions, have practically no revenue apart from rates.

The structure of the expenditure system is determined by the powers vested in the local authority. This, again, can be divided into revenue expenditure consisting primarily of maintenance (including administration) and capital expenditure. While capital receipts are expendable normally only on the specific capital works for which the money was raised, revenue receipts may be spent partly on revenue and partly on capital expenditure.

The following tables give a general picture of the receipts of all local authorities (except Hospital Boards):—

Table showing Receipts of Local Authorities (including Hospital Rates) for the Years from 1918-19 to 1943-44

Financial Year.	Revenue from—			Total Revenue.	Receipts not Revenue.	Total Receipts.
	Rates.	Public Utilities, Licenses, Rents, &c.	Government.			
	£	£	£	£	£	£
1918-19 .. ..	2,939,606	3,184,741	267,330	6,391,677	942,780	7,334,457
1919-20 .. ..	3,144,213	4,219,608	266,974	7,630,795	3,329,003	10,959,798
1920-21 .. ..	3,549,590	5,048,791	287,583	8,885,964	3,429,662	12,315,626
1921-22 .. ..	3,779,895	5,757,252	317,530	9,854,677	5,486,912	15,341,589
1922-23 .. ..	4,277,781	5,942,927	301,024	10,521,732	7,399,674	17,921,406
1923-24 .. ..	4,445,627	6,403,378	300,766	11,149,771	5,685,107	16,834,878
1924-25 .. ..	4,668,884	7,213,306	298,774	12,180,964	7,613,399	19,794,363
1925-26 .. ..	5,039,645	8,014,583	319,338	13,373,566	7,505,702	20,879,268
1926-27 .. ..	5,311,260	8,621,964	332,721	14,265,945	6,680,176	20,946,121
1927-28 .. ..	5,615,672	9,454,315	331,956	15,401,943	5,667,651	21,069,594
1928-29 .. ..	5,844,495	9,190,655	392,921	15,428,071	6,042,007	21,470,078
1929-30 .. ..	6,010,987	10,309,785	436,946	16,757,718	5,495,427	22,253,145
1930-31 .. ..	5,637,254	10,201,076	426,315	16,264,645	4,432,956	20,697,601
1931-32 .. ..	5,511,818	9,054,187	628,064	15,194,069	4,374,251	19,568,320
1932-33 .. ..	5,237,688	8,462,628	450,657	14,150,973	4,433,294	18,584,267
1933-34 .. ..	5,541,255	8,245,173	443,239	14,229,667	3,821,779	18,051,446
1934-35 .. ..	5,511,442	8,608,064	559,223	14,678,729	3,943,488	18,622,217
1935-36 .. ..	5,585,855	8,976,035	576,513	15,138,403	4,348,534	19,486,937
1936-37 .. ..	5,994,353	9,524,939	454,498	15,973,790	4,252,803	20,226,593
1937-38 .. ..	6,541,354	10,542,197	463,096	17,546,647	4,389,620	21,936,267
1938-39 .. ..	6,971,550	11,275,084	475,542	18,722,176	6,254,792	24,976,968
1939-40 .. ..	7,289,240	12,188,955	480,573	19,958,768	6,772,327	26,731,095
1940-41 .. ..	7,344,055	12,696,676	447,540	20,488,271	4,651,633	25,139,904
1941-42 .. ..	7,441,704	12,955,129	444,236	20,841,069	3,175,467	24,016,536
1942-43 .. ..	7,764,677	13,681,289	401,533	21,847,499	2,640,252	24,487,751
1943-44 .. ..	7,823,729	14,755,225	393,624	22,972,578	2,053,630	25,026,207

\* See pages 134 *et. seq.*

A picture of the relative importance of local authority taxation is seen in the following table, where taxation collections over the whole of the local authorities are compared with the taxation of the central Government:—

*Table showing (a) Total Taxation (Rates, Licences and other Taxation) collected by all Local Authorities (except Hospital Boards), and (b) Total Taxation of Central Government, Differentiating between Ordinary and War Taxation, in the Years from 1918-19 to 1943-44*

Financial Year.	Total Local Taxation, Rates, Licences, &c.	State.		
		Ordinary Taxation.	War Taxation.	Total Taxation.
	£	£	£	£
1918-19	3,138,972	13,801,643	..	13,801,643
1919-20	3,389,291	16,251,769	..	16,251,769
1920-21	3,813,910	22,184,414	..	22,184,414
1921-22	4,056,885	16,370,516	..	16,370,516
1922-23	4,563,750	15,715,380	..	15,715,380
1923-24	4,758,717	16,540,438	..	16,540,438
1924-25	5,013,132	16,549,609	..	16,549,609
1925-26	5,475,369	17,254,688	..	17,254,688
1926-27	5,888,021	17,437,827	..	17,437,827
1927-28	6,123,375	17,145,145	..	17,145,145
1928-29	6,347,760	17,832,033	..	17,832,033
1929-30	6,546,796	19,471,131	..	19,471,131
1930-31	6,173,101	18,878,285	..	18,878,285
1931-32	6,020,675	17,405,622	..	17,405,622
1932-33	5,743,484	19,703,703	..	19,703,703
1933-34	6,030,479	21,470,827	..	21,470,827
1934-35	6,042,033	24,737,939	..	24,737,939
1935-36	6,161,892	25,476,372	..	25,476,372
1936-37	6,624,980	31,164,302	..	31,164,302
1937-38	7,234,538	36,767,525	..	36,767,525
1938-39	7,730,778	37,797,904	..	37,797,904
1939-40	8,062,403	42,340,912	2,181,836	44,522,028
1940-41	8,133,256	45,615,593	15,745,247	61,360,840
1941-42	8,215,805	46,225,802	21,937,454	68,163,256
1942-43	8,307,714*	48,384,508	39,556,336	87,940,844
1943-44	8,404,404*	55,395,392	45,444,092	100,839,484

The figures in the above and the following table are correct for comparative purposes, although certain charges, statutorily classified as rates, are really service charges. For instance, only about two-thirds of total water charges are rates properly so called; the remaining third, amounting to about £200,000 per annum, is charged by meter or similarly, and hence is a service charge, although legally classified as a rate. The amount is relatively insignificant, however.

\* The figures for 1942-43 and 1943-44 are computed on a slightly different basis from formerly, abattoir fees being excluded, whereas they were included in previous years. The amount involved, however, is relatively unimportant.

Another view of the same movement is shown in the following table, which shows taxation per head of the mean population :—

*Table showing Comparison between Local-body Taxation and Taxation per Head in the Years from 1918-19 to 1943-44*

Financial Year.			Rates, Local Taxation.	Ordinary Taxation (excluding War Taxation).
			£ s. d.	£ s. d.
1918-19	..	..	2 13 9	11 17 1
1919-20	..	..	2 16 1	13 11 1
1920-21	..	..	3 0 11	17 14 4
1921-22	..	..	3 3 1	12 14 8
1922-23	..	..	3 9 7	11 19 8
1923-24	..	..	3 11 4	12 8 0
1924-25	..	..	3 13 8	12 3 5
1925-26	..	..	3 18 8	12 7 11
1926-27	..	..	4 2 11	12 5 6
1927-28	..	..	4 4 10	11 17 7
1928-29	..	..	4 6 11	12 4 3
1929-30	..	..	4 8 7	12 3 6
1930-31	..	..	4 2 5	12 12 0
1931-32	..	..	3 19 4	11 9 4
1932-33	..	..	3 15 1	12 17 7
1933-34	..	..	3 18 2	13 18 4
1934-35	..	..	3 17 9	15 18 4
1935-36	..	..	3 18 9	16 5 6
1936-37	..	..	4 3 11	19 14 10
1937-38	..	..	4 10 9	23 1 3
1938-39	..	..	4 15 11	23 9 2
1939-40	..	..	4 18 9	25 18 5
1940-41	..	..	4 19 5	27 17 9
1941-42	..	..	5 0 9	28 7 1
1942-43	..	..	5 1 4	29 10 0
1943-44	..	..	5 2 3	34 3 2

Revenue receipts, other than from taxation and Government subsidy, are principally from trading services. The details of revenue receipts from Government are given subsequently, and include statutory subsidies and allocation of motor-vehicles-tax receipts.

The next table shows the general distribution of total expenditure of local authorities from 1918-19 to 1943-44. It is not possible to divide such expenditure as between capital and revenue receipts, or capital and revenue expenditure for reasons stated earlier.

Table showing Expenditure of all Local Authorities (except Hospital Boards), for the Period from 1918-19 to 1943-44

Financial Year.	Public Works and Utilities (Construction and Maintenance).	Hospital Board Levies.	Administration.	Interest on Loans and Overdraft.	Other.*	Total Expenditure.
	£	£	£	£	£	£
1918-19 ..	4,857,308	308,422	507,117	1,305,259	342,171	7,320,277
1919-20 ..	7,866,769	359,831	615,646	1,356,495	684,845	10,883,586
1920-21 ..	9,219,384	456,381	724,256	1,452,230	909,439	12,761,690
1921-22 ..	10,867,810	526,201	766,251	1,758,815	1,172,798	15,091,875
1922-23 ..	11,261,774	491,032	764,904	2,025,292	1,152,505	15,695,507
1923-24 ..	12,031,580	500,082	833,115	2,290,773	865,400	16,520,950
1924-25 ..	14,256,887	502,245	843,446	2,523,303	1,296,952	19,422,833
1925-26 ..	15,454,839	549,938	908,606	2,726,277	1,275,985	20,915,645
1926-27 ..	15,831,600	565,733	941,794	3,079,378	1,329,052	21,747,557
1927-28 ..	15,200,280	629,379	965,376	3,452,293	2,175,839	22,423,167
1928-29 ..	13,298,839	677,085	964,098	3,641,549	2,718,453	21,300,024
1929-30 ..	14,486,488	685,134	1,053,613	3,895,632	1,940,221	22,061,088
1930-31 ..	14,402,327	699,584	1,029,017	4,021,233	2,022,363	22,174,524
1931-32 ..	12,694,508	561,905	989,366	3,963,334	1,878,268	20,087,381
1932-33 ..	11,584,311	574,960	907,659	3,877,340	1,940,903	18,885,173
1933-34 ..	10,754,446	592,092	879,276	3,476,767	2,035,211	17,737,792
1934-35 ..	11,656,773	601,448	875,317	3,362,013	2,249,340	18,744,891
1935-36 ..	12,250,661	622,512	998,998	3,243,386	2,221,685	19,337,242
1936-37 ..	13,164,376	717,084	1,001,504	3,120,652	2,219,099	20,222,715
1937-38 ..	14,672,484	821,697	1,034,646	3,031,793	2,490,527	22,051,147
1938-39 ..	17,170,464	943,529	1,354,249	3,029,990	2,580,703	25,078,935
1939-40 ..	17,413,242	1,093,479	1,350,011	3,034,753	2,817,710	25,709,195
1940-41 ..	16,120,898	966,221	1,371,434	3,030,802	3,237,273	24,726,628
1941-42 ..	15,114,255	1,066,383	1,439,918	2,928,172	3,523,364	24,072,092
1942-43 ..	13,802,865	1,315,997	1,385,227	2,806,146	4,918,199	23,228,434
1943-44 ..	14,221,759	1,251,183	1,404,827	2,725,283	4,198,145	23,801,197

The total expenditure normally approximates total revenue.

\* Includes amortization of debt.

To complete this general survey, the following table gives a general picture of local-body (except Hospital Board) indebtedness:—

Table showing Gross and Net Debt and Annual Loan Charges of Local Authorities (except Hospital Boards) from 1918-19 to 1943-44

Financial Year.	Gross.	Net Debt.	Gross Debt per Head.	Annual Loan Charges.	Annual Loan Charge per Head.	
					£	£ s. d.
1918-19 .. .. .	28,074,950	24,321,413	23 16 6	1,489,890	1 5 3	
1919-20 .. .. .	30,187,942	26,492,420	24 8 1	1,633,341	1 6 5	
1920-21 .. .. .	32,104,957	28,138,025	25 6 7	1,755,951	1 7 7	
1921-22 .. .. .	36,745,089	32,443,639	28 4 9	2,133,764	1 12 9	
1922-23 .. .. .	43,191,184	38,179,778	32 11 10	2,579,571	1 18 11	
1923-24 .. .. .	46,537,833	40,929,813	34 10 8	2,798,645	2 1 6	
1924-25 .. .. .	53,353,466	47,259,153	38 13 7	3,331,163	2 8 3	
1925-26 .. .. .	59,419,754	52,549,798	42 2 11	3,740,647	2 13 1	
1926-27 .. .. .	64,012,247	56,523,579	44 10 3	4,050,895	2 16 4	
1927-28 .. .. .	66,404,172	58,082,687	45 13 6	4,255,469	2 18 6	
1928-29 .. .. .	69,294,619	60,072,123	47 2 1	4,479,180	3 0 11	
1929-30 .. .. .	71,207,539	61,595,740	47 16 4	4,682,181	3 2 11	
1930-31 .. .. .	72,686,036	62,166,199	48 1 8	4,828,793	3 3 11	
1931-32 .. .. .	72,402,282	61,554,906	47 9 2	4,905,467	3 4 4	
1932-33 .. .. .	72,476,056	60,902,632	47 2 5	4,919,221	3 4 0	
1933-34 .. .. .	71,969,387	59,854,736	46 8 7	4,449,777	2 17 5	
1934-35 .. .. .	71,245,458	59,551,850	45 12 10	4,421,506	2 16 8	
1935-36 .. .. .	70,400,176	59,238,117	44 14 8	4,395,758	2 15 10	
1936-37 .. .. .	68,559,750	57,920,884	43 3 11	4,446,706	2 16 0	
1937-38 .. .. .	68,060,951	57,404,727	42 8 5	4,457,874	2 15 7	
1938-39 .. .. .	68,206,674	57,349,522	41 19 7	4,602,062	2 16 7	
1939-40 .. .. .	69,486,970	58,356,358	42 6 11	4,726,074	2 17 7	
1940-41 .. .. .	67,974,687	57,900,236	41 10 10	4,806,901	2 18 9	
1941-42 .. .. .	66,645,990	56,779,108	40 15 7	4,823,847	2 19 0	
1942-43 .. .. .	65,131,074	55,328,901	39 17 2	4,822,975	2 19 0	
1943-44 .. .. .	63,262,828	53,537,828	38 9 8	4,830,072	2 18 9	

The period of heavy borrowing by all local authorities was between 1920 and 1931. There was little new borrowing during the depression, and since the depression territorial local authorities have not been heavy borrowers. Power Boards since 1921, and Harbour Boards recently, have had some heavy borrowing. Net debt is obtained by deducting sinking funds and repayments of capital from gross debt outstanding.

The following table shows the total of all loan receipts of local authorities (except Hospital Boards) in the years from 1923-24 to 1943-44:—

Table showing Recorded Receipts from Loans of all Local Authorities (except Hospital Boards) from 1923-24 to 1943-44

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	River Districts.	Land Drainage Districts.	Electric-power Districts <sup>(1)</sup> .	Water-supply Districts.	Urban Drainage Districts.	Urban Transport Districts.	Local Railway District.	Gas District.	Rabbit Districts.	Fire Districts.	Harbour Boards <sup>(2)</sup> .
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1923-24 .. .. .	Not given	Not given	Not given												794,821
1924-25 .. .. .	2,931,470	89,817													491,300
1925-26 .. .. .	2,510,564	71,967				1,832,608									274,500
1926-27 .. .. .	2,460,788	95,986				1,109,382									327,300
1927-28 .. .. .	2,058,458	44,484				690,371									943,400
1928-29 .. .. .	1,647,389	99,272				692,606									434,900
1929-30 .. .. .	1,487,261	36,350				686,787									120,600
1930-31 .. .. .	<sup>(3)</sup> 998,000	<sup>(4)</sup> 41,842				438,720									167,600
1931-32 .. .. .	<sup>(5)</sup> 633,160	<sup>(6)</sup> 10,728				183,100									128,870
1932-33 .. .. .	<sup>(7)</sup> 455,231	<sup>(8)</sup> 4,350				58,700									<sup>(9)</sup> 22,530
1933-34 .. .. .	295,985	6,400				101,808									160,300
1934-35 .. .. .	<sup>(10)</sup> 415,086	<sup>(11)</sup> 10,390				124,414									124,950
1935-36 .. .. .	<sup>(12)</sup> 538,946	<sup>(13)</sup> 7,145				275,840									176,900
1936-37 .. .. .	546,425	<sup>(14)</sup> 5,150				438,450									82,250
1937-38 .. .. .	142,479	746,331			1,500	434,805			43,250	10,000		18,109		54,703	131,100
1938-39 .. .. .	214,477	767,127		1,750	42,300	5,730	742,015		35,700	6,200		11,900		48,419	357,780
1939-40 .. .. .	273,969	911,549			20,200	2,500	986,130	1,600	55,200	3,800			850	27,403	243,800
1940-41 .. .. .	199,060	504,173			1,000		345,850		45,200	20,000			600	32,027	99,970
1941-42 .. .. .	190,611	333,295			7,600	6,000	252,100		47,500	20,000				74,125	201,780
1942-43 .. .. .	32,681	303,061			1,000	379	137,192		35,000			37,500		12,842	115,300
1943-44 .. .. .	18,930	360,518			41,000		86,800							39,550	Not available

(1) Other than temporary loans.

(2) Financial year ends 30th September.

(3) M.H.B. £1,900.

(4) M.H.B. £285.

(5) M.H.B. £1,420, and S.A.O. £72,350.

(6) M.H.B. £800 and S.A.O. £950.

(7) Includes loans from Main Highways Board (£230) and from State Advances Office (£46,000)

(8) S.A.O. (£2,500).

(9) "Other Loans."

(10) Includes loans from Main Highways Account (£564).

(11) Includes loans from Main Highways Account (£530).

(12) Includes loans from Main Highways Account (£600).

(13) Includes loans from Main Highways Account (£1,470).

(14) Includes loans from Main Highways Account (£150).

(15) Includes loans from Main Highways Account (£1,297).

(16) Includes loans from Main Highways Account (£1,610).

The immediately preceding table does not include details concerning Hospital Boards. Hospital Board statistics are not tabulated with other local-body statistics by the Census and Statistics Department, but are dealt with by the Health Department and published separately by that Department as an Appendix to its own annual report to Parliament. Further, the method of tabulation is different from that adopted by the Census and Statistics Department, and hence comparisons are not always available. It is desirable, however, to show the total indebtedness of all local authorities, including Hospital Boards. Due to the factors just mentioned, the following table may not be absolutely accurate, but gives an indication of the general trend. The following table shows the gross and net indebtedness of all local authorities in New Zealand, including Hospital Boards:—

*Table showing Gross and Net Indebtedness of all Local Authorities (including Hospital Boards) from 1924-25 to 1943-44*

Year.				Gross Debt.	Net Debt.	Annual Loan Charge.*
				£	£	£
1924-25	..	..	..	54,192,564	48,064,293	3,331,163†
1925-26	..	..	..	60,515,948	52,549,798†	3,740,647†
1926-27	..	..	..	65,382,220	57,793,740	4,050,895†
1927-28	..	..	..	67,813,131	59,354,534	4,427,129
1928-29	..	..	..	70,674,645	61,271,351	4,660,794
1929-30	..	..	..	72,560,016	62,722,411	4,865,084
1930-31	..	..	..	74,141,188	63,343,017	5,019,142
1931-32	..	..	..	73,849,488	62,694,904	5,082,562
1932-33	..	..	..	73,912,122	62,018,586	5,144,969
1933-34	..	..	..	73,364,342	60,901,991	4,647,248
1934-35	..	..	..	72,470,400	60,575,882	4,535,571
1935-36	..	..	..	71,525,765	60,260,030	4,512,151
1936-37	..	..	..	69,719,359	58,987,239	4,548,938
1937-38	..	..	..	69,916,466	58,171,844	4,581,437
1938-39	..	..	..	70,161,721	59,206,220	4,744,602
1939-40	..	..	..	71,502,170	60,257,829	4,884,323
1940-41	..	..	..	70,172,756	59,971,524	4,979,710
1941-42	..	..	..	69,232,536	59,222,468	5,034,606
1942-43	..	..	..	67,929,697	57,967,853	5,064,312
1943-44	..	..	..	67,025,613	57,205,073	5,121,665

In comparing this table, which includes Hospital Boards, with the previous table, which excludes them, the effect of the increase in hospital indebtedness is very evident. Whereas in all other local authorities the total net debt has fallen by over £8,500,000 since 1930-31, Hospital Boards' net debts have increased by over £2,500,000 over the same period, so that for all local authorities, including Hospital Boards, the net debt is reduced since 1930-31 by only £6,000,000. In fact, over the period Hospital Boards are the only bodies showing an increase in net debt.

\* For separate details of interest and sinking-fund charges respectively, see page 45.

† Excluding Hospital Board figures, which are not available.

Another view of the incidence of local-authority debt can be seen from a study of interest and amortization payments from 1919 to the present:—

*Table showing Interest (including Interest on Overdraft) and Amortization Payments by all Local Authorities (excluding Hospital Boards) from 1918-19 to 1943-44\**

Financial Year.	Interest on Loans and Overdraft.	Amortization of Debt.	
	£	£	
1918-19 .. .. .	1,305,259	Not available	
1919-20 .. .. .	1,356,495		
1920-21 .. .. .	1,452,230		
1921-22 .. .. .	1,758,815		
1922-23 .. .. .	2,025,292		
1923-24 .. .. .	2,290,773		
1924-25 .. .. .	2,523,303		
1925-26 .. .. .	2,726,277		
1926-27 .. .. .	3,079,378		
1927-28 .. .. .	3,452,293		
1928-29 .. .. .	3,642,925		
1929-30 .. .. .	3,895,632		1,147,630
1930-31 .. .. .	4,021,233		1,047,339
1931-32 .. .. .	3,963,334		1,092,573
1932-33 .. .. .	3,877,340	1,135,158	
1933-34 .. .. .	3,476,767	1,156,661	
1934-35 .. .. .	3,362,013	1,096,777	
1935-36 .. .. .	3,243,386	1,204,628	
1936-37 .. .. .	3,120,652	1,286,919	
1937-38 .. .. .	3,031,793	1,503,972	
1938-39 .. .. .	3,029,990	1,579,316	
1939-40 .. .. .	3,034,753	1,732,216	
1940-41 .. .. .	3,030,802	1,843,985	
1941-42 .. .. .	2,928,172	1,977,124	
1942-43 .. .. .	2,806,146	2,191,163	
1943-44 .. .. .	2,725,283	2,202,203	

\* This table shows actual payments. The previous table showed loan charges. Further, this table includes interest on overdraft.

The following table shows the total interest and sinking-fund charges of all local authorities including Hospital Boards. Note that this figure is of "loan charges" and not of loan "payments," the figures are not strictly comparable with the figures in the previous table, which show payments of interest and sinking fund, the interest in which includes interest on overdraft. It is interesting to note, moreover, that total loan charges now aggregate £5,000,000 per annum, a fact which is a further illustration of the important part which local authorities play in the financial structure of the Dominion:—

Table showing Annual Loan Charges for all Local Authorities (including Hospital Boards) for Interest and Amortization for the Years from 1924-25 to 1943-44.<sup>(1)</sup>

Financial Year.		Interest.	Amortization.
£			
1924-25	.. ..	3,331,163 <sup>(2)</sup>	
1925-26	.. ..	3,740,647 <sup>(2)</sup>	
1926-27	.. ..	4,050,895 <sup>(2)</sup>	
1927-28	.. ..	4,427,129 <sup>(2)</sup>	
1928-29	.. ..	4,660,794 <sup>(2)</sup>	
1929-30	.. ..	4,865,084 <sup>(2)</sup>	
1930-31	.. ..	5,019,142 <sup>(2)</sup>	
1931-32	.. ..	5,082,562 <sup>(2)</sup>	
		£	£
1932-33	.. ..	3,916,716	1,228,253
1933-34	.. ..	3,392,032	1,255,216
1934-35	.. ..	3,245,094	1,290,477
1935-36	.. ..	3,157,764	1,354,387
1936-37	.. ..	3,028,745	1,520,193
1937-38	.. ..	3,013,547	1,557,890
1938-39	.. ..	3,014,753	1,729,849
1939-40	.. ..	3,030,632	1,853,691
1940-41	.. ..	2,963,962	2,015,748
1941-42	.. ..	2,893,471	2,141,135
1942-43	.. ..	2,764,377	2,299,935
1943-44	.. ..	2,722,340	2,399,325

## B. TERRITORIAL LOCAL AUTHORITIES

### (1) RATING GENERALLY

Rates are the primary source of taxation in the case of all territorial local authorities. Practically all local authorities have some rating-powers.<sup>(1)</sup> Most *ad hoc* authorities collect their rates through the territorial local authorities over the territory of which they operate.

Rates may be levied on either the capital value, annual value, or unimproved value of the land. When the Municipal Corporations Act, 1876, and the Counties Act, 1876, were passed provision was made for rating on annual value only.<sup>(2)</sup> The rateable value was then defined as "the rent at which such property would let from year to year, deducting therefrom twenty per centum in the case of houses, buildings, and other perishable property, and ten per centum in the case of land and other hereditaments, but shall in no case be less than five per centum of the value of the fee-simple thereof, provided always that in valuing the fee-simple the valuer shall be guided by the actual selling-price . . . ." <sup>(3)</sup> The definition of annual value is substantially the same to-day<sup>(7)</sup>.

In 1882 provision was made for rating on the capital value of land, which is defined as "the sum at which the fee-simple of any rateable property, if held in possession free from encumbrances, is hereafter assessed<sup>(8)</sup>." The present definition of "capital value" is as follows: "The sum which the owner's estate or interest therein, if unencumbered by any mortgage or other charge, might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* seller might be expected to require."<sup>(9)</sup>

In 1882 there was in existence a national property tax,<sup>(10)</sup> in the assessment of which the State was required to assess the value of all real and personal property. Therefore all real property was valued twice for taxation purposes—once for national taxation, and once for local taxation—and as the Hon. Major Atkinson said in moving the second reading of the Rating Bill in 1882, it was desirable to have only one such value, and local authorities were to be permitted to utilize the value as assessed by the Property Tax Commissioner<sup>(11)</sup>.

All local authorities empowered to make and levy rates could by resolution adopt the capital value system of rating<sup>(12)</sup>.

<sup>(1)</sup> This table, which is the only one available, shows loan charges, not loan payments.

<sup>(2)</sup> Not including Hospital Board figures, which are not available.

<sup>(3)</sup> Separate figures for interest and amortization not available during these years.

<sup>(4)</sup> Some Harbour Boards by their enabling statute are precluded from striking a rate.

<sup>(5)</sup> Municipal Corporations Act, 1876, section 108; Counties Act, 1876, section 107; Rating Act, 1876, section 2; and *passim*.

<sup>(6)</sup> Rating Act, 1876, section 2.

<sup>(7)</sup> Rating Act, 1925, section 2.

<sup>(8)</sup> Rating Act, 1882, section 2.

<sup>(9)</sup> Rating Act, 1925, section 2.

<sup>(10)</sup> Property Assessment Act, 1879; Property Tax Act, 1879.

<sup>(11)</sup> Rating Act, 1882, *passim*.

<sup>(12)</sup> Rating Act, 1882, section 58. See also Rating Act, 1894, sections 3 and 4.

In 1891 the national property tax was abolished, and in its place an income-tax and a land-tax were imposed. The land-tax was imposed on the actual value of the land with an exemption of improvements on land up to £3,000 in value. "Actual value" was defined as "The capital value of the land for which the fee-simple of the land with all improvements (if any) could be purchased for cash." Improvements were defined as including "houses and buildings, plant for draining of land, clearing of timber, scrub or fern, laying down in grass and pasture or any other improvement whatsoever, the benefit of which is unexhausted at the time of valuation."<sup>(1)</sup>

In 1893 the land-tax on all land was levied on the unimproved value—unimproved value being calculated by deducting from the capital value the value of the improvements as defined above<sup>(2)</sup>. The present definition of unimproved value of any land is as follows: "Unimproved value means the sum which the owner's estate or interest therein, if unencumbered by any mortgage or other charge thereon, might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* seller might be expected to impose and if no improvements . . . had been made on the said land<sup>(3)</sup>." The present definition of improvements is: "'Improvements' on land means all work done or material used at any time on or for the benefit of the land by the expenditure of capital or labour by any owner or occupier thereof in so far as the effect of the work done or material used is to increase the value of the land, and the benefit thereof is unexhausted at the time of valuation; but does not include work done or material used on or for the benefit of the land by the Crown or by any statutory public body, except so far as the same has been paid for by the owner or occupier, either by way of direct contribution or by way of special rates on loans raised for the purpose of constructing within a county any road, bridge, irrigation-works, water-races, drainage-works, or river-protection works: Provided that the value of improvements made out of loan-moneys raised for the purpose of constructing within a county any road, bridge, irrigation-works, water-races, drainage-works, or river-protection works as aforesaid shall not exceed the amount of principal estimated by the Valuer-General to have been repaid by the owner in respect of any such loan by way of special rates."<sup>(4)</sup>

In 1896 the Rating on Unimproved Value Act was passed, which enabled local authorities to rate on the unimproved value if a poll of ratepayers affirmed the proposal<sup>(5)</sup>.

Unimproved value is defined as follows: "The gross value of land . . . less the value of all improvements thereon."<sup>(6)</sup>

By the 1896 Act a poll was deemed carried if affirmed by a majority of the valid votes recorded, and if at least one-third of the ratepayers on the roll recorded their votes<sup>(7)</sup>. In 1900 a simple majority of ratepayers voting for unimproved value rating was provided<sup>(8)</sup>. Since 1896, therefore, local authorities may levy rates on the capital, annual, or unimproved value of the land in their districts<sup>(9)</sup><sup>(10)</sup>.

A local authority rating on the capital value may by resolution determine to rate on the annual value, and *vice versa*<sup>(11)</sup>.

The relation between capital and annual value is set out in several places:—

- (a) The annual value shall in no case be less than five per centum of the value of the fee-simple<sup>(12)</sup><sup>(13)</sup>.
- (b) ". . . every five pounds annual value shall be deemed to be equal to one hundred pounds of capital value, and *vice versa*" for determining the number of votes to which a ratepayer is entitled.<sup>(14)</sup>
- (c) "One shilling in the pound on the annual value shall be deemed to be equal to three farthings in the pound on the capital value of any property<sup>(15)</sup>."
- (d) "The annual value for any rateable property shall be the sum equal to six pounds per centum on the capital value of such property, and *vice versa* respectively<sup>(16)</sup>."  
(The last two definitions are in connection with the conversion of one form of rate collection to another.)
- (e) "A general rate of not exceeding two shillings and sixpence in the pound upon the annual value of such rateable property or twopence in the pound upon the capital value thereof<sup>(17)</sup>."
- (f) "Whenever for the purpose of any water rate, gas rate, or other rate fixed by any Act or Provincial Ordinance, it is imperative to fix any annual value for any rateable property then such annual value shall be deemed to be the sum of which is equal to six per centum on the capital value."<sup>(18)</sup>

Summarized, the position is as follows: Annual value may be (a) not less than 5 per cent. of the fee-simple; (b) not less than 5 per cent. of the capital value; (c) not less than  $6\frac{1}{4}$  per cent. of the capital value; (d) not less than 6 per cent. of the capital value; (e) not less than  $6\frac{3}{4}$  per cent. of the capital value.

<sup>(1)</sup> Land and Income Tax Assessment Act, 1891, Schedule A (1).

<sup>(2)</sup> Land and Income Tax Act Amendment Act, 1893, section 11 (1).

<sup>(3)</sup> Rating Act, 1925, section 2; Valuation of Land Act, 1925, section 2; Land and Income Tax Act, 1923, section 40. (The definitions are the same in all the Acts.)

<sup>(4)</sup> Rating Act, 1925, section 2; Valuation of Land Act, 1925, section 2; Valuation of Land Amendment Act, 1927, section 2 (b). (The definitions in all these Acts are identical.)

<sup>(5)</sup> Rating on Unimproved Value Act, 1896, *passim*.

<sup>(6)</sup> Rating on Unimproved Value Act, 1896, section 2.

<sup>(7)</sup> Rating on Unimproved Value Act, 1896, section 6.

<sup>(8)</sup> Local Government Voting Reform Act, 1899, *passim*.

<sup>(9)</sup> As to valuations, see p. 140.

<sup>(10)</sup> Subject to subsequent discussion as to hospital rating, water rates, &c.

<sup>(11)</sup> Rating Act, 1925, section 4.

<sup>(12)</sup> *Ibid.*, section 2.

<sup>(13)</sup> The term "the value of the fee-simple" is not used in connection with the definition of "capital value" but is obviously related thereto. When capital value was first defined in 1882 it was defined in terms of the "fee-simple."

<sup>(14)</sup> Rating Act, 1925, section 94.

<sup>(15)</sup> *Ibid.*, section 91.

<sup>(16)</sup> *Ibid.*, section 91.

<sup>(17)</sup> Municipal Corporations Act, 1933, section 77.

<sup>(18)</sup> Rating Act, 1925, section 93.

While a change from capital value to annual value rating, or *vice versa*, may be made on a resolution of the local authority, a change from either system to unimproved value rating, or *vice versa* requires a poll of the ratepayers. First the ratepayers must draw up a petition asking for the change. Where there are less than 100 ratepayers, 25 per cent. must sign the petition; where there are between 100 and 299, 20 per cent. of the ratepayers; when there are 300 ratepayers or over, 15 per cent. of the ratepayers. On receipt of such a petition the local authority must submit the proposal to a vote of the ratepayers, and if it is carried the local authority must thereafter rate on the unimproved value. If the proposal is rejected, it cannot be resubmitted to the ratepayers for three years, and, further, if carried, a proposal to rescind cannot be submitted for three years.<sup>(1)</sup>

In general, the systems of rating in force in a local authority apply to all rates levied. When the Rating on Unimproved Value Act, 1896, was passed it was specifically provided that unimproved value rating "shall not apply to water rates, gas rates, electric-light rates, sewerage rates, or hospital and charitable-aid rates<sup>(2)</sup>." In 1911 it was decided that henceforth a poll to change to unimproved value should include rates for water, gas, and hospital purposes<sup>(3)</sup>. This provision is still in force<sup>(4)</sup>. It is specifically provided, however, that where rating on unimproved value was in force prior to 1911, and where, therefore, water and hospital rates were collected on the capital (or annual) value, they are to continue to be collected thereunder unless a poll of the ratepayers authorizes a change<sup>(5)</sup>. The following table shows the method of rating adopted in the various types of local authorities in New Zealand in 1941-42:

Table showing System of Rating in Force in the Local Authorities in New Zealand in 1941-42

	System of Rating.					
	Unimproved Value.	Capital Value.	Annual Value.	Average Basis.	On Stock.	Total.
Counties .. .. .	57	67	..	..	..	125 <sup>(6)</sup>
Boroughs .. .. .	80	22	25	..	..	127
Town districts .. .. .	26	24	5	..	..	55
Road districts .. .. .	3	7	..	..	..	10
River districts .. .. .	11	17	..	6 <sup>(7)</sup>	..	34
Land-drainage districts .. .. .	29	18	..	..	..	47
Electric-power districts .. .. .	14	27	..	..	..	41
Water-supply districts .. .. .	..	1	..	..	..	2 <sup>(8)</sup>
Urban drainage districts .. .. .	..	2	1	..	..	3
Tramway district .. .. .	..	1	..	..	..	1
Rabbit districts .. .. .	2	4	..	70	6	82
Totals .. .. .	222	190	31	76	6	527

Although the above table shows that the number of local authorities rating on the unimproved value during 1941-42 was 42 per cent. of the total, yet on a population basis the figures reveal that 59 per cent. of the people of the Dominion were in districts so rating. The following table shows the population details for the territorial local authorities:

Table showing the Number of Territorial Local Authorities and the Population therein which Rate on the Unimproved Value in 1941-42

	Rating on Unimproved Value.		Total for Dominion. <sup>(9)</sup>		Ratio of Unimproved Value Rating to Total.	
	Number.	Population.	Number.	Population.	Number.	Population.
Counties (excluding all town districts)	58	302,840	129	640,720 <sup>(10)</sup>	Per Cent.	Per Cent.
Boroughs .. .. .	80	632,810	127	939,180	44·96	47·27
Town districts (independent) .. .. .	16	16,910	34	28,740	62·99	67·38
Town districts (dependent) .. .. .	10	3,440	21	7,430	47·06	58·84
	164	956,000	311	1,616,070	47·62	46·30
					52·73	59·16

(1) Rating Act, 1925, section 39 to 47.

(2) Rating on Unimproved Value Act, 1896, section 20; Rating Act, 1908, section 103.

(3) Rating Amendment Act, 1911, section 2.

(4) Rating Act, 1925, section 95.

(5) Rating Act, 1925, section 95 (3).

(6) Includes Chatham Islands County, for which import and export dues are charged in lieu of rates on land.

(7) Includes one various.

(8) Includes one system based on water consumption.

(9) Exclusive of migratory, &c., population.

(10) Includes the four counties (Eden, Taupo, Sounds, and Fiord) in which the Counties Act is not wholly in force.

Certain changes have taken place since 1941-42, and the following tables show the rating situation of boroughs, counties, and independent town districts as at the end of 1944 for each Island and for New Zealand as a whole :—

Table showing Method of Rating of Counties, Boroughs, and Independent Town Districts as at December, 1944

Local Body.				Unimproved Value.	Capital Value.	Annual Value.	Total Number of Local Bodies levying Rates.
NEW ZEALAND							
Counties	..	..	..	60	64	..	124
Boroughs	..	..	..	83	19	25	127
Towns (Independent)	..	..	..	16	15	3	34
NORTH ISLAND							
Counties	..	..	..	49	25	..	74
Boroughs	..	..	..	60	8	7	75
Towns (Independent)	..	..	..	15	9	2	26
SOUTH ISLAND							
Counties	..	..	..	11	39	..	50
Boroughs	..	..	..	23	11	18	52
Towns (Independent)	..	..	..	1	6	1	8

In addition to the boroughs shown on the above tables as voting on unimproved value, 14 other boroughs which have lost their identity through various amalgamations had, previous to the amalgamation, carried polls in favour of unimproved value rating. The above tables show that unimproved value rating has made greater strides in the North Island than in the South Island, and if in that connection it is remembered that 68 per cent. of the local-body rates are raised in the North Island it will be realized that unimproved value rating is quantitatively the most important system in operation. The New Zealand League for the Taxation of Land Values has estimated that in 1941-42, 52 per cent. of local-body rates\* come from the unimproved value rating, 26 per cent. from annual value rating (including Auckland City and Dunedin City), and 22 per cent. from capital value rating.

Another view of the trend toward unimproved value rating is seen in the following table :—

Table showing for Five-yearly Periods from 1897 the Results of Polls to adopt Unimproved Value Rating by Territorial Local Authorities

Date.	Counties.		Boroughs.		Town Districts.		Road Board Districts.	
	Carried.	Not carried.	Carried.	Not carried.	Carried.	Not carried.	Carried.	Not carried.
1897 .. ..	..	..	2	..	1	..	1	..
1898 .. ..	..	..	..	..	..	..	..	..
1900 .. ..	5	1	6	..	1	..	6	..
1901-05 .. ..	12	..	25	11	..	..	3	2
1905-10 .. ..	6	2	9	6	5	..	1	..
1911-15 .. ..	7	1	18	2	12	5	..	1
1916-20 .. ..	1	4	1	4	4	2	2	1
1921-25 .. ..	11	..	9	4	5	1	2	1
1926-30 .. ..	5	3	4	1	2	1	1	..
1931-35 .. ..	2	..	2	1	2	..	..	..
1936-40 .. ..	..	..	..	3	1	..	..	..

The figures show that the peak of the movement for a change to unimproved value rating was from 1900 to 1914, with some further interest displayed immediately after the last war. The above table does not show details of polls for a reversal of the system to capital value rating which were relatively less numerous. In all, 231 polls have been taken, of which 174, or approximately 75 per cent. have been successful, and 57, or approximately 25 per cent., unsuccessful.

Local authorities are authorized to levy some or all of the following different types of rate :—

(a) *General Rate*—for general purposes applicable to whole area.

(b) *General Separate Rate*—for providing, establishing, completing, maintaining, repairing, or working any public works of any description or otherwise acquiring any land or building, or of engaging in any undertaking. Such a work requires a petition of the majority of electors of the district to be benefited agreeing to be subject to the rate :

(c) *Particular Separate Rates* :—

(i) Water rate

(ii) Lighting rate—for streets or public buildings.

(iii) Sanitation rate—for removal of refuse, or for supply of dry earth or deodorizing substances for closets or cesspools not connected with any public drain, or for the cleaning of closets or cesspools.

(iv) Drainage rate—for maintenance or extension of public drains.

(v) Library rate.

(vi) Harbour rates—for maintenance of harbours by territorial local authorities.

\* Excluding Harbour Board rates, which are relatively unimportant.

(d) *Special Rates*—for security for repayment of moneys borrowed.

(e) *Consolidated Rates* Under certain circumstances a territorial local authority may consolidate general, special, and separate rates, and levy one rate only to cover the total of all the above rates.

(f) *Miscellaneous*—for lighting, water-supply, drainage, and suchlike.

Where a specific limitation on rating-power is stated it is usually fixed in terms of the capital and/or annual value. Where a local authority rates on the unimproved value basis, the amount of the rate is fixed so that the maximum total product of the rate shall not exceed the amount which could have been raised if the local authority had rated on the capital value or annual value, subject to the limits imposed.<sup>(1)</sup>

All local authorities may by resolution decide to allow a rebate of not exceeding 5 per cent. of the rates due if paid within thirty days of the due date. Very few local authorities use this power<sup>(2)</sup>; and they may add 10 per cent. to the amount due for rates unpaid at the expiration of six months and fourteen days from the date of demand, but only after public notification thereof<sup>(3)</sup>. Most local authorities do impose the penalty. Rates may, in the case of extreme poverty, be remitted by the local authority<sup>(4)</sup>.

## (2) BOROUGHs

### (a) Rating

Boroughs may levy—

(i) *General Rates* may be levied not exceeding 2s. 6d. in the pound on the annual value, or 2d. in the pound on the capital value. The general rate is calculated by estimating the balance required to meet the estimated expenditure of the borough, after taking into account all other receipts available for general expenditure.

(ii) *General Separate Rates* :—These must not exceed in the total of all such general separate rates within any district or ward,  $\frac{3}{4}$ d. in the pound on the capital value, or 1s. on the annual value<sup>(5)</sup>. After making provision for administrative expenditure, the balance of the separate rate must be expended in the district or ward paying the rate<sup>(6)</sup>.

(iii) *Particular Separate Rates* :—

(a) *Water Rates* : Subject to the statement above regarding water rates, the following water rates are allowed. The Council may levy either a uniform or graduated rate for ordinary supply. Where a uniform rate is charged : where the annual value does not exceed £12 10s., not exceeding 10s. per annum ; where the annual value exceeds £12 10s., not exceeding 6 per cent. of annual value, and not less than 10s. Where a graduated rate is levied : where annual value not exceeding £12 10s., not exceeding 10s. per annum ; where it exceeds £12 10s., then 7 per cent. on so much of value as does not exceed £100 7 per cent. of so much of such value as is between £101 and £200, 5 per cent. of so much value as is between £201 and £300, and 4 per cent. of so much as exceeds £300, but not less than 10s.

Where rates are on unimproved value, a rate equivalent to 1d. in the pound is levied on the capital value, but not less than 15s.

For extraordinary supply, charges may be as determined by the local authority. Where water-meters are used, the rates are fixed by by-laws.

Ordinary supply to buildings other than dwelling houses is to be charged at half rates. Unoccupied dwelling houses or other buildings can be charged only one-half the rates they would otherwise be chargeable with. Land within 100 yards of a main which can be but is not supplied with water pay only half rates<sup>(7)</sup>.

(b) *Lighting Rate* not exceeding 6d. in the pound on the annual value<sup>(8)</sup>.

(c) *Sanitation Rate* : A rate sufficient to cover expenditure. It is payable only in connection with property from which Council is prepared to remove refuse. A fee may be charged in lieu of a rate<sup>(9)</sup>.

(d) *Drainage Rate* not exceeding 6d. in the pound on annual value, and payable only by property served by drains<sup>(10)</sup>.

(e) *Library Rate* not exceeding 2d. on the annual value<sup>(11)</sup>.

(f) *Harbour Rate* (not to be confused with rate by Harbour Board) not exceeding  $\frac{3}{4}$ d. on capital value on area specially benefited<sup>(12)</sup>.

Capital value and unimproved value rate is to be calculated as discussed on pages 47–48.

(iv) *Special Rates*.—A borough raising a loan may strike and levy a special rate to pay interest, or interest and sinking fund, or interest and principal. A loan may be raised for the benefit of part of a borough, and the special rate would then be levied on the rateable property in that part. A borough may, by special order, decide to pay interest, and interest and sinking fund, out of its general fund<sup>(13)</sup>.

(v) *Consolidated Rate*—In lieu of levying general or special rates, a borough may levy a consolidated rate to produce the same amount as would have been produced by the total of all the other rates<sup>(14)</sup>

<sup>(1)</sup> Rating Act, 1925, section 92.

<sup>(2)</sup> *Ibid.*, section 64.

<sup>(3)</sup> *Ibid.*, section 76.

<sup>(4)</sup> *Ibid.*, section 74.

<sup>(5)</sup> Municipal Corporations Act, 1933, section 80 (3).

<sup>(6)</sup> *Ibid.*, section 81 (3).

<sup>(7)</sup> *Ibid.*, sections 82 and 88.

<sup>(8)</sup> *Ibid.*, section 89.

<sup>(9)</sup> *Ibid.*, section 90.

<sup>(10)</sup> *Ibid.*, section 91.

<sup>(11)</sup> *Ibid.*, section 92, and Municipal Corporations Amendment Act, 1938, section 8.

<sup>(12)</sup> Municipal Corporations Act, 1933, section 93.

<sup>(13)</sup> Local Body Loans Act, 1926, section 20, *et seq.*, and Municipal Corporations Act, 1933, section 95. When the special loan is secured by a special rate made over the whole of any legal subdivision or of any defined portion of a district, the annual charges in respect of the loan may be paid out of any separate rate made over the whole of the same subdivision or portion.

<sup>(14)</sup> Municipal Corporations Act, 1933, section 96.

Boroughs also collect hospital rates. In this case the Hospital Board levies on the borough a gross sum, and the local authority may then either pay the amount out of its General Fund or levy a special rate. Most boroughs levy a special rate. Similar provisions apply to levies on boroughs and other local authorities in the Auckland area regarding rates for the Urban Drainage Board there. Boroughs may also be required to act as collecting agents for some other *ad hoc* local authorities, such as Electric-power Boards, Harbour Boards. In this case the rates collected do not appear as revenue of the borough, which is merely a collecting agent.

No details are available to show the product of each of the various types of rates which may be, and are, levied by boroughs, but the following table shows the total rates (other than hospital rates) collected by boroughs:—

*Table showing Total Rates collected by Boroughs from 1925-26 to 1943-44*

Financial Year.	Total Rates collected.	Levies paid to Hospital Boards*.	Net Amount available to Boroughs†.
	£	£	£
1925-26 .. .. .	2,497,825	223,620	2,274,205
1926-27 .. .. .	2,732,903	233,678	2,499,225
1927-28 .. .. .	2,875,231	280,126	2,595,105
1928-29 .. .. .	3,042,839	310,578	2,732,261
1929-30 .. .. .	3,188,157	316,379	2,871,778
1930-31 .. .. .	3,213,117	341,514	2,871,603
1931-32 .. .. .	3,219,178	274,897	2,944,281
1932-33 .. .. .	3,226,990	290,983	2,936,007
1933-34 .. .. .	3,270,803	292,647	2,978,156
1934-35 .. .. .	3,312,197	299,045	3,013,152
1935-36 .. .. .	3,336,404	309,158	3,027,246
1936-37 .. .. .	3,493,522	355,345	3,138,177
1937-38 .. .. .	3,787,506	404,424	3,383,082
1938-39 .. .. .	4,048,606	469,068	3,579,538
1939-40 .. .. .	4,263,939	546,539	3,717,400
1940-41 .. .. .	4,281,980	486,148	3,795,832
1941-42 .. .. .	4,387,904	533,495	3,854,409
1942-43 .. .. .	4,643,068	683,289	3,959,779
1943-44 .. .. .	4,699,886	645,892	4,053,994

\*The figures given are hospital levies actually paid by local authorities to Hospital Boards. The amount paid is recoverable, but in any case some boroughs do not actually levy a hospital rate, but pay the levy out of the General Fund, which includes ordinary rates collected. Hence a deduction of hospital levies states the real position.

† This figure is not absolutely correct, as some boroughs have to pay levies of Fire Boards, Urban Drainage Boards, &c., from their general rate levies, but the general trend is adequately shown.

## (b) Licenses and Fees

As stated earlier, most territorial local authorities derive some revenue from licenses and fees. The following table gives a fairly clear picture of the revenue of boroughs from this and related sources :—

Table showing Licenses and Fees collected by Boroughs from 1924-25 to 1943-44

Financial Year.	Under Licensing Act.	Auctioneers.	Motor-drivers.	Heavy Traffic Fees.	Vehicles (other than Heavy Traffic).	Vehicles and Drivers (other than Motor)	Public Halls and Places of Amusement.	Picture-theatres.	Slaughtering (excluding Abattoir Fees).	Building Permits.	Dangerous Goods.	Dog Registration.	Hawkers.	Transfers.	Sundry other Licenses.	Total Licenses.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25	28,448	17,520	..	43,872*	..	..	3,260	..	220	22,109	..	11,830	1,507	165	15,193	115,676
1925-26	28,458	16,394	19,456	82,603	..	6,486	3,616	..	180	25,505	..	10,864	..	199	35,927	201,230
1926-27	28,681	16,460	28,092	133,631	..	7,872	3,272	..	318	26,492	..	11,132	..	252	46,119	273,640
1927-28	28,431	16,105	28,413	84,928	..	8,054	2,526	906	303	21,961	..	11,370	..	194	33,797	208,557
1928-29	28,552	4,967	18,839	100,316	..	8,528	2,406	1,136	328	21,264	..	11,759	..	..	26,921	196,464
1929-30	28,371	14,777	29,965	99,106	..	8,464	2,514	1,331	544	23,192	..	11,615	..	..	29,563	221,071
1930-31	28,553	15,105	32,005	103,820	..	5,935	2,667	1,218	389	14,638	..	11,477	..	..	29,856	245,663
1931-32	28,525	14,101	30,615	93,530	..	5,730	2,679	1,274	434	7,388	..	10,718	..	..	28,306	223,300
1932-33	28,667	15,678	29,704	87,499	..	6,353	2,568	1,354	426	7,053	..	10,876	..	..	27,500	217,678
1933-34	28,665	11,091	30,059	80,986	..	5,750	2,497	1,468	499	8,820	..	11,673	..	..	23,925	205,433
1934-35	28,423	12,171	31,866	85,586	..	3,748	1,891	1,730	498	10,303	..	12,668	..	..	27,443	216,327
1935-36	28,453	10,638	34,612	103,115	..	6,691	2,520	1,969	399	14,875	..	15,158	..	..	27,873	246,303
1936-37	28,476	10,847	40,187	115,741	..	5,907	2,311	1,698	477	17,090	..	15,987	..	..	27,229	265,950
1937-38	28,570	12,672	44,636	132,513	..	6,871	2,585	1,942	382	18,113	..	16,363	..	..	27,336	291,983
1938-39	28,797	12,763	49,237	153,604	..	3,668	2,424	1,932	..	20,071	11,740	17,875	..	..	22,374	324,485
1939-40	28,719	12,537	51,592	167,199	..	3,070	2,597	1,965	..	18,656	11,778	8,884	..	..	24,889	331,886
1940-41	28,581	12,852	49,744	157,710	1,779	..	2,256	1,854	..	19,525	11,193	21,363	..	..	21,336	328,193
1941-42	28,384	11,902	50,590	153,067	1,317	..	2,457	2,062	..	19,072	9,622	13,778	..	..	22,671	314,922
1942-43	28,117	12,353	39,912	155,999	2,397	..	2,026	2,381	..	8,073	8,913	16,920	..	..	18,108	295,199
1943-44	28,663	17,535	43,858	169,532	1,657	..	1,865	2,118	..	17,589	7,610	14,152	..	..	18,223	317,202

Perhaps the first reaction from a study of the foregoing table is the number of small and relatively unimportant licenses and fees which are collected. From a revenue point of view it is probable that the amount raised could be more efficiently collected by an addition to the rates, but in many cases the actual fees paid are of less importance than the control over activities of a potentially harmful character. Regulation rather than revenue is an important factor in many of the licenses.

\* Includes fees from motor-drivers and vehicles and drivers (other than motor). † Shown in "Other."

(c) *Trading Activities*

Adequate details are not available to analyse the full financial implication of all local bodies' trading activities. Certain figures are available, but are not altogether satisfactory, as it is more than probable that the figures shown as total payments do not include in every case payments on account of loans. This is particularly the case where loans by local bodies have been consolidated, and it is impossible to isolate the loans referable to a particular trading activity.

Among other operations, some Borough Councils undertake one or all of the following types of trading activities: gasworks; electricity works; tramways, buses, or ferries; ownership of buildings from which rent is received; ownership of quarries and other territorial sources of revenue; ownership of picture-theatres; ownership of abattoirs; and, in one case, the ownership of a milk-supply institution.

(i) *Gasworks*.—The following table shows receipts and payments on account of gasworks owned by Borough Councils:—

*Table showing Receipts and Payments of Borough Councils on account of Gasworks from 1924-25 to 1943-44*

Financial Year.	Number.	Receipts.	Payments.*
		£	£
1924-25 .. .. .	34	456,943	290,191
1925-26 .. .. .	29	451,898	461,179
1926-27 .. .. .	28	457,272	438,684
1927-28 .. .. .	29	443,098	443,141
1928-29 .. .. .	28	442,437	436,627
1929-30 .. .. .	27	455,456	384,171
1930-31 .. .. .	27	446,898	417,926
1931-32 .. .. .	27	413,395	354,711
1932-33 .. .. .	27	384,800	299,096
1933-34 .. .. .	27	372,809	282,541
1934-35 .. .. .	27	368,583	290,628
1935-36 .. .. .	27	377,726	315,868
1936-37 .. .. .	27	391,707	343,531
1937-38 .. .. .	27	414,499	379,794
1938-39 .. .. .	27	439,255	413,216
1939-40 .. .. .	26	470,590	410,575
1940-41 .. .. .	26	459,096	406,661
1941-42 .. .. .	26	467,910	418,937
1942-43 .. .. .	25	490,826	418,173
1943-44 .. .. .	25	527,572	460,843

\* Does not include payments on interest and sinking fund.

(ii) *Electrical Works\**.—Some idea of the extent of borough electricity operations can be seen from the following table showing the number of boroughs operating electricity-distribution works and the receipts and payments therefrom. It is important to notice that the table does not include interest and sinking fund on electricity works, details of which are not available :—

*Table showing Receipts and Payments of Borough Councils on account of Electricity-distribution Works from 1924-25 to 1943-44*

Financial Year.				Number.	Receipts.	Payments.†
					£	£
1924-25	..	..	..	50	911,457	1,139,606
1925-26	..	..	..	45	1,039,890	884,579
1926-27	..	..	..	44	1,107,262	998,131
1927-28	..	..	..	39	1,166,025	1,018,781
1928-29	..	..	..	36	1,343,884	1,158,333
1929-30	..	..	..	36	1,377,687	1,201,303
1930-31	..	..	..	36	1,375,628	1,352,355
1931-32	..	..	..	36	1,336,747	1,006,840
1932-33	..	..	..	36	1,279,930	805,472
1933-34	..	..	..	36	1,265,729	755,261
1934-35	..	..	..	35	1,284,243	862,857
1935-36	..	..	..	34	1,356,808	972,026
1936-37	..	..	..	34	1,406,701	1,153,783
1937-38	..	..	..	34	1,561,649	1,346,087
1938-39	..	..	..	34	1,702,563	1,477,428
1939-40	..	..	..	34	1,876,886	1,578,959
1940-41	..	..	..	34	1,979,177	1,657,537
1941-42	..	..	..	34	1,895,566	1,508,873
1942-43	..	..	..	34	1,938,705	1,403,842
1943-44	..	..	..	34	2,109,759	1,420,289

(iii) *Tramways, Bus and Ferry Services*.—The following tables give some idea of the expenditure of borough transport services. No separate details are available as to tramways, bus, and ferry services respectively. Only one borough—Eastbourne—runs a ferry service, but no separate financial details are available for this service. The table shows the number of boroughs operating these services and the rates and payments. Again it should be noticed that the payments do not include interest and sinking-fund payments referable to this service :—

*Table showing Receipts and Payments of Borough Councils on account of Tramways, Bus, and Ferry Services, from 1924-25 to 1943-44*

Financial Year.				Number.	Receipts.	Payments.‡
					£	£
1924-25	..	..	..	§	£	1,437,770
1925-26	..	..	..	12	1,392,757	1,360,472
1926-27	..	..	..	11	1,457,111	1,423,288
1927-28	..	..	..	12	1,583,545	1,494,142
1928-29	..	..	..	10¶	880,052	815,826
1929-30	..	..	..	10	858,064	779,799
1930-31	..	..	..	10	791,196	687,861
1931-32	..	..	..	10	703,116	562,290
1932-33	..	..	..	10	668,709	518,970
1933-34	..	..	..	10	639,344	508,243
1934-35	..	..	..	10	647,538	522,421
1935-36	..	..	..	9	658,346	550,729
1936-37	..	..	..	9	700,719	630,405
1937-38	..	..	..	9	780,627	693,649
1938-39	..	..	..	9	789,804	782,936
1939-40	..	..	..	9	891,505	862,417
1940-41	..	..	..	9	913,048	776,476
1941-42	..	..	..	9	970,784	785,558
1942-43	..	..	..	10	1,090,956	806,879
1943-44	..	..	..	9	1,174,702	858,338

\* Financial results of undertakings of Electric-power Boards are discussed on pages 86 *et seq.*

† Does not include interest and sinking fund.

‡ Payments do not include interest and sinking fund. Most borough loans are consolidated, and hence it is not possible to extract the amount referable to tramways. The difference between receipts and payments, therefore, does not necessarily indicate a profit.

§ Not available.

|| Does not include ferry services.

¶ Auckland tramways and bus services passed from Auckland City Council to Auckland Transport Board during this year.

(iv) *Picture-theatres*.—Some boroughs operate picture-theatres, either directly or by lease to operators. No details are available prior to 1936–37, but the following table shows that five boroughs at the present time own picture-theatres. The figures do not include payments for interest and sinking fund :—

*Table showing Receipts and Payments of Borough Councils on Account of Picture-theatres from 1936–37 to 1943–44*

(Earlier figures not available)

Financial Year.				Number.	Receipts.	Payments.*
					£	£
1936–37	..	..	..	5	30,323	26,319
1937–38	..	..	..	5	31,587	39,670
1938–39	..	..	..	5	33,367	57,655
1939–40	..	..	..	5	33,613	27,837
1940–41	..	..	..	5	19,373	12,906
1941–42	..	..	..	5	16,346	9,071†
1942–43	..	..	..	5	15,334	6,266†
1943–44	..	..	..	5	17,288	10,501†

(v) *Abattoirs and Slaughterhouses*.—A number of boroughs operate abattoirs and slaughterhouses, and receive payments either by way of fees, or generally by way of receipts from the operation of these concerns. No figures are available to show the expenditure on slaughterhouses.

*Table showing Receipts of Borough Councils on account of Abattoirs and Slaughterhouses from 1924–25 to 1943–44*

Financial Year.				Number.	Receipts.
					£
1924–25	..	..	..	28	121,006
1925–26	..	..	..	29	116,313
1926–27	..	..	..	34	119,250
1927–28	..	..	..	35	127,302
1928–29	..	..	..	35	125,742
1929–30	..	..	..	35	129,817
1930–31	..	..	..	35	128,244
1931–32	..	..	..	35	131,665
1932–33	..	..	..	35	128,404
1933–34	..	..	..	36	121,281
1934–35	..	..	..	36	123,191
1935–36	..	..	..	36	125,262
1936–37	..	..	..	36	131,779
1937–38	..	..	..	36	141,177
1938–39	..	..	..	36	148,050
1939–40	..	..	..	36	159,825
1940–41	..	..	..	36	168,673
1941–42	..	..	..	36	171,506
1942–43	..	..	..	36	192,511
1943–44	..	..	..	36	198,451

\* Does not include payment for interest and sinking fund.

† These figures not exactly comparable with previous figures.

(vi) *Milk-supply*.—The Wellington City Council is the only municipality at the present time operating a complete milk-supply service for its inhabitants. Practically the whole of the milk-supply of Wellington City is provided by the Wellington City Council. The extent of this service can be gauged from the following table, which shows that the receipts and payments approximate £500,000 at the present time. The payments do not include payments for interest and sinking fund :—

*Table showing Receipts and Payments on account of Wellington City Milk-supply from 1924-25 to 1943-44*

Financial Year.			Receipts.	Payments.*
			£	£
1924-25	..	..	203,958	183,547
1925-26	..	..	195,755	183,939
1926-27	..	..	207,863	185,464
1927-28	..	..	220,837	206,149
1928-29	..	..	230,954	238,101
1929-30	..	..	238,731	281,153
1930-31	..	..	224,671	258,716
1931-32	..	..	202,296	213,851
1932-33	..	..	183,282	165,744
1933-34	..	..	174,553	156,309
1934-35	..	..	182,354	167,881
1935-36	..	..	195,099	184,331
1936-37	..	..	235,543	219,860
1937-38	..	..	280,217	277,265
1938-39	..	..	327,442	324,108
1939-40	..	..	366,437	345,687
1940-41	..	..	394,996	374,261
1941-42	..	..	398,254	391,371
1942-43	..	..	486,281	444,255
1943-44	..	..	540,023	510,701

(vii) *Rents*.—Most boroughs derive certain revenue from rents of properties which they own. These receipts are usually part of the general revenue of the local authority, and the amounts are shown in the following table.

*Table showing Receipts of Borough Councils on account of Rents of properties owned by them from 1924-25 to 1943-44*

Financial Year.			Receipts.	Financial Year.			Receipts.
			£				£
1924-25	..	..	299,010	1934-35	..	..	250,190
1925-26	..	..	245,860	1935-36	..	..	255,016
1926-27	..	..	220,561	1936-37	..	..	251,675
1927-28	..	..	228,663	1937-38	..	..	263,488
1928-29	..	..	252,829	1938-39	..	..	287,164
1929-30	..	..	272,262	1939-40	..	..	294,089
1930-31	..	..	273,057	1940-41	..	..	292,948
1931-32	..	..	249,763	1941-42	..	..	287,318
1932-33	..	..	232,297	1942-43	..	..	287,276
1933-34	..	..	231,912	1943-44	..	..	297,183

\* Does not include interest and sinking fund.

(viii) *Sale of Material, Land, &c.*—Where a local authority sells land it is not always able to use the profits for its general purposes, but frequently there are certain restrictions on the directions in which receipts from the sale of land may be expended. On the other hand, certain boroughs maintain quarries and similar institutions and derive a certain amount of revenue therefrom. No details are available to show the amounts derived from these sources separately, and the following table shows the amounts derived from the sale of material, land, &c. :—

*Table showing Receipts of Borough Councils on account of Sale of Material, Land, &c., from 1924-25 to 1943-44*

Financial Year.			Receipts.	Financial Year.			Receipts.
			£				£
1924-25	..	..	187,712	1934-35	..	..	125,898
1925-26	..	..	205,546	1935-36	..	..	134,525
1926-27	..	..	234,191	1936-37	..	..	196,388
1927-28	..	..	272,113	1937-38	..	..	231,958
1928-29	..	..	259,338	1938-39	..	..	172,414
1929-30	..	..	218,520	1939-40	..	..	134,599
1930-31	..	..	196,529	1940-41	..	..	172,534
1931-32	..	..	185,074	1941-42	..	..	217,983
1932-33	..	..	116,933	1942-43	..	..	205,519
1933-34	..	..	86,341	1943-44	..	..	192,110

(d) *Total Revenue Receipts*

It will be convenient at this stage to summarize the total revenue receipts of boroughs. The following table gives these figures :—

*Table showing Revenue Receipts of Borough Councils for the years from 1924-25 to 1943-44*

Financial Year.			Revenue from Rates.	Revenue from Public Utilities, Licenses, Rents, and other Sources.	Revenue from Government.	Total Revenue.
			£	£	£	£
1924-25	..	..	2,348,878	4,472,862	43,035	6,864,775
1925-26	..	..	2,497,825	4,692,412	43,520	7,233,757
1926-27	..	..	2,732,903	4,942,201	45,443	7,720,547
1927-28	..	..	2,875,231	5,225,859	45,802	8,146,892
1928-29	..	..	3,042,839	4,642,551	99,291	7,784,681
1929-30	..	..	3,188,157	4,706,253	118,511	8,012,921
1930-31	..	..	3,213,117	4,475,901	130,019	7,819,037
1931-32	..	..	3,219,178	3,851,531	141,159	7,211,868
1932-33	..	..	3,226,990	3,481,210	188,910	6,897,110
1933-34	..	..	3,270,803	3,352,057	189,643	6,812,503
1934-35	..	..	3,312,197	3,475,235	144,079	6,931,511
1935-36	..	..	3,336,404	3,621,687	159,506	7,117,597
1936-37	..	..	3,493,522	3,838,732	204,111	7,536,365
1937-38	..	..	3,787,506	4,317,302	207,717	8,312,525
1938-39	..	..	4,048,606	4,551,139	219,769	8,819,514
1939-40	..	..	4,263,939	4,929,531	225,546	9,419,016
1940-41	..	..	4,281,980	5,086,254	190,727	9,558,961
1941-42	..	..	4,387,904	5,102,509	180,104	9,670,517
1942-43	..	..	4,643,086	5,479,029	142,810	10,264,925
1943-44	..	..	4,699,886	5,813,478	128,680	10,642,044

The major increase over the period has been from receipts from rates, although revenue from Government subsidies has increased to a very considerable extent. Details of these revenue receipts from the Government are given later in this report.

(e) *Expenditure*

Some idea of the general expenditure structure of local authorities can be gained from the following tables. The first table shows an analysis of payments on construction and maintenance of works and utilities. The table is of value particularly as showing the general distribution of local-body expenditure. One interesting trend over the period as shown by the table has been the tendency for construction works to be financed out of revenue and grants rather than out of loans. This trend is merely the converse of the trend shown in subsequent tables discussing loan indebtedness. One important phase is the large increase in expenditure out of revenue and grants in recent years, which reflects the policy by which local authorities received considerable grants from the Employment Promotion Fund, thus obviating the necessity to raise loans. As stated elsewhere, this raises a policy question of considerable importance for post-war years. If grants from the Employment Promotion or a similar fund are not continued, there is no doubt that loans will have to increase.

Table showing Analysis of Payments by Borough Councils on Construction and Maintenance of Works and Utilities, from 1924-25 to 1943-44

Financial Year.	Construction of Works and Utilities.		General Maintenance.	Renewal, Depreciation Funds, &c.
	Out of Loan.	Out of Revenue and Grants.		
	£	£	£	£
1924-25 .. .. .	2,413,887	384,205	4,524,756	Not available
1925-26 .. .. .	2,619,353	347,035	4,655,651	
1926-27 .. .. .	2,238,695	417,167	5,084,720	
1927-28 .. .. .	2,119,219	518,237	4,909,617	
1928-29 .. .. .	1,490,606	478,970	4,475,049	
1929-30 .. .. .	1,596,381	528,681	4,447,371	
1930-31 .. .. .	1,337,093	646,880	4,608,977	
1931-32 .. .. .	899,250	727,071	4,547,699	
1932-33 .. .. .	380,694	861,212	4,283,090	
1933-34 .. .. .	243,379	806,270	4,113,360	
1934-35 .. .. .	397,439	769,842	4,146,902	
1935-36 .. .. .	490,716	703,158	4,332,894	
1936-37 .. .. .	526,740	758,264	4,638,656	
1937-38 .. .. .	744,035	920,173	5,113,007	
1938-39 .. .. .	802,118	1,384,340	5,808,494	
1939-40 .. .. .	742,446	1,403,059	6,102,784	
1940-41 .. .. .	539,685	1,043,051	6,048,550	
1941-42 .. .. .	431,061	607,592	5,921,566	
1942-43 .. .. .	207,825	816,724	5,685,955	
1943-44 .. .. .	223,924	354,554	5,843,818	

The following table gives an analysis of the total payments of boroughs over the period (that is, payments out of both revenue and capital receipts):—

Table showing Analysis of Payments of Borough Councils out of Revenue and Capital Receipts from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Hospital Board Levies.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.	
	£	£	£	£	£	£	£	£	
1924-25 .. .. .	7,322,848	192,481	318,113	1,267,704	Not available	..	681,077*	9,782,223	
1925-26 .. .. .	7,622,039	233,620	342,718	1,408,707		..	..	599,673*	10,196,757
1926-27 .. .. .	7,740,582	233,678	353,340	1,520,426		..	..	738,821*	10,586,847
1927-28 .. .. .	7,547,073	280,126	372,896	1,634,375		..	..	1,201,113*	11,035,583
1928-29 .. .. .	6,444,625	340,578	364,253	1,738,789		..	..	1,042,142*	9,900,387
1929-30 .. .. .	6,572,433	316,379	410,219	1,818,283		557,328	..	358,238	10,032,880
1930-31 .. .. .	6,592,950	341,514	405,483	1,881,527		499,319	..	482,064	10,202,857
1931-32 .. .. .	6,174,020	274,897	404,011	1,779,532		480,574	..	346,516	9,459,550
1932-33 .. .. .	5,524,996	290,983	362,371	1,733,746		560,905	70,769	318,097	8,861,867
1933-34 .. .. .	5,163,009	292,647	368,626	1,530,546		601,853	79,765	382,107	8,418,553
1934-35 .. .. .	5,314,183	299,045	354,470	1,555,194		522,889	90,484	540,172	8,676,437
1935-36 .. .. .	5,526,768	309,158	433,694	1,445,755		554,507	117,943	353,915	8,741,740
1936-37 .. .. .	5,923,660	355,345	419,781	1,403,553		602,997	88,608	387,329	9,181,273
1937-38 .. .. .	6,777,215	404,424	420,231	1,384,812		655,796	133,968	383,997	10,160,443
1938-39 .. .. .	7,994,952	469,068	466,779	1,393,194		705,140	83,702	406,905	11,519,730
1939-40 .. .. .	8,248,289	546,539	444,709	1,385,424		785,036	81,003	417,692	11,908,692
1940-41 .. .. .	7,631,286	486,148	458,179	1,374,747		832,880	92,100	488,374	11,363,714
1941-42 .. .. .	6,960,219	533,495	486,834	1,315,217	917,213	102,326	665,038	10,980,342	
1942-43 .. .. .	6,710,504	683,289	462,261	1,272,358	955,270	170,285	778,125†	11,042,092	
1943-44 .. .. .	6,422,296	645,892	466,918	1,234,077	1,032,748	46,830	906,221	9,754,983	

\* Includes amounts paid to sinking funds and for repayments of loan-money.

† Includes approximately £759,392 expenditure on Emergency Precautions Scheme.

The table shows in a marked manner the increase in the relative importance of hospital levies when compared with the other items which are over the period relatively stable.

*(f) Indebtedness and Annual Loan Charge*

The following table shows the net indebtedness of boroughs on account of loans over the period under review. As with counties, the period of maximum indebtedness was in the late 1920's, and there has been a relatively steady decline since, although in the early years after the depression there was some increase:—

*Table showing the Amount of Net Indebtedness on Account of Loans of Borough Councils from 1924-25 to 1943-44*

		£			£
1924-25	.. ..	23,531,784	1934-35	.. ..	26,773,188
1925-26	.. ..	25,221,986	1935-36	.. ..	26,760,221
1926-27	.. ..	26,728,048	1936-37	.. ..	26,406,367
1927-28	.. ..	27,834,299	1937-38	.. ..	26,584,300
1928-29	.. ..	28,055,389	1938-39	.. ..	26,619,810
1929-30	.. ..	27,520,954	1939-40	.. ..	26,709,422
1930-31	.. ..	27,813,574	1940-41	.. ..	26,420,581
1931-32	.. ..	27,563,485	1941-42	.. ..	25,907,370
1932-33	.. ..	27,440,209	1942-43	.. ..	25,253,321
1933-34	.. ..	26,985,761	1943-44	.. ..	24,424,814

Boroughs have also raised considerable sums through the State Advances Corporation, as will be seen from the following table:—

*Table showing Loans to Borough Councils from State Advances Corporation from 1924-25 to 1943-44*

		£			£
1924-25	.. ..	500,169	1934-35	.. ..	..
1925-26	.. ..	66,387	1935-36	.. ..	..
1926-27	.. ..	14,110	1936-37	.. ..	..
1927-28	.. ..	..	1937-38	.. ..	..
1928-29	.. ..	..	1938-39	.. ..	392,790
1929-30	.. ..	80	1939-40	.. ..	238,905
1930-31	.. ..	..	1940-41	.. ..	7,145
1931-32	.. ..	72,350	1941-42	.. ..	25,000
1932-33	.. ..	46,000	1942-43	.. ..	..
1933-34	.. ..	..	1943-44	.. ..	..

The actual loan charges over the period have been relatively steady, although, as shown in the following table, the amounts paid out by way of interest have tended to fall and the amounts from sinking fund to increase. The fall in the interest, of course, was influenced by the statutory reduction of interest during the depression period:—

*Table showing Total Annual Charges of Borough Councils from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.
	£	£	£
1924-25 .. ..	*	*	1,681,661
1925-26 .. ..	*	*	1,819,606
1926-27 .. ..	*	*	1,944,636
1927-28 .. ..	*	*	2,092,539
1928-29 .. ..	*	*	2,138,764
1929-30 .. ..	*	*	2,105,449
1930-31 .. ..	*	*	2,168,726
1931-32 .. ..	*	*	2,196,122
1932-33 .. ..	*	*	2,234,280
1933-34 .. ..	*	*	1,999,539
1934-35 .. ..	1,373,433	594,621	1,968,054
1935-36 .. ..	1,346,295	614,515	1,960,810
1936-37 .. ..	1,326,542	659,065	1,985,607
1937-38 .. ..	1,328,362	710,757	2,039,119
1938-39 .. ..	1,331,176	766,992	2,098,168
1939-40 .. ..	1,323,629	827,797	2,151,426
1940-41 .. ..	1,274,467	894,923	2,169,390
1941-42 .. ..	1,240,663	947,926	2,188,589
1942-43 .. ..	1,207,795	992,109	2,199,904
1943-44 .. ..	1,154,762	1,032,893	2,187,655

\* Not available.

## (3) TOWN BOARDS

## (a) Rating

Town Boards have similar rating-powers to Boroughs.

Table showing Rates collected by Town Boards from 1924-25 to 1943-44

Financial Year.	Total Rates collected.	Levy Paid to Hospital Boards.	Net Amount of Rates available to Local Authorities.
	£	£	£
1924-25 .. .. .	88,760	6,708	82,052
1925-26 .. .. .	92,388	8,089	84,299
1926-27 .. .. .	98,921	7,973	90,948
1927-28 .. .. .	107,000	10,485	96,515
1928-29 .. .. .	109,378	11,008	98,370
1929-30 .. .. .	110,285	10,130	100,155
1930-31 .. .. .	111,770	11,246	100,524
1931-32 .. .. .	112,215	8,207	104,008
1932-33 .. .. .	109,386	9,008	100,378
1933-34 .. .. .	110,211	9,198	101,013
1934-35 .. .. .	111,028	9,032	101,966
1935-36 .. .. .	104,799	7,991	97,808
1936-37 .. .. .	104,291	8,755	95,536
1937-38 .. .. .	101,856	9,514	92,342
1938-39 .. .. .	92,676	9,718	82,858
1939-40 .. .. .	98,231	11,289	86,942
1940-41 .. .. .	102,866	10,106	92,755
1941-42 .. .. .	106,036	11,682	94,354
1942-43 .. .. .	112,709	15,916	96,793
1943-44 .. .. .	115,498	15,076	100,422

## (b) Licenses and Fees

The following table shows the amount of license fees collected by town districts :—

Table showing License Fees of all Town Boards from 1924-25 to 1943-44

Financial Year.	Under Licensing Act.	Auctioneers.	Motor-drivers.	Heavy Traffic Fees.	Vehicles (other than Heavy Traffic).	Vehicles and Drivers (other than Motor)	Public Halls and Places of Amusement.	Picture-theatres.	Slaughtering (excluding Abattoir Fees).	Building Permits.	Dangerous Goods.	Dog Registration.	Transfers.	Sundry other Licenses.	Total Licenses.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25 .. .. .	1,718	1,040	..	1,239*	..	..	243	..	10	538	..	891	7	1,003	5,001
1925-26 .. .. .	1,668	941	888	2,000	..	180	249	..	10	700	..	771	22	1,289	7,050
1926-27 .. .. .	1,768	1,041	1,521	7,166	..	128	208	..	16	704	..	795	20	1,253	12,852
1927-28 .. .. .	1,804	794	2,449	4,771	..	225	179	23	12	675	..	856	14	1,464	11,462
1928-29 .. .. .	1,742	324	1,486	5,606	..	322	162	46	17	622	..	772	..	1,677	11,034
1929-30 .. .. .	2,816	729	2,085	5,519	..	107	213	24	18	621	..	881	..	1,870	12,067
1930-31 .. .. .	2,807	734	2,205	5,356	..	135	146	49	12	388	..	786	..	1,876	14,494
1931-32 .. .. .	2,667	690	1,627	4,410	..	72	152	23	15	263	..	729	..	1,810	12,458
1932-33 .. .. .	2,647	823	1,590	4,789	..	140	143	54	21	170	..	794	..	1,751	12,922
1933-34 .. .. .	2,668	556	1,621	4,323	..	40	110	43	13	282	..	849	..	1,838	12,343
1934-35 .. .. .	2,820	786	1,653	6,026	..	46	150	31	16	320	..	855	..	1,836	14,539
1935-36 .. .. .	2,505	510	1,650	5,832	..	62	123	36	11	419	..	968	..	1,738	13,854
1936-37 .. .. .	2,531	656	1,834	7,117	..	50	120	40	13	470	..	1,068	..	1,756	15,655
1937-38 .. .. .	2,463	772	1,945	7,238	..	44	102	38	11	555	..	1,010	..	1,532	15,710
1938-39 .. .. .	2,278	710	1,900	7,236	..	65	111	32	..	601	666	881	..	985	15,465
1939-40 .. .. .	2,306	694	2,032	6,779	..	48	114	26	..	632	660	416	..	894	14,601
1940-41 .. .. .	2,295	615	1,930	6,539	28	..	104	26	..	529	670	1,255	..	930	14,921
1941-42 .. .. .	2,350	654	2,001	7,061	68	..	130	45	..	571	534	779	..	1,020	15,213
1942-43 .. .. .	2,394	848	1,625	6,287	30	..	134	35	..	219	450	1,071	..	706	13,799
1943-44 .. .. .	2,454	655	1,697	6,951	1	..	154	34	..	523	484	690	..	813	14,456

\* Includes fees from motor-drivers and vehicles and drivers (other than motor).

NOTE.—Hawkers included in "Other."

(c) *Trading Undertakings*

(i) *Gasworks*.—At the present time no Town Boards\* maintain gasworks as local bodies institutions, although in the early years of the period under review there were small receipts and payments under this heading. The following table shows the receipts and payments over the period 1924-25 to 1927-28 :—

*Table showing Receipts and Payments by Town Boards on account of Gasworks from 1924-25 to 1927-28*

Year.				Number.	Receipts.	Payments.
					£	£
1924-25	..	..	..	5	1,114	885
1925-26	..	..	..	3	671	871
1926-27	..	..	..	4	965	36
1927-28	..	..	..	1	3	3

(ii) *Electrical Works*.—A few Town Boards operate electricity distribution systems. The amount is of relatively small importance. Here again no figures are available to indicate payments of interest and sinking fund on capital account :—

*Table showing Receipts and Payments by Town Boards on account of Electricity Works from 1924-25 to 1943-44*

Year.				Number.	Receipts.	Payments.
					£	£
1924-25	..	..	..	12	13,055	17,081
1925-26	..	..	..	12	12,545	7,480
1926-27	..	..	..	10	12,574	9,608
1927-28	..	..	..	8	11,228	10,481
1928-29	..	..	..	7	10,426	8,705
1929-30	..	..	..	6	13,467	10,924
1930-31	..	..	..	6	13,547	8,756
1931-32	..	..	..	6	13,746	9,061
1932-33	..	..	..	7	13,856	8,685
1933-34	..	..	..	6	14,122	8,536
1934-35	..	..	..	6	14,721	9,232
1935-36	..	..	..	5	11,796	7,888
1936-37	..	..	..	5	12,639	10,352
1937-38	..	..	..	5	10,378	8,158
1938-39	..	..	..	3	9,249	7,195
1939-40	..	..	..	3	9,924	7,837
1940-41	..	..	..	3	9,453	7,412
1941-42	..	..	..	3	11,044	7,962
1942-43	..	..	..	3	11,374	8,496
1943-44	..	..	..	3	11,708	9,730

(iii) *Picture-theatres*.—Some Town Boards have operated picture-theatres, details for which are available only from 1936-37. The amounts are relatively unimportant. The following table shows receipts of Town Boards from the operation of picture-theatres from the year 1936-37 to 1943-44 :—

*Table showing Receipts and Payments by Town Boards on account of the Operation of Picture-theatres from 1936-37 to 1943-44*

Year.				Number.	Receipts.	Payments.
					£	£
1936-37	..	..	..	3	4,773	3,441
1937-38	..	..	..	4	8,624	7,140
1938-39	..	..	..	4	8,473	7,987
1939-40	..	..	..	4	7,909	6,941
1940-41	..	..	..	4	7,064	5,001
1941-42	..	..	..	4	6,889	3,994
1942-43	..	..	..	4	6,979	4,091
1943-44	..	..	..	5	8,261	4,884

\* Some local authorities previously operating gasworks have now become boroughs, and the statistics for their operation are included in borough figures.

(iv) *Rents*.—Rents received by Town Boards from property owned by them are shown in the following table :—

*Table showing Rents received by Town Boards from 1924-25 to 1943-44*

£				£			
1924-25 .. .. .	9,320	1934-35 .. .. .	7,095				
1925-26 .. .. .	7,359	1935-36 .. .. .	7,219				
1926-27 .. .. .	5,959	1936-37 .. .. .	7,640				
1927-28 .. .. .	7,240	1937-38 .. .. .	7,710				
1928-29 .. .. .	6,938	1938-39 .. .. .	7,492				
1929-30 .. .. .	7,612	1939-40 .. .. .	7,251				
1930-31 .. .. .	6,343	1940-41 .. .. .	7,183				
1931-32 .. .. .	6,433	1941-42 .. .. .	6,497				
1932-33 .. .. .	6,545	1942-43 .. .. .	6,350				
1933-34 .. .. .	6,604	1943-44 .. .. .	7,206				

(v) *Sales of Land, Materials, Stock, &c.*—As with boroughs, Town Boards derive a certain amount of revenue from the sales of land and from the operations of quarries. The amounts are shown on the following table :—

*Table showing Amounts received from Sale of Land, Material, Stock, &c., by Town Boards from 1924-25 to 1943-44*

£				£			
1924-25 .. .. .	3,701	1934-35 .. .. .	1,418				
1925-26 .. .. .	2,911	1935-36 .. .. .	1,113				
1926-27 .. .. .	1,887	1936-37 .. .. .	1,753				
1927-28 .. .. .	3,487	1937-38 .. .. .	1,179				
1928-29 .. .. .	1,445	1938-39 .. .. .	1,969				
1929-30 .. .. .	4,152	1939-40 .. .. .	2,152				
1930-31 .. .. .	1,273	1940-41 .. .. .	1,820				
1931-32 .. .. .	801	1941-42 .. .. .	1,567				
1932-33 .. .. .	860	1942-43 .. .. .	1,525				
1933-34 .. .. .	1,819	1943-44 .. .. .	1,840				

(d) *Total Revenue Receipts*

The following table summarizes the previous tables and shows the total revenue receipts of Town Boards. Here again the increase in rates has not been of material importance. Actually the total receipts have not increased materially over the period. Receipts from the Government, details of which are given later in this report,\* have tended to fall. This, however, may be due to the fact that some town districts have of recent years become boroughs, and as a consequence the amount of their Government subsidies has been transferred from town district receipts to borough receipts :—

*Table showing Revenue of Town Boards for Years 1924-25 to 1943-44*

Financial Year.	Revenue from Rates.	Revenue from Public Utilities, Licenses, Rents, and other Sources.	Revenue from Government.	Total Revenue.
	£	£	£	£
1924-25 .. .. .	88,760	46,988	5,574	141,322
1925-26 .. .. .	92,388	52,356	5,602	150,346
1926-27 .. .. .	98,921	61,863	5,995	166,779
1927-28 .. .. .	107,000	64,850	6,189	178,039
1928-29 .. .. .	109,378	65,864	6,205	181,447
1929-30 .. .. .	110,285	73,610	6,235	190,130
1930-31 .. .. .	111,770	62,534	6,077	180,381
1931-32 .. .. .	111,215	47,086	5,772	165,073
1932-33 .. .. .	109,386	42,059	6,819	158,264
1933-34 .. .. .	110,211	43,730	6,832	160,773
1934-35 .. .. .	111,028	45,173	6,846	163,047
1935-36 .. .. .	104,799	41,240	7,008	153,047
1936-37 .. .. .	104,291	45,215	4,930	154,436
1937-38 .. .. .	101,856	49,707	4,678	156,241
1938-39 .. .. .	92,676	46,995	4,345	144,016
1939-40 .. .. .	98,231	46,793	4,250	149,274
1940-41 .. .. .	102,866	45,029	4,722	152,717
1941-42 .. .. .	106,036	46,854	4,879	157,769
1942-43 .. .. .	112,709	44,816	5,502	163,027
1943-44 .. .. .	115,498	49,862	4,987	170,347

\* See pages 117 *et seq.*

## (e) Expenditure

The following table gives an analysis of payments on construction and maintenance by town districts during the period under review. Here again the falling off in loan commitments is noteworthy, and also the general falling off during the war years on general constructional activity. Generally, over the period, with the exception of recent years, the expenditure on general maintenance has tended to be very steady:—

Table showing Analysis of Payments on Construction and Maintenance by Town Boards from 1924-25 to 1943-44.

Financial Year.	Construction.		General Maintenance.
	Out of Loan.	Out of Revenue and Grants.	
	£	£	
1924-25 .. .. .	86,544	7,428	68,395
1925-26 .. .. .	81,421	8,885	77,081
1926-27 .. .. .	81,079	12,350	86,593
1927-28 .. .. .	67,679	17,079	94,855
1928-29 .. .. .	79,246	15,837	100,893
1929-30 .. .. .	54,014	81,118	97,168
1930-31 .. .. .	38,683	22,466	104,207
1931-32 .. .. .	11,412	33,617	118,775
1932-33 .. .. .	4,318	25,594	117,792
1933-34 .. .. .	4,193	30,806	112,326
1934-35 .. .. .	10,390	32,219	102,465
1935-36 .. .. .	10,447	40,016	94,526
1936-37 .. .. .	8,068	40,036	109,184
1937-38 .. .. .	16,916	50,803	87,307
1938-39 .. .. .	5,895	43,639	106,188
1939-40 .. .. .	6,605	35,283	115,811
1940-41 .. .. .	6,727	17,301	99,361
1941-42 .. .. .	7,544	8,135	86,401
1942-43 .. .. .	648	3,427	76,704
1943-44 .. .. .	11,420	3,434	87,769

The next table shows an analysis of the total expenditure from both revenue and capital receipts by town districts in the period under review. Once again the increase in burden of hospital levies relative to the other expenditure of town districts is very evident:—

Table showing Analysis of the Total Expenditure from both Revenue and Capital Receipts by Town Boards from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Hospital Board Levies.	Administration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£	£
1924-25 .. .. .	162,367	6,708	26,978	30,786	..	..	*11,025	237,864
1925-26 .. .. .	167,387	8,089	22,337	35,138	..	..	*8,987	241,938
1926-27 .. .. .	180,022	7,973	24,426	39,134	..	..	*12,773	264,328
1927-28 .. .. .	179,613	10,685	23,097	43,737	..	..	*23,165	280,297
1928-29 .. .. .	195,976	11,008	25,186	46,251	..	..	*16,233	294,654
1929-30 .. .. .	159,300	10,130	24,022	43,696	12,694	..	4,558	254,400
1930-31 .. .. .	165,356	11,246	26,179	46,683	14,320	..	4,415	268,199
1931-32 .. .. .	163,804	8,207	22,957	44,956	12,763	..	2,289	254,976
1932-33 .. .. .	147,704	9,008	21,738	46,322	13,607	83	3,269	241,731
1933-34 .. .. .	147,325	9,198	20,882	40,038	15,265	217	3,599	236,524
1934-35 .. .. .	145,074	9,032	21,688	36,690	11,838	218	5,609	230,149
1935-36 .. .. .	144,989	7,991	21,127	32,718	12,785	..	7,377	226,987
1936-37 .. .. .	157,288	8,755	21,378	31,099	16,108	214	4,371	239,213
1937-38 .. .. .	155,026	9,514	19,858	28,432	15,899	221	5,117	234,067
1938-39 .. .. .	155,722	9,718	20,044	22,248	14,365	234	4,326	226,657
1939-40 .. .. .	157,699	11,289	20,752	21,448	15,095	..	4,394	230,677
1940-41 .. .. .	123,389	10,106	20,977	21,968	15,877	..	5,253	197,570
1941-42 .. .. .	102,080	11,682	22,785	21,728	15,734	..	6,562	180,571
1942-43 .. .. .	80,779	15,916	22,094	20,650	16,907	..	8,593	164,939
1943-44 .. .. .	92,623	14,435	17,877	17,500	15,027	..	5,770	147,503

\* Including amounts paid to sinking fund and for repayments of loan-money.

*(f) Town Boards' Indebtedness and Annual Loan Charge*

The following table shows the net indebtedness of town districts on account of loans over the period under review. The very substantial fall in loan indebtedness in this period is a reflection of the financial situation of town districts over the past ten years, very few new loans having been raised. It is true, of course, that in one or two cases town districts have graduated to borough status, and as a consequence their net indebtedness on account of loans has been transferred to the tables relating to boroughs, but the actual loan indebtedness of town districts is relatively small:—

*Table showing Total Net Indebtedness on Account of Loans of Town Boards from 1924-25 to 1943-44*

Year.			Total.	Year.			Total.
			£				£
1924-25	..	..	618,005	1934-35	..	..	729,962
1925-26	..	..	660,162	1935-36	..	..	645,988
1926-27	..	..	755,436	1936-37	..	..	632,447
1927-28	..	..	777,616	1937-38	..	..	571,955
1928-29	..	..	846,402	1938-39	..	..	439,198
1929-30	..	..	749,633	1939-40	..	..	428,432
1930-31	..	..	764,487	1940-41	..	..	423,318
1931-32	..	..	740,390	1941-42	..	..	412,007
1932-33	..	..	731,708	1942-43	..	..	393,472
1933-34	..	..	716,999	1943-44	..	..	375,484

Town districts have raised certain loans from the State Advances Corporation, as will be seen from the following table:—

*Table showing Loans to Town Boards from State Advances Corporation from 1924-25 to 1943-44\**

			£				£
1924-25	..	..	33,896	1934-35	..	..	..
1925-26	..	..	27,211	1935-36	..	..	..
1926-27	..	..	978	1936-37	..	..	..
1927-28	..	..	..	1937-38	..	..	..
1928-29	..	..	..	1938-39	..	..	15,862
1929-30	..	..	..	1939-40	..	..	4,500
1930-31	..	..	..	1940-41	..	..	..
1931-32	..	..	950	1941-42	..	..	..
1932-33	..	..	2,500	1942-43	..	..	..
1933-34	..	..	..	1943-44	..	..	..

The annual loan charges have not fallen to as great an extent as the actual indebtedness would seem to indicate, but this is due to the relatively large amounts which are going to sinking fund and for amortization of debt. The following table shows the net situation:—

*Table showing Total Annual Loan Charge of Town Boards*

Year.			Interest.	Sinking Fund.	Total.
			£	£	£
1924-25	..	..			41,420
1925-26	..	..			44,779
1926-27	..	..			51,707
1927-28	..	..			54,701
1928-29	..	..			60,629
1929-30	..	..			54,569
1930-31	..	..			57,288
1931-32	..	..			56,876
1932-33	..	..			57,480
1933-34	..	..			50,875
1934-35	..	..	34,559	16,396	50,955
1935-36	..	..	29,362	15,498	44,860
1936-37	..	..	28,702	16,232	44,934
1937-38	..	..	26,136	16,470	42,606
1938-39	..	..	19,891	13,961	33,852
1939-40	..	..	19,527	15,210	34,737
1940-41	..	..	19,496	16,082	35,578
1941-42	..	..	19,086	16,837	35,923
1942-43	..	..	18,584	17,157	35,741
1943-44	..	..	17,897	17,750	35,647

\* Included in previous table.

## (4) COUNTIES

## (a) Rating

(i) *General Rates*.—In counties where there are no road or town districts the general rate may be up to 3d. in the pound on the capital value. In counties where there are road or town districts the rate in outlying districts may be up to 3d. in the pound on the capital value, and in other parts of the county, 1½d. in the pound. Since there are now no Road Boards properly so called, all counties may now levy 3d. in the pound on the capital value in all their districts, except where there are dependent town districts<sup>(1)</sup>.

Counties may levy general rates on a riding basis, and in that case the rates in the riding, subject to the limits discussed in the preceding paragraph, are calculated on the estimated expenditure in that riding, plus a proportionate part of the general expenses of the county as a whole<sup>(2)</sup>; or when there are no riding accounts, the general rates are levied uniformly on the county as a whole<sup>(3)</sup>. Approximately half of the counties have abolished ridings accounts.

(ii) *Separate Rates*.—Provision for separate rates is as in boroughs, but so that the total general and separate rates shall not exceed the maximum general rate discussed above.

(iii) *Particular Separate Rates*:—

(a) *Sanitation Rate*: Provision for sanitation rate is as in boroughs.

(b) *Special-works Rates*: Special-works rates may be levied for special works covering all the county, or a particular part of the county, but not exceeding ¾d. in the pound on capital value<sup>(4)</sup>.

(c) *Drainage Rates*: Counties may levy a rate of not exceeding 1d. in the pound on the capital value in a district benefited by drainage-works. Where a loan is raised for this purpose the special rate for the maintenance of such works shall not exceed ¾d. in the pound on the capital value. For rating for drainage purposes land is classified as under—

- (1) Land receiving an immediate and direct benefit;
- (2) Lands receiving a less direct benefit; and
- (3) Land receiving only an indirect benefit<sup>(5)</sup>.

The amount of the rate may, at the discretion of the County Council, vary with the degree of benefit obtained as determined by the above classification.

(iv) *Harbour Rate*.—County Councils may, as boroughs, levy a harbour rate, with a maximum of ¾d. in the pound on the capital value<sup>(6)</sup>.

(v) *Noxious Weeds*.—County Councils which have decided to administer the Noxious Weeds Act are authorized to levy a rate which may either be on the rateable value of the land or on an acreage basis. Where levied on the rateable value of the land the maximum rate is ½d. in the pound on the capital value, but not exceeding 6d. per acre; where levied on an acreage basis the rate must not exceed 6d. per acre. Counties may also raise a loan for that purpose<sup>(7)</sup>.

*General*.—Counties are entitled to acquire and support libraries within the county, but no special rate is leviable; the funds are to be paid out of the general funds of the county.

As in the case of boroughs, counties are required to pay a hospital levy, and may pay it either out of its general funds or from a special rate. Most levy a special rate. They also act as collecting agents for other *ad hoc* local authorities.

Table showing Rates collected by County Councils from 1924-25 to 1943-44

Financial Year.	Total Rates collected.	Levy paid to Hospital Boards.	Net Amount of Rates available to Local Authorities.
	£	£	£
1924-25 .. ..	1,797,095	298,320	1,498,775
1925-26 .. ..	1,872,938	311,793	1,561,145
1926-27 .. ..	1,894,770	316,707	1,578,063
1927-28 .. ..	1,975,646	331,009	1,644,637
1928-29 .. ..	2,016,878	348,483	1,668,395
1929-30 .. ..	1,995,306	351,781	1,643,525
1930-31 .. ..	1,665,200	342,693	1,322,507
1931-32 .. ..	1,546,661	274,878	1,271,783
1932-33 .. ..	1,293,498	272,941	1,020,557
1933-34 .. ..	1,507,845	285,063	1,222,782
1934-35 .. ..	1,407,241	289,614	1,117,627
1935-36 .. ..	1,463,183	301,678	1,161,505
1936-37 .. ..	1,688,845	348,995	1,339,850
1937-38 .. ..	1,938,363	404,657	1,533,706
1938-39 .. ..	2,046,501	458,909	1,587,592
1939-40 .. ..	2,139,632	530,086	1,609,546
1940-41 .. ..	2,165,352	464,658	1,700,694
1941-42 .. ..	2,152,063	515,433	1,636,630
1942-43 .. ..	2,219,782	607,401	1,612,381
1943-44 .. ..	2,218,747	581,161	1,637,586

(1) Counties Act, 1920, section 120.

(2) *Ibid.*, section 121.

(3) Counties Amendment Act, 1937, section 43.

(4) Counties Act, 1920, sections 124 and 125.

(5) *Ibid.*, section 173.

(6) *Ibid.*, section 190.

(7) Noxious Weeds Amendment Act, 1934, section 8; Finance Act, 1936, section 31.

## (b) Licenses and Fees

The following table shows the amount of license fees collected by counties. While not so extensive in absolute amount as the license fees collected by boroughs, the number of separate fees collected is practically the same. The aggregate amount of the present day is practically a quarter of a million pounds:—

License Fees collected by County Councils from 1924-25 to 1943-44

Financial Year.	Under Licensing Act.	Auctioneers.	Motor-drivers.	Heavy Traffic.	Vehicles (other than Heavy Traffic).	Vehicles and Drivers (other than Motor)	Public Halls and Places of Amusement.	Meat and Slaughtering (excluding Abattoir Fees).	Building Permits.	Dangerous Goods.	Dog Registration.	Hawkers.	Transfers.	Sundry other Licenses.	Total Licenses.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25	10,913	2,046	6,715	13,394	£	4,425	259	323	1,032		13,888	427	68	1,558	44,135
1925-26	10,763	1,665	12,285	28,946		3,027	258	312	1,330		14,376	525	38	2,752	65,514
1926-27	10,863	2,075	20,741	73,601		3,408	328	299	1,390		15,186	795	17	2,236	120,076
1927-28	10,488	2,245	21,352	64,520		3,800	241	328	1,677		14,388	622	25	2,936	112,134
1928-29	10,449	951	16,195	82,180		2,483	331	317	1,693		16,063	614		2,483	123,310
1929-30	10,324	2,350	24,013	76,063		1,576	351	307	1,999		15,501	666		3,171	125,997
1930-31	10,248	2,393	24,903	83,535		1,573	391	305	1,423		15,715	482		3,211	144,179
1931-32	10,142	2,146	26,231	79,511	Not available.	1,060	364	331	915		14,662	352		2,580	138,294
1932-33	10,060	3,185	25,460	84,191		854	368	319	908		15,372	226		2,638	143,581
1933-34	10,129	2,476	28,305	84,176		1,728	359	327	1,056		15,302	235		2,739	146,832
1934-35	9,878	2,898	27,451	111,117		673	363	318	1,327		17,040	223		2,162	173,450
1935-36	10,088	2,733	29,537	120,611		1,596	378	321	1,672		17,445	304		2,184	186,869
1936-37	10,048	3,216	33,289	141,328		956	433	344	2,209		19,091	260		2,314	213,488
1937-38	10,086	3,349	36,345	163,203		526	383	312	2,417		20,683	252		2,545	240,101
1938-39	10,137	3,504	39,220	182,806		387	421	*	2,981	425	23,496	219		2,529	266,125
1939-40	10,038	3,379	40,029	186,973		406	502	*	3,028	484	14,523	156		2,521	262,039
1940-41	9,953	3,716	39,704	184,681	321	..	450	*	3,027	521	27,499	..		2,805	272,677
1941-42	9,749	3,680	41,236	184,930	86	..	406	*	2,640	388	21,118	..		3,132	267,365
1942-43	9,598	3,431	32,870	156,370	62	..	394	*	1,308	351	24,023	..		1,826	230,233
1943-44	9,660	3,916	34,533	176,474	106	..	355	..	3,296	275	18,718	..		2,142	243,475

## (c) Trading Undertakings: Electrical Supply

As mentioned previously in this report some counties undertake the distribution of electric power within their territories. These operations are relatively unimportant, and details are given in the following table:—

Table showing Receipts from and Expenditure on Electric-power Supply of County Councils from 1926-27 to 1943-44

Year.	Receipts.	Payments.†
	£	£
1926-27	..	15,276
1927-28	..	20,057
1928-29	..	33,504
1929-30	..	47,060
1930-31	..	37,212
1931-32	..	35,068
1932-33	..	35,832
1933-34	..	30,144
1934-35	..	31,694
1935-36	..	29,183
1936-37	39,062	30,150
1937-38	42,939	33,780
1938-39	45,920	44,299
1939-40	48,763	47,134
1940-41	53,198	46,963
1941-42	54,018	48,921
1942-43	59,266	53,556
1943-44	61,075	54,379

## (d) Total Revenue Receipts

The following table summarizes the previous figures in relation to revenue receipts of counties. It is interesting to note for comparative purposes that the actual rates have not increased in the same proportion as rates in boroughs, which increased from £2,300,000 to £4,400,000. In counties rates have increased only from £1,800,000 to £2,200,000.

Government subsidies have not increased to any extent. In fact, the gross amount of revenue subsidies from the Government is to-day less than it was in the late 1920's. These figures, however, do not tell the whole story, as the actual Government grants to counties have increased very materially, chiefly owing to the operation of the Main Highways Board, which has taken over State and main highways in the period. The details of these receipts are shown as non-revenue receipts. Fuller details are given of Government assistance to counties at a later state of the report‡.

\* Included in "Sundry other."

† Payments do not in every case include interest and sinking fund on debt.

‡ Includes £250,814 under section 45, Finance Act, 1931 (No. 4).

Table showing Revenue Receipts of County Councils for the Years from 1924-25 to 1943-44

Financial Year.				Revenue from Rates.	Revenue from Public Utilities, Licenses, Rents, and other Sources.	Revenue from Government.	Total Revenue.
				£	£	£	£
1924-25	..	..	..	1,797,095	264,536	222,351	2,283,982
1925-26	..	..	..	1,872,938	306,322	228,136	2,407,396
1926-27	..	..	..	1,894,770	403,836	239,690	2,538,296
1927-28	..	..	..	1,975,646	414,475	227,945	2,618,066
1928-29	..	..	..	2,016,878	464,962	236,162	2,718,002
1929-30	..	..	..	1,995,306	514,994	242,402	2,752,702
1930-31	..	..	..	1,665,200	575,641	253,710	2,476,551
1931-32	..	..	..	1,546,661	528,032	439,442	2,514,135
1932-33	..	..	..	1,293,498	519,115	188,186	2,000,799
1933-34	..	..	..	1,507,845	530,166	177,671	2,215,682
1934-35	..	..	..	1,407,241	600,485	363,316	2,371,042
1935-36	..	..	..	1,463,183	640,669	386,199	2,480,051
1936-37	..	..	..	1,688,845	671,644	211,762	2,572,251
1937-38	..	..	..	1,938,363	767,527	211,588	2,917,478
1938-39	..	..	..	2,046,501	854,480	212,023	3,113,004
1939-40	..	..	..	2,139,632	904,505	214,226	3,258,363
1940-41	..	..	..	2,165,352	907,638	214,797	3,287,787
1941-42	..	..	..	2,152,063	887,272	215,526	3,254,861
1942-43	..	..	..	2,219,782	854,276	209,229	3,223,287
1943-44	..	..	..	2,218,747	831,919	212,245	3,262,911

## (e) Expenditure

The following table gives an analysis of payments by counties on construction and maintenance:—

Analysis of Payments by Counties on Construction and Maintenance from 1925-26 to 1943-44  
(Figures for 1924-25 not available)

Financial Year.	On Main Highways.				On other Roads and Bridges.				On Purchase and Upkeep of Plant and Machinery.	On Electric-power Supply.	On Eradication of Noxious Weeds.*	Other.*	Total.
	Out of Ordinary Revenue.	Out of Government Grants.*	Out of Loan.	Total.	Out of Ordinary Revenue.	Out of Government Grants.*	Out of Loan.	Total.					
	£	£	£	£	£	£	£	£	£	£	£	£	£
1925-26	220,885	207,117	174,712	692,714	..	..	..	..	..	..	..	..	..
1926-27	262,432	494,088	242,070	998,590	1,174,455†	..	308,943	1,483,394	189,807	15,276	..	296,677	2,983,748
1927-28	247,732	505,180	162,294	915,206	1,172,110†	..	255,902	1,428,012	161,286	20,057	..	188,197	2,712,758
1928-29	283,982	716,623	112,903	1,113,508	865,528	240,692	135,473	1,241,693	202,815	33,504	..	146,002	2,737,522
1929-30	319,881	917,185	109,024	1,346,090	904,706	268,310	107,708	1,280,724	254,084	47,060	..	167,349	3,095,307
1930-31	322,017	761,552	119,324	1,202,893	900,487	336,665	132,658	1,369,810	251,984	37,212	..	141,915	3,003,778
1931-32	224,743	689,737	71,151	985,361	622,241	503,478	63,357	1,189,076	300,016	35,068	..	193,521	2,603,042
1932-33	170,022	522,485	37,472	729,979	577,514	540,135	15,911	1,113,560	183,845	35,832	..	542,474	2,625,690
1933-34	191,041	546,615	20,664	758,320	542,686	510,905	19,938	1,073,529	195,919	30,144	..	510,088	2,568,000
1934-35	241,368	696,950	34,632	972,950	630,770	438,711	26,475	1,095,956	235,145	31,694	..	507,879	2,843,624
1935-36	282,114	854,685	64,091	1,200,893	736,459	510,753	21,775	1,268,987	252,576	29,183	..	512,789	3,264,428
1936-37	276,539	834,383	38,774	1,149,696	787,667	478,549	25,994	1,292,210	241,329	30,150	51,643	399,840‡	3,164,868
1937-38	209,316	712,162	31,835	953,313	918,875	441,434	42,178	1,402,487	240,806	33,780	74,665	362,124	3,067,175
1938-39	216,570	784,228	64,151	1,064,949	1,013,366	714,908	59,484	1,787,758	267,898	44,299	74,332	576,533	3,815,769
1939-40	230,724	832,755	85,796	1,149,275	1,006,290	563,888	57,232	1,627,410	263,974	47,134	59,392	557,853	3,705,038
1940-41	178,757	634,222	58,723	871,702	996,579	357,207	44,877	1,398,663	226,996	46,963	61,735	493,630	3,099,689
1941-42	153,328	433,335	19,597	606,260	1,008,636	201,237	27,403	1,237,276	220,793	48,921	32,421	524,377	2,670,048
1942-43	121,836	316,632	4,799	443,267	886,667	162,258	17,362	1,010,287	169,151	53,556	27,162	359,866	2,063,289
1943-44	134,489	346,569	8,173	489,223	949,495	97,134	8,075	1,054,704	210,258	54,739	24,050	338,792	2,171,766

The table is of interest as giving a further indication of county responsibilities in relation to main highways as opposed to county roads. Over the period until the outbreak of war Government subsidies for main highways had steadily increased, while, if anything, there had been a tendency to fall in the amount of payments by the counties. This is particularly true of payments out of loan-moneys which, over the period, tended to fall very considerably. Even the expenditure out of ordinary revenue funds tended to fall. On the other hand, the expenditure on ordinary county roads tended to remain practically stable over the period except during the depression years. This is important, particularly when it is remembered that during this period responsibility for State and main highways was largely taken away from counties, and hence the fact that expenditure on county roads tended to remain practically stable is a further indication of the burden of the maintenance of these county roads on county funds.

\* Including expenditure met or subsidized by Government funds. In some cases the allocation of this expenditure over various classes of works is approximate only.

† Includes Government grants.

‡ Including £143,954 from Employment Promotion Fund.

The details of expenditure on eradication of noxious weeds, as shown in the previous table, are worthy of notice. Although in 1938–39, fifty-three counties were active in the destruction of noxious weeds, at the present time only forty counties are so operating. Doubtless the reduction is due to causes connected with the war, but the whole question is of serious moment as to the future of agriculture in New Zealand. The fact that several years have elapsed in some cases since any serious attempt was made to cope with the menace is of national concern, as is also the fact that many counties have never accepted their responsibilities. The fact that expenditure has fallen from £74,665 in 1937–38 to £24,050 in 1943–44 is a further indication of the falling off in the activity in this direction.

The next table shows an analysis of total county payments out of both revenue and capital receipts. Here again the increase in burden of hospital levies relative to total payments by counties is fairly evident. Over the period, too, the administration costs of counties have increased at a greater rate than in boroughs where the increase was relatively small.

*Analysis of Total Payments of County Councils out of both Revenue and Capital Receipts from 1924–25 to 1943–44*

Financial Year.	Maintenance and Construction.	Hospital Board Levies.	Administration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£	£
1924–25 ..	2,344,973	298,320	256,219	303,290	..	..	96,367*	3,299,169
1925–26 ..	2,724,562	311,793	262,165	331,006	..	..	116,483*	3,746,009
1926–27 ..	2,983,748	316,707	284,072	377,770	..	..	106,974*	4,069,271
1927–28 ..	2,712,758	331,009	275,392	407,761	..	..	197,260*	3,924,180
1928–29 ..	2,737,522	348,483	289,234	406,118	..	..	208,528*	3,989,885
1929–30 ..	3,095,307	351,781	312,698	404,175	144,443	..	104,684	4,413,088
1930–31 ..	3,003,778	342,693	298,624	418,868	131,568	..	102,496	4,298,027
1931–32 ..	2,603,042	274,878	275,341	416,064	149,730	..	90,950	3,810,005
1932–33 ..	2,625,690	272,941	270,356	406,449	145,855	268	86,084	3,807,643
1933–34 ..	2,568,000	285,063	260,680	360,078	146,472	174	70,847	3,691,314
1934–35 ..	2,843,624	289,614	261,220	339,605	141,864	76	77,186	3,953,189
1935–36 ..	3,264,428	301,678	292,267	329,222	139,575	19	131,935	4,459,124
1936–37 ..	3,164,868	348,995	296,121	314,879	157,303	450	81,148	4,363,764
1937–38 ..	3,067,175	404,657	314,903	306,131	180,587	461	82,436	4,356,350
1938–39 ..	3,815,769	458,909	347,262	308,341	193,782	239	67,076	5,191,378
1939–40 ..	3,705,038	530,086	348,039	302,752	218,318	..	71,118	5,175,351
1940–41 ..	3,099,689	464,658	349,558	304,195	241,490	..	79,761	4,539,351
1941–42 ..	2,670,048	515,433	350,758	292,289	256,588	30	122,148	4,207,294
1942–43 ..	2,063,289	607,401	328,515	281,121	362,152	..	156,184†	3,698,662
1943–44 ..	2,171,766	581,161	327,849	271,744	270,413	..	236,426	3,859,359

(f) *Indebtedness and Annual Loan Charges*

The following table shows the amount of net indebtedness of County Councils on account of loans over the period under review :—

*Table showing the Amount of Net Indebtedness of County Councils on account of Loans from 1924–25 to 1943–44*

£		£	
1924–25 ..	5,045,929	1934–35 ..	6,054,100
1925–26 ..	5,763,136	1935–36 ..	6,096,060
1926–27 ..	6,283,824	1936–37 ..	5,994,950
1927–28 ..	6,394,256	1937–38 ..	5,924,446
1928–29 ..	6,443,453	1938–39 ..	5,944,095
1929–30 ..	6,515,266	1939–40 ..	5,981,543
1930–31 ..	6,513,887	1940–41 ..	5,916,021
1931–32 ..	6,445,793	1941–42 ..	5,814,652
1932–33 ..	6,293,250	1942–43 ..	5,551,836
1933–34 ..	6,147,048	1943–44 ..	5,688,187

The third decade of this century was a period of very heavy borrowing by local authorities, and during the fourth decade, particularly during and subsequent to the depression, there has been little additional borrowing. Especially is this the case in regard to counties where the Main Highways Board has taken over the responsibility for many of the main highways, and hence relieved the counties of the necessity for major expenditure in this direction. During the period loans have been paid off, and at the present time the net indebtedness on account of loans is less than in 1924–25. This trend might not necessarily continue, as it is possible that in the years immediately following the war some major constructional and maintenance works will be necessary, involving further loans. It is also interesting to notice that the policy of raising loans within New Zealand is reducing the real burden of these loans to the community as a whole.‡

\* Includes amounts paid to sinking funds and for repayments of loan-moneys.

† Includes approximately £22,856 expenditure on Emergency Precautions Scheme.

‡ See page 139.

The next table shows the amount of loans received from the State Advances Corporation by counties over the period under review :—

*Table showing Loans to County Councils from State Advances Corporation from 1924-25 to 1943-44*

£			£		
1924-25	..	..	265,076	1934-35	.. ..
1925-26	..	..	94,489	1935-36	.. ..
1926-27	..	..	183,264	1936-37	.. ..
1927-28	..	..	29,921	1937-38	.. ..
1928-29	..	..	6,740	1938-39	.. .. 136,070
1929-30	..	..	5,500	1939-40	.. .. 42,900
1930-31	..	..	2,120	1940-41	.. .. 49,879
1931-32	..	..	1,400	1941-42	.. .. 120,462
1932-33	..	..	5,885	1942-43	.. .. 21,211
1933-34	..	..	..	1943-44	.. .. 5,280

From the point of view of the actual present financial position of the counties, the more important figure, however, is that given in the next table, which shows the amount of annual loan charges on account of debentures or securities :—

*Table showing Total Annual Loan Charge of County Councils from 1924-25 to 1943-44*

Year.		Interest.	Sinking Fund, &c.	Total.
		£	£	£
1924-25	.. ..	..	..	348,546
1925-26	.. ..	..	..	401,506
1926-27	.. ..	..	..	445,193
1927-28	.. ..	..	..	462,855
1928-29	.. ..	..	..	476,570
1929-30	.. ..	..	..	499,350
1930-31	.. ..	..	..	516,816
1931-32	.. ..	..	..	528,148
1932-33	.. ..	..	..	526,055
1933-34	.. ..	..	..	473,044
1934-35	.. ..	282,991	188,186	471,177
1935-36	.. ..	263,646	186,210	449,856
1936-37	.. ..	257,599	200,406	458,005
1937-38	.. ..	254,859	216,292	471,151
1938-39	.. ..	253,859	234,650	488,509
1939-40	.. ..	256,056	244,861	500,917
1940-41	.. ..	254,603	260,812	515,415
1941-42	.. ..	250,468	269,031	519,499
1942-43	.. ..	261,090	248,432	509,522
1943-44	.. ..	248,289	251,799	500,088

Actual interest payments have tended to fall over the past ten years, but the amounts of Sinking Fund and Amortization Fund have tended to increase.

## (5) ROAD BOARDS

### (a) Rating

*General Rate.*—Road Boards may levy a general rate not exceeding  $1\frac{1}{2}$ d. in the pound on the capita value, or 2s. in the pound on the annual value.

*Separate Rate.*—Road Boards may levy a separate rate, but so that the total of general and separate rates does not exceed the limit imposed on general rates.

*Special-works Rate.*—Road Boards have the same powers as counties, with a limit of  $\frac{3}{4}$ d. in the pound on the capital value.

*Harbour Rate.*—Road Boards have the same powers as boroughs, but not exceeding  $\frac{3}{8}$ d. in the pound on the capital value.

*Water Rate.*—Certain Road Boards have the same powers as boroughs in respect of water rates. The only Road Boards which to-day have that power are Mount Wellington and Mount Roskill Road Boards, which, as stated earlier, are really urbanized areas.

Table showing Amount of Rates collected by Road Boards from 1924-25 to 1943-44

Financial Year.			Rates.	Levies paid to Hospital Boards.	Amount of Rates available to Road Boards.
			£	£	£
1924-25	..	..	69,428	4,736	64,692
1925-26	..	..	86,627	6,436	80,191
1926-27	..	..	89,712	7,375	82,337
1927-28	..	..	103,084	7,559	95,525
1928-29	..	..	73,359	7,016	66,343
1929-30	..	..	76,294	6,844	69,450
1930-31	..	..	48,906	4,131	44,775
1931-32	..	..	51,534	3,923	47,611
1932-33	..	..	49,681	2,028	47,653
1933-34	..	..	46,826	5,184	41,642
1934-35	..	..	46,379	3,757	42,622
1935-36	..	..	47,602	3,685	43,917
1936-37	..	..	51,219	3,989	47,230
1937-38	..	..	55,780	3,102	52,678
1938-39	..	..	58,182	5,834	52,348
1939-40	..	..	54,686	5,565	49,121
1940-41	..	..	55,101	5,309	49,792
1941-42	..	..	51,046	5,773	45,273
1942-43	..	..	61,055	9,193	51,862
1943-44	..	..	57,637	9,054	48,583

## (b) Licenses and Fees

The following table shows the amount of license fees collected by Road Boards :—

Table showing License Fees collected by Road Board from 1924-25 to 1943-44

Financial Year.	Under Licensing Act.	Auctioneers.	Motor-drivers.	Heavy Traffic Fees.	Vehicles (other than Heavy Traffic).	Vehicles and Drivers (other than Motor).	Public Halls and Places of Amusement.	Slaughtering (excluding Abattoir Fees).	Building Permits.	Dangerous Goods.	Dog Registration.	Sundry other Licenses	Total Licenses.
	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25..	..	..	18	192	..	461	8	4	450	..	205	300	1,638
1925-26..	..	..	33	460	..	8	4	4	1,275	..	225	495	2,504
1926-27..	..	..	296	6,218	..	9	5	4	1,292	..	273	161	8,258
1927-28..	..	..	281	3,432	..	352	14	3	919	..	236	794	6,031
1928-29..	..	..	310	2,687	..	4	2	5	738	..	196	408	4,350
1929-30..	..	..	515	2,798	..	144	5	5	748	..	244	455	4,914
1930-31..	100	..	349	1,846	..	18	7	4	237	..	192	132	2,795
1931-32..	100	..	386	1,654	..	1	2	5	172	..	154	82	2,557
1932-33..	102	..	378	1,704	..	6	6	4	183	..	155	125	2,663
1933-34..	100	..	373	2,018	..	4	12	5	236	..	135	134	3,017
1934-35..	100	..	415	2,038	..	..	1	4	268	..	131	100	3,057
1935-36..	100	..	461	2,536	..	..	8	5	362	..	133	114	3,719
1936-37..	102	..	565	2,417	..	..	1	3	358	..	153	129	3,719
1937-38..	100	..	631	2,740	..	7	1	4	392	..	175	126	4,176
1938-39..	100	..	697	3,222	..	4	1	..	603	47	186	202	5,062
1939-40..	100	..	753	3,018	..	70	..	..	461	58	145	148	4,753
1940-41..	100	..	751	2,840	90	..	..	..	565	55	223	113	4,737
1941-42..	100	..	799	3,199	3	..	2	..	690	48	128	126	5,095
1942-43..	100	..	642	2,512	2	..	1	..	164	47	168	179	3,806
1943-44..	100	704	704	3,673	1	..	1	..	665	30	218	111	5,542

\* Figures not given.

*(c) Total Revenue Receipts*

The following table summarizes the previous figures in relation to revenue receipts of Road Boards. In this particular case the fact that a number of road districts have gone out of existence makes the table over the period of little value for comparative purposes. The details of revenue receipts from the Government are given later in this report.\*

*Table showing Revenue of Road Boards for the Years from 1924-25 to 1943-44*

Financial Year.	Revenue from Rates.	Revenue from Public Utilities, Licenses, Rents, and other Sources.	Revenue from Government.	Total Revenue.
	£	£	£	£
1924-25 .. .. .	69,428	21,560	5,888	98,876
1925-26 .. .. .	86,627	25,235	5,311	117,173
1926-27 .. .. .	89,712	44,895	6,391	140,998
1927-28 .. .. .	103,084	32,592	5,861	141,538
1928-29 .. .. .	73,359	19,057	3,541	95,957
1929-30 .. .. .	76,294	19,532	3,747	99,573
1930-31 .. .. .	48,906	11,604	3,252	63,762
1931-32 .. .. .	51,534	4,358	5,613	61,505
1932-33 .. .. .	49,681	4,712	3,952	58,345
1933-34 .. .. .	46,826	4,537	3,164	54,527
1934-35 .. .. .	46,379	5,479	4,478	56,336
1935-36 .. .. .	47,602	5,842	4,025	57,469
1936-37 .. .. .	51,219	5,491	2,478	59,188
1937-38 .. .. .	55,780	6,296	2,577	64,653
1938-39 .. .. .	58,182	7,089	2,435	67,706
1939-40 .. .. .	54,686	6,525	1,942	63,153
1940-41 .. .. .	55,101	6,866	1,672	63,639
1941-42 .. .. .	51,046	12,483	1,725	65,254
1942-43 .. .. .	61,055	6,760	1,601	69,416
1943-44 .. .. .	57,637	9,923	1,604	69,164

*(d) Expenditure*

The following table shows the expenditure of Road Boards on construction and maintenance during the period under review. It is noteworthy that loans have steadily fallen off over the period, but in this case it is probably due to the fact that a large number of Road Boards went out of existence, and in the remaining Road Boards there was a tendency to reduction of loan commitments during the period. Actually the table shows that since 1929-30 the maintenance expenditure has been included in the construction expenditure. The suggestion is that very little really new expenditure has been undertaken by Road Boards.

*Table showing Expenditure of Road Boards on Construction and Maintenance from 1924-25 to 1943-44*

Financial Year.	On Construction.		Maintenance.
	Out of Revenue and Grants.	Out of Loan.	
	£	£	£
1924-25 .. .. .	3,142	113,079	73,147
1925-26 .. .. .	6,112	102,570	67,786
1926-27 .. .. .	7,842	96,841	76,143
1927-28 .. .. .	8,497	67,775	78,645
1928-29 .. .. .	1,355	2,029	54,926
1929-30 .. .. .	62,195	1,197	†
1930-31 .. .. .	59,494	62,432	†
1931-32 .. .. .	92,113	30,362	†
1932-33 .. .. .	59,829	2,819	†
1933-34 .. .. .	61,556	1,481	†
1934-35 .. .. .	58,190	323	†
1935-36 .. .. .	53,680	..	†
1936-37 .. .. .	42,937	2,827	†
1937-38 .. .. .	49,264	872	†
1938-39 .. .. .	81,750	1,598	†
1939-40 .. .. .	61,429	204	†
1940-41 .. .. .	51,169	..	†
1941-42 .. .. .	43,903	..	†
1942-43 .. .. .	28,989	..	†
1943-44 .. .. .	28,096	..	†

\* See pages 117 *et seq.*

† Included in "On Construction."

The following table shows the analysis of total expenditure of Road Boards from both revenue and capital receipts. The table needs to be read in the light of the fact that a number of Road Boards have gone out of existence during the period, and if that fact is kept in mind the increasing burden of hospital levies is again evident.

Table showing Total Expenditure of Road Boards from both Revenue and Capital Receipts from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Hospital Board Levies.	Administration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£	£
1924-25 .. ..	189,368	4,736*	11,666	18,669	..	..	6,519†	230,958
1925-26 .. ..	176,468	6,436*	13,856	27,217	..	..	24,314†	248,291
1926-27 .. ..	180,826	7,375*	22,614	30,849	..	..	21,252†	262,916
1927-28 .. ..	154,917	7,559*	15,337	36,140	..	..	18,870†	232,823
1928-29 .. ..	58,310	7,016*	9,969	20,962	..	..	7,345†	103,602
1929-30 .. ..	63,392	6,844*	11,705	19,854	3,760	..	2,254	107,809
1930-31 .. ..	121,926	4,131	9,129	12,616	2,184	..	1,478	151,464
1931-32 .. ..	122,475	3,923	7,546	17,619	3,841	..	532	155,936
1932-33 .. ..	62,648	2,028	7,595	17,516	4,757	6	592	95,142
1933-34 .. ..	63,037	5,184	6,626	15,004	2,416	..	1,183	93,450
1934-35 .. ..	58,513	3,757	6,983	14,558	4,968	..	1,255	90,034
1935-36 .. ..	53,680	3,685	7,027	12,213	3,629	..	10,584	90,818
1936-37 .. ..	45,764	3,989	7,570	11,834	3,782	..	1,603	74,542
1937-38 .. ..	50,136	3,102	6,612	11,501	3,551	..	2,268	77,770
1938-39 .. ..	83,348	5,834	7,181	11,834	4,084	..	2,019	114,300
1939-40 .. ..	61,633	5,565	6,806	11,178	4,321	..	6,591	96,094
1940-41 .. ..	51,169	5,309	6,321	14,577	4,574	..	3,820	85,770
1941-42 .. ..	43,903	5,773	7,068	10,855	4,811	..	1,946	74,356
1942-43 .. ..	28,989	9,391	4,878	10,315	4,738	..	7,668	65,919
1943-44 .. ..	25,309	9,054	5,808	10,430	5,033	..	4,396	62,530

(c) Road Boards Net Loan Indebtedness and Annual Loan Charges

The following table shows the net loan indebtedness of Road Boards over the period under review. The earlier higher figures in this table include certain Road Boards which have been amalgamated with counties, but the general trend of the table is similar to that for other territorial local authorities, the actual loans raised over the past ten years having been much smaller than in the third decade of this century :—

Table showing the Amount of Net Indebtedness on Account of Loans of Road Boards from 1924-25 to 1943-44

£		£	
1924-25 .. ..	356,733	1934-35 .. ..	260,190
1925-26 .. ..	477,897	1935-36 .. ..	259,614
1926-27 .. ..	594,901	1936-37 .. ..	258,581
1927-28 .. ..	638,589	1937-38 .. ..	253,974
1928-29 .. ..	313,170	1938-39 .. ..	251,017
1929-30 .. ..	309,169	1939-40 .. ..	246,077
1930-31 .. ..	257,321	1940-41 .. ..	240,435
1931-32 .. ..	267,558	1941-42 .. ..	235,043
1932-33 .. ..	263,118	1942-43 .. ..	227,773
1933-34 .. ..	259,933	1943-44 .. ..	222,276

The following table shows the amount of money raised through the State Advances Corporation and included in the previous figures of net loans :—

Table showing Loans to Road Boards from State Advances Corporation from 1924-25 to 1943-44

£		£	
1924-25 .. ..	31,007	1934-35 .. ..	..
1925-26 .. ..	3,140	1935-36 .. ..	..
1926-27 .. ..	59,610	1936-37 .. ..	..
1927-28 .. ..	..	1937-38 .. ..	..
1928-29 .. ..	..	1938-39 .. ..	1,750
1929-30 .. ..	..	1939-40 .. ..	..
1930-31 .. ..	..	1940-41 .. ..	..
1931-32 .. ..	..	1941-42 .. ..	..
1932-33 .. ..	..	1942-43 .. ..	..
1933-34 .. ..	..	1943-44 .. ..	..

\* Hospitals and charitable aid.

† Includes amounts paid to sinking funds and for repayments of loan-money.

The following table shows the annual loan charges of road districts and shows a similar trend to the figures of net indebtedness and loan charges in other territorial local authorities :—

*Table showing Annual Loan Charges of Road Boards from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund, &c.	Total.
	£	£	£
1924-25 .. ..	..	..	23,872
1925-26 .. ..	..	..	33,062
1926-27 .. ..	..	..	41,665
1927-28 .. ..	..	..	46,242
1928-29 .. ..	..	..	22,908
1929-30 .. ..	..	..	23,080
1930-31 .. ..	..	..	19,163
1931-32 .. ..	..	..	20,385
1932-33 .. ..	..	..	20,315
1933-34 .. ..	..	..	17,271
1934-35 .. ..	12,642	4,623	17,265
1935-36 .. ..	11,491	3,639	15,130
1936-37 .. ..	11,283	4,056	15,339
1937-38 .. ..	11,229	4,222	15,451
1938-39 .. ..	11,150	4,489	15,639
1939-40 .. ..	10,942	4,720	15,662
1940-41 .. ..	10,716	4,954	15,670
1941-42 .. ..	10,427	4,895	15,322
1942-43 .. ..	10,191	5,000	15,191
1943-44 .. ..	9,735	5,257	14,992

### C. AD HOC BODIES

#### (1) HARBOUR BOARDS

##### (a) Revenue

As stated earlier, practically all Harbour Boards are constituted by special Act of Parliament. The Harbours Act, 1923, however, defines the powers and functions of Harbour Boards generally; but this Act gives no general power to a Harbour Board to levy a rate on the land within its territory. Such power must be specifically given in the Act creating the Harbour Board. While most of the smaller Harbour Boards are given a rating-power, practically none of the major Harbour Boards have this authority. A few of the smaller Boards have not exercised the rating-power they possess. The Boards without rating-power are Auckland, Bluff, Lyttelton, Otago, and Wellington. The reason for this discrimination is not hard to seek. The smaller are essentially local and circumscribed in their service, and the service which they render can be defined in terms of the particular area which benefits from the existence of these harbour facilities. The existence of the harbour in these areas makes general economic activity possible, and hence the harbour can be looked on as a civic amenity for which, like other amenities, the citizens should bear the ultimate responsibility through rates. The larger harbours, on the other hand, are more in the nature of national institutions. Their area of service is frequently national in scope, and while the immediate area may benefit that benefit is incidental. On the other hand, to make small Harbour Boards dependent solely on dues on goods shipped and discharged at a small port may place a heavy burden on one section of the community. In the larger ports the volume of imports and exports is such that the levy on goods shipped or discharged necessary to meet the outgoings will be relatively small, although in the aggregate will bring in a sum large enough to meet all outgoings.

The following table shows the rates on land collected by the individual Harbour Boards in the years 1929-30, 1934-35, and 1940-41 :—

*Table showing for certain Years the Rates on Land collected by Harbour Boards*

No.	Board.	Year ended 30th September,*		
		1930.	1935.	1941.
		£	£	£
1	Auckland .. .. .	..	..	..
2	Bay of Islands .. .. .	1,000	253	5
3	Bluff .. .. .	..	..	..
4	Foxton .. .. .	..	17	964
5	Gisborne .. .. .	29,385	33,611	35,361
6	Greymouth .. .. .	..	..	..
7	Havelock .. .. .	..	..	..
8	Hokitika .. .. .	1,588	981	1,347
9	Lyttelton .. .. .	..	..	..
10	Mokau .. .. .	..	96	..
11	Motueka .. .. .	982	1,173	1,264
12	Napier .. .. .	522	281	17,838
13	Nelson .. .. .	3,696	3,948	6,450
14	New Plymouth .. .. .	..	23,028	303
15	Oamaru .. .. .	11,045	10,167	10,213
16	Opunake .. .. .	4,515	3,299	†
17	Otago .. .. .	..	..	..
18	Patea .. .. .	5,920	4,510	7,358
19	Tauranga .. .. .	..	..	..
20	Thames .. .. .	4,303	4,093	†
21	Timaru .. .. .	10,818	5,109	11,508
22	Tokomaru Bay .. .. .	..	..	..
23	Tolaga Bay .. .. .	5,377	3,225	5,233
24	Waikokopu .. .. .	..	..	..
25	Waimakariri .. .. .	..	..	..
26	Wairau .. .. .	..	..	..
27	Wairoa .. .. .	7,572	5,691	4,767
28	Waitara .. .. .	..	..	..
29	Wanganui .. .. .	2,500	13,018	20,013
30	Wellington .. .. .	..	..	..
31	Whangarei .. .. .	..	6,390	44
32	Whakatane .. .. .	4,585	4,454	3,260
33	Westport .. .. .	..	..	..
	Totals .. .. .	93,808	123,344	125,935

The following table shows rates levied on land in the harbour districts for the years from 1923-24 to 1942-43 :—

*Table showing Rates levied on Land by Harbour Boards for the Years 1923-24 to 1942-43*

	£		£
1923-24 .. .. .	56,572	1933-34 .. .. .	143,045
1924-25 .. .. .	60,232	1934-35 .. .. .	123,344
1925-26 .. .. .	57,306	1935-36 .. .. .	131,595
1926-27 .. .. .	90,194	1936-37 .. .. .	118,006
1927-28 .. .. .	100,222	1937-38 .. .. .	135,946
1928-29 .. .. .	93,821	1938-39 .. .. .	129,389
1929-30 .. .. .	93,808	1939-40 .. .. .	124,663
1930-31 .. .. .	99,955	1940-41 .. .. .	125,935
1931-32 .. .. .	97,461	1941-42 .. .. .	132,285
1932-33 .. .. .	120,383	1942-43 .. .. .	139,966

Harbour Boards are also entitled to levy dues on certain ships using the port and on certain goods shipped or discharged and for various services rendered. In addition to all other dues and fees legally payable, a Harbour Board may levy a harbour-improvement rate of not more than 2s. 6d. a ton (by weight or measurement) upon all or any goods discharged at or shipped from the port. This is not a "rate" as defined previously, but rather a "due" on goods. Many harbours own or receive the income from fairly large areas of land. Some of this land is under the jurisdiction of the Harbour Board by way of grant from the Crown either by endowment or otherwise; other lands reclaimed by the Board are at times vested in it. Boards have power to lease other lands. Rent of such lands is an important item in the revenue of some, especially the larger Boards. Rent was approximately 9 per cent. of the revenue receipts of all Boards in 1940-41. For the Auckland Harbour Board it was 16 per cent., for Foxton 47 per cent. The outstanding case was Waimakariri Harbour Board, which received £2 for berthing charges, £7 for rates, £582 for rent, and £1 from other sources—the total income

\* The Harbour Boards' year ends on 30th September, not 31st March as with other local authorities.

† Not available.

being £592. Rent was 98 per cent. of the revenue of this Board, which has not had a ship in the harbour for seven or eight years. It is of interest at this stage to analyse the payments of this Board. Total revenue expenditure for the 1941-42 was £742, of which salaries were £78 (10.5 per cent.), collection of rates, wharfage, rent, &c., £55 (8 per cent.), election expenses £6, office expenses £32 (4 per cent.), total administrative expenses £200 (27 per cent. of total expenditure). Maintenance and construction £446, subscription £9, other payments £87.

The following table shows an analysis of revenue receipts of all Harbour Boards from 1923-24 to 1942-43 :—

*Table showing Total Receipts of Harbour Boards for the Years from 1923-24 to 1942-43*

Financial Year.	Rates.	Other Revenue Receipts.	Total Revenue Receipts.	Receipts (non-revenue), Loans, &c.	Total Receipts.
	£	£	£	£	£
1923-24 .. ..	56,572	1,517,429	1,574,001	988,363	2,562,364
1924-25 .. ..	60,232	1,635,912	1,696,144	659,532	2,355,676
1925-26 .. ..	57,306	1,426,983	1,484,289	444,758	1,929,047
1926-27 .. ..	90,194	1,674,138	1,764,332	489,142	2,253,474
1927-28 .. ..	100,222	1,715,609	1,815,831	1,193,150	3,008,981
1928-29 .. ..	93,821	1,787,017	1,880,838	510,396	2,391,234
1929-30 .. ..	93,808	1,757,621	1,851,429	165,595	2,017,024
1930-31 .. ..	99,955	1,449,617	1,549,572	257,808	1,807,380
1931-32 .. ..	97,464	1,301,194	1,398,658	193,296	1,591,954
1932-33 .. ..	120,383	1,321,091	1,441,474	97,089	1,538,563
1933-34 .. ..	143,045	1,366,676	1,509,721	228,038	1,737,759
1934-35 .. ..	123,344	1,431,702	1,555,046	235,814	1,790,860
1935-36 .. ..	131,595	1,601,900	1,733,495	252,325	1,985,820
1936-37 .. ..	118,006	1,766,208	1,884,214	241,008	2,125,222
1937-38 .. ..	135,946	1,906,049	2,041,995	310,203	2,352,198
1938-39 .. ..	129,389	1,950,788	2,080,177	567,025	2,647,202
1939-40 .. ..	124,663	1,761,356	1,886,019	441,228	2,327,247
1940-41 .. ..	125,935	1,721,589	1,847,524	282,255	2,129,779
1941-42 .. ..	132,285	1,924,780	2,057,065	326,450	2,385,515
1942-43 .. ..	139,966	2,280,679	2,420,645	250,691	2,671,336

(b) *Expenditure*

The following table shows an analysis of the expenditure of Harbour Boards. The bulk of the expenditure is on maintenance and construction, although, except in the depression years, interest and sinking fund absorb approximately 25 per cent. of the total payments. Administration costs have been relatively steady.

*Table showing Payments of Harbour Boards from 1923-24 to 1942-43*

Financial Year.	Administration.	Maintenance Construction and Purchase of Buildings, Works, Plant, &c.	Interest and Amortization.	Other Payments.	Total Payments.
	£	£	£	£	£
1923-24 .. ..	177,210	1,486,631	*	637,367	2,301,208
1924-25 .. ..	171,908	1,513,359	*	757,141	2,442,408
1925-26 .. ..	154,942	1,450,808	*	526,308	2,132,058
1926-27 .. ..	181,343	1,417,219	*	852,158	2,450,720
1927-28 .. ..	182,131	1,233,902	*	1,550,754	2,966,787
1928-29 .. ..	183,921	1,237,867	726,926	118,278	2,266,992
1929-30 .. ..	180,919	1,165,106	669,826	144,222	2,160,073
1930-31 .. ..	170,975	991,723	680,971	128,424	1,972,093
1931-32 .. ..	146,278	935,595	648,954	89,752	1,820,579
1932-33 .. ..	141,791	600,112	645,393	119,776	1,507,072
1933-34 .. ..	138,987	665,213	595,812	179,111	1,579,123
1934-35 .. ..	150,595	841,584	612,859	142,610	1,747,648
1935-36 .. ..	158,875	1,031,588	609,030	102,237	1,901,730
1936-37 .. ..	168,945	1,244,121	697,123	160,744	2,270,933
1937-38 .. ..	189,088	1,412,796	671,230	235,910	2,509,024
1938-39 .. ..	171,748	1,533,195	644,053	190,149	2,539,145
1939-40 .. ..	163,666	1,385,280	627,224	261,720	2,437,910
1940-41 .. ..	169,835	1,254,991	643,698	224,256	2,292,780
1941-42 .. ..	175,902	1,308,550	665,254	199,160	2,348,866
1942-43 .. ..	179,553	1,593,571	654,266	254,719	2,682,109

\* Included in "Other Payments."

*(c) Indebtedness and Annual Loan Charges*

The net loan indebtedness of Harbour Boards is considerably greater than that of any other local bodies, except Borough Councils and Electric-power Boards. Actually, larger sums of money have been raised by Harbour Boards than by counties. The period of greatest expenditure by these bodies was again the third decade of the present century. Of recent years less has been expended, although the fall here is not so great as in some other local authorities. The burden of debt in most Harbour Boards is not a debt on the ratepayer, but is met from current revenue, and the burden is therefore not so great on the community as a whole :—

*Table showing the Amount of Net Indebtedness on Account of Loans of Harbour Boards from 1924-25 to 1943-44*

		£			£
1924-25	.. ..	8,397,708	1934-35	.. ..	8,591,674
1925-26	.. ..	8,552,301	1935-36	.. ..	8,390,368
1926-27	.. ..	8,667,175	1936-37	.. ..	8,289,936
1927-28	.. ..	8,751,512	1937-38	.. ..	8,010,696
1928-29	.. ..	9,029,256	1938-39	.. ..	7,837,785
1929-30	.. ..	8,941,819	1939-40	.. ..	8,043,138
1930-31	.. ..	8,825,631	1940-41	.. ..	8,024,585
1931-32	.. ..	8,789,031	1941-42	.. ..	7,833,092
1932-33	.. ..	8,701,646	1942-43	.. ..	7,721,540
1933-34	.. ..	8,528,532	1943-44	.. ..	7,600,549

Harbour Boards have had recourse to the State Advances Corporation on three occasions in the past twenty years—namely, in 1922-23, when £30,900 was raised; in 1938-39, when £34,600 was raised; and in 1939-40, £70,680.

The annual loan charges of Harbour Boards have been relatively steady over the period under review. There was some reduction in interest between the years 1932-33 and 1935-36. The following table shows the present situation :—

*Table showing Total Annual Loan Charge of Harbour Boards from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.
	£	£	£
1924-25 .. ..	.. ..	.. ..	573,077
1925-26 .. ..	.. ..	.. ..	587,627
1926-27 .. ..	.. ..	.. ..	606,654
1927-28 .. ..	.. ..	.. ..	622,304
1928-29 .. ..	.. ..	.. ..	646,061
1929-30 .. ..	.. ..	.. ..	649,416
1930-31 .. ..	.. ..	.. ..	656,207
1931-32 .. ..	.. ..	.. ..	665,790
1932-33 .. ..	.. ..	.. ..	653,702
1933-34 .. ..	.. ..	.. ..	594,793
1934-35 .. ..	471,719	123,399	595,118
1935-36 .. ..	456,859	139,892	596,751
1936-37 .. ..	447,674	242,818	690,492
1937-38 .. ..	437,866	166,701	604,567
1938-39 .. ..	429,119	191,175	620,294
1939-40 .. ..	435,257	172,011	607,268
1940-41 .. ..	433,750	201,272	635,022
1941-42 .. ..	431,645	221,388	653,033
1942-43 .. ..	422,891	229,441	652,332
1943-44 .. ..	416,602	246,917	663,519

*(2) Hospital Boards*

The problem of the finance of Hospital Boards, particularly the levies payable by contributory local authorities to Hospital Boards, has occupied a considerable amount of our time. The increase in these levies over recent years has aroused considerable feeling throughout the country, and we received more evidence on this subject than possibly any other into which we made inquiries. Practically all the local bodies and the national organizations of those local bodies which appeared before us made some reference to the increasing charges which were being made, and there was a general feeling that some readjustment of the incidence of this taxation should be undertaken. This survey is concerned solely with finance. We have not been able to discuss the adequacy or otherwise of the staffing, or whether the present administration and other professional arrangements are the most satisfactory. In another part of this report the necessity for a reduction in the number of hospital districts in the Dominion is stressed, and the belief is expressed that this will result in a saving in administrative expenditure, although it is very probable that it will make no appreciable difference to expenditure on the professional and domestic side of hospital maintenance.

There are a number of reasons, which can be stated in general terms, for the increase in expenditure on hospitals. In the first place, there has been a general increase in the efficiency of hospitals and Hospital Boards throughout the Dominion not only in terms of adequacy of accommodation and availability of that accommodation for the sick of our country, but in terms of more adequate professional

services. There has, without doubt, also been an increase in the standard of general maintenance, whether it be looked at in terms of physical maintenance of the equipment necessary for a hospital or of the provisions necessary for treatment. In addition, there has, over the past ten years, been a steady rise in costs, particularly labour costs, as reflected by the higher wage-rates and shorter working-hours which are enjoyed by nurses and other staff. This increase in costs has also been reflected in the expenses of other local authorities, but the increase, however, in general maintenance costs of Hospital Boards has been much greater than that of the general type of local authorities.

(a) *Maintenance Receipts other than Levy or Subsidy*

(i) *Patients' Payments.*—The revenue of Hospital Boards is derived from a number of sources. The largest individual item is that derived from the general heading called "Patients' Payments." Until the Social Security Act, 1938, these patients' payments were actually made by the patients themselves. From 1939 onwards practically the whole of these payments have been derived from the Social Security Fund. Speaking generally, the greatest amount of these payments of recent years has been derived from the per-day payments for patients from the Social Security Fund, which for the period 1939-43 were at the rate of 6s. per day. Since then, they have been at the rate of 9s. per day. The following table shows, in the first column, the amounts received from patients' payments, and in the second column the amounts of those payments in the last five years referable to the Social Security Department. The balance of the payments in these last five years is comparable with the patients' payments shown in earlier years.

*Table showing Receipts by Hospital Boards from Patients' Payments from all Sources (including Amounts received from Social Security Fund) from 1927-28 to 1944-45*

Year.	Patients Payments from all Sources (including Government, other Boards, &c.).	From Social Security Fund (included in Previous Column).
	£	£
1927-28 .. ..	340,231	..
1928-29 .. ..	352,283	..
1929-30 .. ..	382,276	..
1930-31 .. ..	374,963	..
1931-32 .. ..	359,666	..
1932-33 .. ..	313,680	..
1933-34 .. ..	331,690	..
1934-35 .. ..	368,636	..
1935-36 .. ..	391,528	..
1936-37 .. ..	442,090	..
1937-38 .. ..	511,869	..
1938-39 .. ..	549,026	..
1939-40 .. ..	922,858	598,786
1940-41 .. ..	1,220,258	1,014,773
1941-42 .. ..	1,459,876	1,168,178
1942-43 .. ..	1,698,559	1,323,566
1943-44 .. ..	2,309,600	1,915,525
1944-45 .. ..	2,308,672*	2,060,677

(ii) *Charitable-aid Recoveries.*—Hospital Boards are also responsible for certain forms of charitable aid. Until the institution of the Unemployment Fund, and the enactment subsequently of the Social Security Act, Hospital Boards were responsible for practically all charitable relief in the Dominion. This was given either as indoor relief in old people's homes and suchlike institutions, or as outdoor relief for the maintenance of those suffering undue hardship because of poverty or related causes. The necessity to maintain the homes for those requiring indoor relief still exists, but the Hospital Boards are able to recover a certain amount of the expenditure of these homes from persons in receipt of old-age benefits who require indoor relief. The amount of these recoveries is shown in the following table:—

*Table showing Recoveries on account of Charitable Aid by Hospital Boards from 1927-28 to 1944-45*

Year.	Charitable-aid Recoveries.	Year.	Charitable-aid Recoveries.
	£		£
1927-28 .. ..	45,453	1936-37 .. ..	67,756
1928-29 .. ..	43,977	1937-38 .. ..	82,922
1929-30 .. ..	45,456	1938-39 .. ..	85,909
1930-31 .. ..	44,770	1939-40 .. ..	77,408
1931-32 .. ..	46,179	1940-41 .. ..	69,628
1932-33 .. ..	40,957	1941-42 .. ..	70,739
1933-34 .. ..	44,575	1942-43 .. ..	62,525
1934-35 .. ..	44,397	1943-44 .. ..	74,675
1935-36 .. ..	44,659	1944-45 .. ..	75,753*

\* Estimated.

(iii) *Rents, Interest, and Dividends.*—Hospital Boards derive certain income from rents, interest, and dividends on investments, although these are of a relatively minor character. The amounts are shown in the following table:—

*Table showing Revenue of Hospital Boards from Rent, Interest, and Dividends from 1927-28 to 1944-45*

Year.	Rent, Interest, and Dividends.	Year.	Rent, Interest, and Dividends.
	£		£
1927-28 .. ..	27,640	1936-37 .. ..	26,368
1928-29 .. ..	27,212	1937-38 .. ..	32,191
1929-30 .. ..	27,579	1938-39 .. ..	31,679
1930-31 .. ..	28,223	1939-40 .. ..	29,787
1931-32 .. ..	25,584	1940-41 .. ..	31,333
1932-33 .. ..	25,743	1941-42 .. ..	31,419
1933-34 .. ..	24,278	1942-43 .. ..	31,611
1934-35 .. ..	26,329	1943-44 .. ..	30,391
1935-36 .. ..	26,060	1944-45 .. ..	32,205*

(iv) *Other Maintenance Receipts.*—Most Hospital Boards receive small amounts of voluntary contributions. At no time have voluntary contributions been an important feature in our hospital finance, and these payments have been declining steadily for many years. Until 1932 these voluntary contributions received pound-for-pound Government subsidy, but since that date the subsidy has been withdrawn. The amount of these miscellaneous receipts is shown in the following table:—

*Table showing Voluntary Contributions to Hospital Boards from 1927-28 to 1944-45*

Year.	Voluntary Contributions.	Subsidy on Voluntary Contributions.	Miscellaneous Receipts.
	£	£	£
1927-28 .. ..	12,878	12,478	7,783
1928-29 .. ..	14,960	13,614	7,271
1929-30 .. ..	14,524	12,804	25,044†
1930-31 .. ..	18,926	7,670	12,336
1931-32 .. ..	11,947	9,228	18,795
1932-33 .. ..	9,566	3,935	8,201
1933-34 .. ..	7,919	..	7,440
1934-35 .. ..	5,186	..	7,349
1935-36 .. ..	5,117	..	16,970
1936-37 .. ..	8,016	..	15,517
1937-38 .. ..	7,633	..	15,763
1938-39 .. ..	11,122	..	13,199
1939-40 .. ..	4,571	..	14,911
1940-41 .. ..	9,709	..	24,253
1941-42 .. ..	4,317	..	30,430
1942-43 .. ..	3,905	..	45,429
1943-44 .. ..	3,095	..	50,462
1944-45 .. ..	1,795*	..	55,756*

(v) *Total Maintenance Receipts.* The total maintenance receipts from all the previous headings is shown in the following table:—

*Table showing Total Maintenance Receipts other than Levy and Subsidy from 1927-28 to 1944-45*

Year.	Total.	Year.	Total.
	£		£
1927-28 .. ..	446,463	1936-37 .. ..	559,747
1928-29 .. ..	459,317	1937-38 .. ..	650,378
1929-30 .. ..	507,683	1938-39 .. ..	690,935
1930-31 .. ..	486,888	1939-40 .. ..	1,049,535
1931-32 .. ..	471,399	1940-41 .. ..	1,355,181
1932-33 .. ..	402,082	1941-42 .. ..	1,596,781
1933-34 .. ..	415,902	1942-43 .. ..	1,842,029
1934-35 .. ..	451,897	1943-44 .. ..	2,468,223
1935-36 .. ..	484,334	1944-45 .. ..	2,474,181*

\* Estimated.

† Includes Government grant of £10,000 on account of unemployment relief.

The striking fact about these tables has been the very heavy increase in these receipts over the last five years, although there was a fairly regular increase from 1933-34 until 1938-39. This increase reflects the increase in the number of patients using hospitals, and, in later years, the additional factor of a high scale of payments out of the Social Security Fund.

(b) *Levy and Subsidy for Maintenance Purposes*

(i) *Calculation of Levy.*—The foregoing receipts have no relation either to the statutory levy received from local authorities or to the subsidy received from the Government. The following statement gives an idea of the method of calculation of the subsidy and levy payable by the Government and the local authorities respectively.

Hospital Boards are required to prepare estimates at the beginning of each financial year. Separate estimates are made in respect of maintenance and capital expenditure. The term "maintenance" is self-explanatory, and includes all those recurring payments necessary for the general running of a Board's activities, including salaries, provisions, administration, and also interest on debt, but not debt repayments.\* To enable the calculation of the statutory maintenance levy and the Government subsidy, the Hospital Boards are required first to estimate their maintenance expenditure for the ensuing year; then to estimate their maintenance receipts as discussed under headings (i) to (v) above, which include charitable-aid recovery, patients' payments, rent, interest and dividends, and other miscellaneous receipts, including voluntary contributions. The difference between these two amounts of maintenance expenditure and estimated maintenance receipts is termed the net estimated expenditure. This net estimated expenditure is the sum provided jointly by the territorial local authorities constituting the hospital district by levy, and the State by subsidy. The actual subsidy to individual Boards, however, varies between a minimum of 14s. to the pound levied on the constituent local authorities, and a maximum of 26s. to the pound levied on them. In the aggregate, for the whole of New Zealand, however, the Government and the territorial local authorities find equal amounts. The higher Government subsidy is given to those districts where the burden of the local levy is relatively high in relation to the capital value of the hospital district. Conversely, a lower measure of subsidy is given to the districts whose burden on the rateable value is relatively low.

In the calculation of the Government subsidy the procedure is as follows: To each Board is first apportioned sixteen-fortieths of its net estimated expenditure for the current year. There is then calculated four-fortieths of the total net estimated expenditure of *all* Boards for the preceding year, and an amount equalling this is apportioned among the Boards in proportion to their respective rateable capital values. The sum of the two amounts thus apportioned is the amount levied on the constituent territorial local authorities. The balance of the net estimated expenditure is paid by way of subsidy from the Consolidated Fund.

It will be noted that a portion of the levy granted to each Board is calculated on four-fortieths of the aggregate requirements of all Boards for the previous year, not the year for which the levy is being struck. This basis is adopted so that any Board drawing up its estimates at the beginning of the year can at once work out the respective amounts to be found by levy and subsidy. As a result of this method of combining the calculations of the net estimated expenditure for the current year and the preceding year the total subsidy will usually slightly exceed, or be less than, half the net requirements for Boards during the current year. To adjust any difference, and to preserve an average pound-for-pound subsidy on levies throughout the Dominion, either a refund is made by Boards to the Consolidated Fund or, if necessary, an additional payment is made to Boards for the ensuing year.

The following table shows the total amount of the levy paid by local authorities over the last twenty years:—

*Table showing Maintenance Levies paid to Hospital Boards by Territorial Local Authorities from 1927-28 to 1944-45*

Year.	Maintenance Levy.	Year.	Maintenance Levy.
	£		£
1927-28 .. ..	539,038	1936-37 .. ..	638,781
1928-29 .. ..	575,884	1937-38 .. ..	724,843
1929-30 .. ..	594,800	1938-39 .. ..	823,188
1930-31 .. ..	607,401	1939-40 .. ..	953,998
1931-32 .. ..	533,279	1940-41 .. ..	762,108
1932-33 .. ..	535,278	1941-42 .. ..	862,791
1933-34 .. ..	546,253	1942-43 .. ..	1,092,014
1934-35 .. ..	545,048	1943-44 .. ..	1,033,545
1935-36 .. ..	560,545	1944-45 .. ..	1,011,404†

\* Capital expenditure, on the other hand, includes repayment of principal or payment to the sinking fund and expenditure on capital works other than by loan. The methods of calculating the levy and subsidy for capital expenditure are discussed later in this section.

† Estimated.

(ii) *Subsidy.*—The subsidy as calculated above is shown in the following table. It also shows the rate of subsidy per pound of levy. It will be noted this is never exactly pound for pound, for the reasons just stated :—

*Table showing Maintenance Subsidy paid to Hospital Boards from 1927–28 to 1944–45 ; and the Rate of Subsidy per Pound of Levy*

Year.	Subsidy.	Rate of Subsidy.	Year.	Subsidy.	Rate of Subsidy.
	£	s. d.		£	s. d.
1927–28 .. ..	569,797	21 2	1936–37 .. ..	677,423	21 3
1928–29 .. ..	586,178	20 4	1937–38 .. ..	759,046	20 11
1929–30 .. ..	603,066	20 3	1938–39 .. ..	862,725	21 0
1930–31 .. ..	612,812	20 2	1939–40 .. ..	1,010,606	21 2
1931–32 .. ..	518,738	19 5	1940–41 .. ..	678,528	17 10
1932–33 .. ..	542,000	20 3	1941–42 .. ..	931,502	21 7
1933–34 .. ..	549,890	20 2	1942–43 .. ..	1,187,893	21 9
1934–35 .. ..	540,968	19 10	1943–44 .. ..	1,002,783	19 5
1935–36 .. ..	557,981	19 11	1944–45 .. ..	1,008,161*	19 11

*(c) Capital Receipts, Levies, and Subsidies*

Every Hospital Board is required to prepare estimates of receipts and payments on capital account at the beginning of each financial year. The Board is required first to prepare an estimate of its capital expenditure, which includes overdraft from the previous year, the repayment of loans, the cost of capital expenditure from current income, and miscellaneous items. From the sum so estimated the Board is required to deduct amounts such as voluntary contributions for capital purposes, such receipts as cash in hand, grants from the Government for special capital works, amounts received from the sale of capital assets, and miscellaneous small items of capital receipts. The balance, being the difference between estimated capital payments and estimated capital receipts, is the net estimated expenditure on capital account. The amount of this expenditure is divided equally—that is, pound for pound—between the contributing local authorities and the Government. The following table shows the estimated expenditure, the estimated receipts, and, by deduction, the estimated net expenditure, and, finally, the amount to be levied on which subsidy is payable pound for pound :—

*Table showing Estimated Capital Expenditure, Estimated Receipts, and, by Deduction, the Net Estimated Capital Expenditure, and the Amount to be levied on which Subsidy is payable Pound for Pound of Hospital Boards from 1927–28 to 1944–45*

Year.	Estimated Expenditure.	Estimated Receipts.	Net Estimated Expenditure.	Amount to be Levied on which Subsidy is Payable at Pound for Pound.
	£.	£	£	£
1927–28 .. ..	703,150	528,396	174,754	87,377
1928–29 .. ..	381,468	182,771	198,697	99,348
1929–30 .. ..	379,849	191,991	187,858	93,929
1930–31 .. ..	385,453	209,727	175,726	87,863
1931–32 .. ..	201,358	139,645	61,713	30,856
1932–33 .. ..	184,491	97,245	87,246	43,623
1933–34 .. ..	143,592	63,462	80,130	40,065
1934–35 .. ..	183,688	69,862	113,826	56,913
1935–36 .. ..	209,154	86,631	122,523	61,261
1936–37 .. ..	252,775	101,861	150,914	76,457
1937–38 .. ..	325,060	129,621	195,439	97,719
1938–39 .. ..	397,189	155,423	241,766	120,883
1939–40 .. ..	467,921	187,947	279,974	139,987
1940–41 .. ..	605,901	197,658	408,243	204,122
1941–42 .. ..	579,191	173,883	405,308	202,654
1942–43 .. ..	653,980	202,118	451,862	225,931
1943–44 .. ..	687,893	252,379	435,514	217,757
1944–45 .. ..	893,961*	283,749*	610,212*	305,106*

\* Estimated.

(d) *Total Receipts*

Summarizing the above figures, the following tables give some idea of the general structure of Hospital Board receipts over the past two decades. The first table gives a summary of the maintenance receipts of Hospital Boards:—

*Table showing Total of All Maintenance Receipts, including Levy and Subsidy, from 1927-28 to 1944-45*

Year.	Maintenance Levies.	Maintenance Subsidies.	Total.	Total other Maintenance Receipts.	Total all Maintenance Receipts.
	£	£	£	£	£
1927-28 .. ..	539,038	569,797	1,108,835	446,463	1,555,298
1928-29 .. ..	575,884	586,178	1,162,062	459,317	1,621,379
1929-30 .. ..	594,800	603,066	1,197,866	507,683	1,705,549
1930-31 .. ..	607,401	612,812	1,220,213	486,888	1,707,101
1931-32 .. ..	533,279	518,738	1,052,017	471,399	1,523,416
1932-33 .. ..	535,278	542,000	1,077,278	402,082	1,479,360
1933-34 .. ..	546,253	549,890	1,096,123	415,902	1,512,025
1934-35 .. ..	545,048	540,968	1,086,016	451,897	1,537,913
1935-36 .. ..	560,545	557,981	1,118,526	484,334	1,602,860
1936-37 .. ..	638,781	677,423	1,316,204	559,747	1,875,951
1937-38 .. ..	724,843	759,046	1,483,889	650,378	2,134,267
1938-39 .. ..	823,188	862,725	1,685,913	690,935	2,376,848
1939-40 .. ..	953,998	1,010,606	1,964,604	1,049,535	3,014,139
1940-41 .. ..	762,108	678,528	1,440,636	1,355,181	2,795,817
1941-42 .. ..	862,791	931,502	1,794,293	1,596,781	3,391,074
1942-43 .. ..	1,092,014	1,187,893	2,279,907	1,842,029	4,121,936
1943-44 .. ..	1,033,545	1,002,783	2,036,328	2,468,223	4,504,551
1944-45 .. ..	1,011,404*	1,008,161*	2,019,565*	2,474,181*	4,493,746*

The next table gives a similar picture of capital receipts, although here the amount of receipts, other than from levies and subsidies, is estimated. The difference from the actual will be relatively small:—

*Table showing Total of All Capital Receipts, including Capital Levy and Capital Subsidy, from 1927-28 to 1944-45*

Year.	Estimated Receipts.	Capital Levies on Local Authorities.	Capital Subsidies.	Estimated Expenditure.
	£	£	£	£
1927-28 .. ..	528,396	87,377	87,377	703,150
1928-29 .. ..	182,771	99,348	99,348	381,468
1929-30 .. ..	191,991	93,929	93,929	379,849
1930-31 .. ..	209,727	87,863	87,863	585,453
1931-32 .. ..	139,645	30,856	30,856	201,358
1932-33 .. ..	97,245	43,623	43,623	184,491
1933-34 .. ..	63,462	40,065	40,065	443,592
1934-35 .. ..	69,862	56,913	56,913	183,688
1935-36 .. ..	86,631	61,261	61,261	209,154
1936-37 .. ..	101,861	76,457	76,457	252,775
1937-38 .. ..	129,621	97,719	97,719	325,060
1938-39 .. ..	155,423	120,883	120,883	397,189
1939-40 .. ..	187,947	139,987	139,987	467,921
1940-41 .. ..	197,658	204,122	204,122	605,901
1941-42 .. ..	173,883	202,654	202,654	579,191
1942-43 .. ..	202,118	225,931	225,931	653,980
1943-44 .. ..	252,379	217,757	217,757	687,893
1944-45 .. ..	283,749*	305,106*	305,106*	893,961*

\* Estimated.

Summarizing these last two tables, the following is a picture of the total receipts of Hospital Boards since 1927 :—

*Table showing Total of All Receipts of Hospital Boards from 1927-28 to 1944-45*

Year.	Total Levies.	Total Subsidies.	Total Levies and Subsidies.	Total Maintenance Receipts.	Estimated Capital Receipts.	Grand Total.
	£	£	£	£	£	£
1927-28 ..	626,415	657,174	1,283,589	446,463	528,396	2,258,448
1928-29 ..	675,232	685,526	1,360,758	459,317	182,771	2,002,846
1929-30 ..	688,729	696,995	1,385,724	507,683	191,991	2,085,398
1930-31 ..	695,264	700,675	1,395,939	486,888	209,727	2,092,554
1931-32 ..	564,135	549,594	1,113,729	471,399	139,645	1,724,773
1932-33 ..	578,901	585,623	1,164,524	402,082	97,245	1,663,851
1933-34 ..	586,318	589,955	1,176,273	415,902	63,462	1,655,637
1934-35 ..	601,961	597,881	1,199,842	451,897	69,862	1,721,601
1935-36 ..	621,806	619,242	1,241,048	484,334	86,631	1,812,013
1936-37 ..	715,238	753,880	1,469,118	559,747	101,861	2,130,726
1937-38 ..	822,562	856,765	1,679,327	650,378	129,621	2,559,326
1938-39 ..	943,071	983,608	1,926,679	690,935	155,423	2,773,037
1939-40 ..	1,093,985	1,150,593	2,244,578	1,049,535	187,947	3,482,060
1940-41 ..	966,230	882,650	1,848,880	1,355,181	197,658	3,201,719
1941-42 ..	1,065,445	1,134,156	2,199,601	1,596,781	173,883	3,970,265
1942-43 ..	1,317,945	1,413,824	2,731,769	1,842,029	202,118	4,775,916
1943-44 ..	1,251,302	1,220,540	2,471,842	2,468,223	252,379	5,186,444
1944-45 ..	1,316,510*	1,313,267*	2,629,777*	2,474,181*	283,479*	5,387,437*

*(c) Government Contributions to Hospital Boards*

The introduction of social security has completely altered the general structure of Hospital Board receipts. Theoretically the amounts paid from the Social Security Fund to Hospital Boards is in lieu of the amounts previously paid by way of patients' payments, but the major increase in these payments since the introduction of the Social Security Fund makes it clear that there has been more hospitalization. Admittedly the amounts paid to the Hospital Boards have been paid by the community collectively instead of the community individually as in previous times, but this collective payment from the Social Security Fund has completely altered the incidence of hospital costs. It is interesting, therefore, to see what proportion the Government has paid to hospitals over the period under review :—

*Table showing Analysis of All Hospital Boards Receipts from 1939-40 to 1944-45 †*

Year.	Social Security Payments.	Other Patients' Payments.	Other Maintenance Receipts.	Total Maintenance Receipts.	Total Levies.	Total Subsidies.	Total.
	£	£	£	£	£	£	£
1939-40 ..	598,786	324,072	126,677	1,049,525	1,093,985	1,150,593	3,294,103
1940-41 ..	1,014,773	205,485	134,923	1,355,181	966,230	882,650	3,204,061
1941-42 ..	1,168,178	291,698	136,905	1,596,781	1,065,445	1,134,156	3,796,382
1942-43 ..	1,323,566	374,993	143,470	1,842,029	1,317,945	1,413,824	4,573,798
1943-44 ..	1,915,525	394,075	158,623	2,468,223	1,251,302	1,220,540	4,940,065
1944-45 ..	2,060,677*	247,995*	165,509*	2,474,181*	1,316,510*	1,313,267*	5,103,958*

The monetary figures, however, do not give a clear picture of the payments by the State. The following table, reducing the amounts to percentages of the total payments in each year, gives a clearer picture of the increase :—

*Table showing Percentage of Total Receipts of Hospital Boards paid by the Government in Recent Years*

1927-28 ..	..	..	25	1936-37 ..	..	..	35
1928-29 ..	..	..	34	1937-38 ..	..	..	33
1929-30 ..	..	..	33	1938-39 ..	..	..	35
1930-31 ..	..	..	33	1939-40 ..	..	..	56
1931-32 ..	..	..	32	1940-41 ..	..	..	59
1932-33 ..	..	..	35	1941-42 ..	..	..	61
1933-34 ..	..	..	36	1942-43 ..	..	..	60
1934-35 ..	..	..	35	1943-44 ..	..	..	63
1935-36 ..	..	..	34	1944-45 ..	..	..	66*

The table shows quite conclusively, however, that Government contributions have materially increased since the Social Security Act was passed. Prior to 1939 the State contributed approximately one-third of the total receipts, and since that date nearly two-thirds, or practically double what was previously paid.

\* Estimated.

† Capital receipts are omitted as they include miscellaneous items, including special Government grants, &c., and hence, unless analysed, would unnecessarily complicate the conclusions. Their omission, however, does not vitiate the conclusions. The results, therefore, are approximate only.

## (f) Revenue Expenditure

The following table gives an indication of the actual maintenance payments of all Boards for the years from 1927-28 to 1944-45:—

## Actual Maintenance Payments of Hospital Boards for Years 1927-28 to 1944-45

Year.	Hospital Maintenance.	Charitable Aid.				District Nursing.	Administration.	Other Boards.	Rent, Rates, & Taxes.	Interest.		National Provident Fund.	Miscellaneous.	Total.
		Indoor.	Outdoor.	Grants to Medical and other Associations.	On Loans for Capital Purposes.					On Loans for Maintenance Purposes.				
	£	£	£	£	£	£	£	£	£	£	£	£	£	
1927-28 ..	1,024,285	105,668	118,016	8,936	11,011	70,919	51,510	1,889	76,811	4,107	22,211	14,495	1,509,858	
1928-29 ..	1,090,944	108,054	138,515	10,984	10,064	74,350	51,500	1,538	79,957	4,100	19,395	10,255	1,599,656	
1929-30 ..	1,139,077	115,056	146,598	12,236	11,117	72,596	53,558	1,520	78,315	3,638	18,372	12,883	1,664,966	
1930-31 ..	1,135,791	113,336	201,618	12,832	10,460	73,231	55,294	1,625	81,630	4,282	19,739	10,235	1,720,073	
1931-32 ..	973,590	104,398	272,990*	12,018	9,425	68,463	66,275	1,703	82,220	8,110	16,287	11,363	1,626,851	
1932-33 ..	898,735	95,888	208,173†	9,255	9,201	64,839	59,237	1,841	78,016	8,025	15,454	8,814	1,457,478	
1933-34 ..	927,258	101,899	175,070	9,373	8,839	61,905	73,040	2,069	65,093	4,857	13,836	9,945	1,456,184	
1934-35 ..	990,141	104,500	179,552	9,393	10,187	68,312	73,743	3,961	57,005	3,723	15,425	11,295	1,527,147	
1935-36 ..	1,096,487	110,493	189,627	10,324	11,394	74,487	89,093	2,542	49,192	4,330	17,597	14,948	1,661,514	
1936-37 ..	1,265,587	126,125	166,779	12,870	13,619	83,097	90,818	2,766	44,700	4,822	19,285	17,540	1,848,008	
1937-38 ..	1,491,328	150,139	107,353	15,070	16,184	95,592	98,351	2,411	53,209	4,407	22,614	20,427	2,077,085	
1938-39 ..	1,724,838	172,325	94,492	18,138	18,371	108,100	119,114	1,852	56,206	4,496	22,796	22,831	2,363,562	
1939-40 ..	2,072,231	129,241	61,966	16,505	18,915	115,478	90,855	2,231	63,604	3,091	25,641	30,098	2,632,856	
1940-41 ..	2,544,639	124,684	50,568	16,482	22,426	120,188	80,801	2,491	66,761	1,416	27,787	27,505	3,085,748	
1941-42 ..	2,976,254	121,435	46,528	18,942	21,818	115,395	92,341	2,338	84,946	4,072	36,339	32,788	3,553,196	
1942-43 ..	3,422,120	111,327	38,899	13,160	25,075	117,247	99,720	3,190	93,810	10,846	42,111	63,117	4,045,652	
1943-44 ..	3,584,934	115,458	38,800	18,715	25,643	120,163	83,456	2,912	109,313	6,215	39,991	42,212	4,187,812	
1944-45 ..	3,969,426	113,537	38,548	20,306	28,740	127,297	91,817	5,965	164,528	5,596	45,667	32,366	4,643,793	
(estimated)														

The table gives some idea of the type of work for which the Hospital Boards are responsible. In addition to hospitalization and charitable aid, some Hospital Boards assist medical associations which are in the nature of subsidized medical services in remote areas. They also assist, and in some cases maintain, District Nurses in various areas. The heading "Administration" is fairly straightforward. Payments to "Other Boards" are payments of one Board to another for the cost of services rendered to some persons for whom the paying Board is liable, and who are normally residents of the district of the paying Board. "Interest on Loans for Capital Purposes" is clear. "Interest on Loans for Maintenance" is payments to the Government for subsidies paid in advance, and interest on overdraft. Payments to the "National Provident Fund" are for superannuation, chiefly for nurses, which is arranged through the National Provident Fund. A survey of the table shows that there has been relatively little change over the period in the cost of indoor relief, although outdoor relief has been reduced by major proportions, due to the operation of the Social Security Act. The increase in the costs of administration are largely due to increased salaries and wages for employees. The movement of the payments to other Boards tends to vary considerably from year to year, although the change in the amounts paid is due to increased costs in hospital maintenance. The increases in the item "Interest on Loans for Capital Purposes" is indicative of the increase in the capital expenditure of the Boards, particularly in the last two or three years. Until 1938 the general trend in Hospital Board interest was similar to that of interest paid by other local authorities, where, during the depression, no new works were undertaken, loans being paid off and interest, therefore, reduced. The increase in the item "National Provident Fund" is largely due to increases in wages, plus the increase in staff. The increase in interest is substantial, and this increase also corresponds with the increase in capital repayments, such as sinking fund and other amortization arrangements. Still further expansions are planned which will tend to perpetuate the increase in expenditure.

The major increase in cost, however, is in the item "Hospital Maintenance," and a similar, although not absolutely the same, figure is analysed in the following table:—

## Hospital Maintenance Expenditure of Institutions under Control of Boards for Years 1927-28 to 1943-44

Year.	Average Number of Occupied Beds.	Provisions.	Surgery and Dispensary.	Domestic.	Salaries and Wages.	Miscellaneous.	Total.	Establishment.	Total Indoor.	Cost per Occupied Bed.	Maintenance of Out-patient and Dental Departments.	Total Cost.
		£	£	£	£	£	£	£	£	£	£	£
1927-28 ..	5021.0	210,736	69,367	191,502	398,003	1,466	915,225	60,577	975,802‡	194.4	45,783	1,021,585‡
1928-29 ..	5540.4	223,225	85,751	194,741	438,625	6,592	953,934	68,395	1,022,329	184.5	70,063	1,092,392
1929-30 ..	5454.8	231,929	89,247	204,301	467,610	9,354	1,002,441	74,809	1,077,250	197.5	53,150	1,130,400
1930-31 ..	5354.7	219,916	86,211	198,363	471,919	11,215	987,618	80,116	1,067,734	199.4	72,591	1,140,325
1931-32 ..	5095.9	176,609	67,815	156,101	413,989	14,527	829,041	61,117	890,158	173.6	64,495	954,653
1932-33 ..	4960.0	157,141	67,942	146,397	392,738	13,359	777,577	57,990	835,567	168.5	62,010	897,577
1933-34 ..	5370.2	158,557	77,702	150,961	409,250	13,538	810,098	62,486	872,494	162.3	63,730	936,224
1934-35 ..	5606.1	170,024	82,252	158,468	434,519	19,270	864,533	67,946	932,479	166.3	67,287	999,766
1935-36 ..	5821.8	186,880	91,186	177,582	475,764	21,915	953,327	73,744	1,027,071	176.1	74,541	1,101,612
1936-37 ..	6077.9	209,339	100,353	198,062	565,283	24,178	1,097,215	91,854	1,189,069	195.6	81,054	1,270,123
1937-38 ..	6341.6	248,125	111,894	227,334	673,837	27,059	1,288,249	105,473	1,393,722	219.8	96,942	1,490,664
1938-39 ..	6599.0	272,176	123,668	258,786	823,827	31,649	1,510,106	115,207	1,625,313	246.8	108,765	1,734,078
1939-40 ..	6978.4	302,731	132,273	289,652	944,524	32,496	1,701,676	138,685	1,840,361	263.7	126,964	1,967,325
1940-41 ..	8562.7	361,902	162,925	349,445	1,207,305	42,572	2,124,149	164,092	2,288,241	269.6	170,957	2,459,198
1941-42 ..	9099.6	416,923	179,923	392,885	1,399,741	51,626	2,441,098	174,029	2,615,127	287.4	196,080	2,811,207
1942-43 ..	9911.2	477,614	223,179	436,476	1,630,907	58,060	2,826,236	186,851	3,013,013	304.0	206,921	3,220,008
1943-44 ..	10459.8	544,213	244,746	486,078	1,782,772	62,042	3,119,851	207,253	3,327,104	318.1	229,035	3,556,139

\* Includes £148,046 "unemployment" relief.

† Includes £54,250 "unemployment" relief.

‡ Includes "Maintenance of Special Departments, £44,151."

In the first place it is interesting to notice that over the period the number of occupied beds has doubled. Although of recent years there has been a major increase in the size of hospitals in New Zealand, hospital accommodation has not doubled.

The major increases, as can be seen from the above table, are in salaries and wages, provisions, and domestic. Although there have been increases under all items, the increase in salaries and wages can be accounted for, firstly, in improved conditions to nurses and staff, resulting in shorter hours and consequently the necessity for greater staffs, and to the increase in wages. As far as provisions are concerned, the increase can be accounted for, first, in the increased number of patients, and, secondly, in the increased cost of provisions, and, thirdly, in the better dietary standards which have of recent years been adopted. The effect of all these trends can be seen in the column headed "Cost per Occupied Bed," which has risen from £162 in 1933-34 to £318 at the present time, or practically double the previous amount. There is no indication, even at the present time, that these increases in costs have come to an end.

(g) *Capital Expenditure*

The following table shows the actual expenditure on capital account from 1927-28 to date. The figures for 1944-45 are from estimates prepared by Hospital Boards indicating what it is desired to expend rather than what will be expended, and are, therefore, indications of what is the programme for the future. The increase in capital expenditure both from current revenue and from loans over the past few years is another indication of the expansion of hospital activity and of hospitalization of patients over the past few years. Current building programmes indicate that this increase in capital expenditure will continue over the years in the immediate future.

*Actual Payments on Capital and Loan Works by All Hospital Boards for the Years 1927-28 to 1944-45 and estimated 1944-45*

Year.	On Capital Works (other than Loans).	From Loans.	Total Payments.
	£	£	£
1927-28 .. .. .	151,134	186,764	337,898
1928-29 .. .. .	126,569	49,965	176,534
1929-30 .. .. .	120,306	45,185	165,491
1930-31 .. .. .	110,666	134,068	244,734
1931-32 .. .. .	57,082	83,318	140,400
1932-33 .. .. .	26,496	115,094	141,590
1933-34 .. .. .	26,764	41,851	68,615
1934-35 .. .. .	58,383	23,030	81,413
1935-36 .. .. .	91,211	107,646	198,857
1936-37 .. .. .	125,448	86,073	211,521
1937-38 .. .. .	158,488	155,867	314,355
1938-39 .. .. .	191,407	230,840	422,247
1939-40 .. .. .	200,530	163,142	363,672
1940-41 .. .. .	324,213	314,522	638,735
1941-42 .. .. .	323,474	565,501	888,975
1942-43 .. .. .	317,196	597,418	914,614
1943-44 .. .. .	299,061	885,724	1,184,785
1944-45 .. .. .	651,052*	2,300,416*	2,951,468*

(h) *Representations of Local Authorities regarding Hospital Levies*

The picture regarding hospital receipts given above has shown a steady expansion throughout New Zealand. The movement has not been uniform, and the pressure on some hospital districts has been much heavier than on others, although, generally, even in the largest and most efficient Boards, there has been evidence of very considerable expansion. Practically all local authorities have maintained that the burden of hospital levies has been excessive. In Manakau, for instance, it was maintained that the levy has increased from £2,461 in 1935-36 to £5,555 in 1944-45; in Whangaroa from £450 in 1931-32 to £1,323 in 1944-45; in the Bay of Islands from £1,526 in 1932-33 to £5,726 in 1943-44; or, taking the whole of the six northern Hospital Boards together, the levy has increased from £17,000 in 1932-33 to £32,000 in 1944-45. The levy of the Auckland Hospital Board has increased from £78,000 in 1927-28, to £168,000 in 1944-45. Taking all Hospital Boards together, the maintenance levy has increased from 0.229d. per pound of rateable capital value in 1927-28 to approximately 0.4d. per pound of rateable capital value in 1944-45. The capital levy over the same period has increased from 0.037d. to 0.117d. per pound of rateable capital value. All levies, both capital and maintenance, on local authorities have risen from 0.266d. in 1927-28 to 0.505d. per pound of capital value in 1944-45, being practically double, or, taking the levy in 1931-32, which was 0.219d. per pound of capital value, the increase over the period was almost two and a half times. The great proportion of this increase has taken place since the beginning of the war. The commencement of the social security payments to Hospital Boards practically coincided with the war, so that the two factors are closely related—namely, the increased costs due to the war, plus the increased hospitalization. It was generally maintained that the increased burden on local authorities, and, therefore, on the ratepayers, was such as to make hospital levies at the present rate very burdensome. Although the local bodies who appeared before us argued generally in favour of the complete abolition of hospital rates, most agreed that the levies prior to the institution of the Social Security Fund, which, of course, was also prior to the war, were not particularly burdensome. The increase since 1928 to, say, 1938 was not such as to place an undue burden on the persons concerned. Since that date, however, excessive increases have taken place, and we are convinced that the local authorities have a just complaint at the present heavy burden.

\* Estimated.

(i) *Indebtedness and Loan Charges*

As considerable comment was made during evidence on the increasing costs of capital works of Hospital Boards it is of interest to examine briefly the loan indebtedness and annual loan charges of these bodies. The following table shows the gross and net indebtedness of all Hospital Boards over the period under review :—

*Table showing Gross and Net Indebtedness of Hospital Boards from 1924-25 to 1943-44*

Year.	Gross Indebtedness.	Sinking Fund.	Net Indebtedness.
	£	£	£
1924-25 .. .. .	839,098	33,958	805,140
1925-26 .. .. .	1,096,194	Not available	Not available
1926-27 .. .. .	1,369,973	99,812	1,270,161
1927-28 .. .. .	1,408,959	137,112	1,271,847
1928-29 .. .. .	1,380,026	180,798	1,199,228
1929-30 .. .. .	1,352,477	225,776	1,126,701
1930-31 .. .. .	1,455,152	278,334	1,176,818
1931-32 .. .. .	1,447,206	307,208	1,139,998
1932-33 .. .. .	1,436,066	320,112	1,115,954
1933-34 .. .. .	1,394,955	347,697	1,047,258
1934-35 .. .. .	1,224,942	200,910	1,024,032
1935-36 .. .. .	1,125,589	103,676	1,021,913
1936-37 .. .. .	1,159,609	93,254	1,066,355
1937-38 .. .. .	1,855,515	88,398	1,767,117
1938-39 .. .. .	1,955,047	98,349	1,856,698
1939-40 .. .. .	2,015,200	113,729	1,901,471
1940-41 .. .. .	2,198,069	126,781	2,071,288
1941-42 .. .. .	2,586,546	143,186	2,443,360
1942-43 .. .. .	2,798,623	159,671	2,638,952
1943-44 .. .. .	3,762,785	95,540	3,667,245

The major increase in indebtedness since 1936-37 is the first fact noticeable in the table ; next the phenomenal rise since 1940-41, culminating in an increase of approximately £1,000,000 in the year 1943-44.

The next table shows the annual loan charges during the same period :—

*Table showing Interest and Sinking-fund Charges of Hospital Boards from 1927-28 to 1943-44*

Year.	Interest.	Repayments of Principal and Payments to Sinking Funds.	Total Annual Charges.
	£	£	£
1927-28 .. .. .	80,075	91,585	171,660
1928-29 .. .. .	84,006	97,608	181,614
1929-30 .. .. .	81,192	101,711	182,903
1930-31 .. .. .	85,226	105,123	190,349
1931-32 .. .. .	90,402	86,693	177,095
1932-33 .. .. .	86,673	139,075	225,748
1933-34 .. .. .	71,196	126,275	197,471
1934-35 .. .. .	58,466	55,599	114,065
1935-36 .. .. .	52,322	64,071	116,393
1936-37 .. .. .	49,451	52,781	102,232
1937-38 .. .. .	59,045	64,518	123,563
1938-39 .. .. .	63,830	78,710	142,540
1939-40 .. .. .	65,626	92,623	158,249
1940-41 .. .. .	71,484	101,325	172,809
1941-42 .. .. .	90,096	120,663	210,759
1942-43 .. .. .	110,901	130,436	241,337
1943-44 .. .. .	127,697	163,896	291,593

Since 1937-38 interest and sinking-fund charges have increased by over 100 per cent., and undoubtedly when the effects of the heavy borrowing in 1943-44 come to charge in 1944-45 the figures will show another very large increase. We do not desire to discuss the necessity for such capital extensions but the issues raised are of vital concern when discussing the burden of hospital expenditure.

## (3) ELECTRIC-POWER BOARDS

## (a) Revenue

Until the formation of the first Electric-power Boards in 1918 the electric-power distribution was generally conceived as being a trading function of a territorial local body. The setting-up of the Electric-power Boards was undertaken with the view that this trading function, which would obviously become of major importance in the economy of New Zealand, should be carried out by a separate body. From the financial point of view the approach was that the receipts from the sale of electricity should be sufficient to meet all the expenses without recourse to any form of taxation. On the other hand, it was recognized that, particularly in the early stages of development, and until reticulation was complete, revenue receipts from the sale of electricity would not be sufficient in general to meet the costs and charges necessarily incurred. Consequently, the Boards have a rating-power, and a large number of Power Boards have in the past utilized this rating-power. The following table shows, in the period from 1924-25 to 1941-42, the Power Boards which have collected rates and the amount of those rates:—

Table showing Receipts from Rates of Electric-power Boards\* from 1924-25 to 1943-44

Financial Year.	Hobson.	Te Awamutu.	Thames Valley.	Waikato.	Dannevirke.	Opuake.	Taranaki.	South Taranaki.	Manawatu-Orangi.	Taranaki.	Golden Bay.	Reefton.	Marlborough.	Waimata.	Malvern.	Springs-Eldersmere.	Banks Peninsula.	South Canterbury.	Cheviot.	Otago.	Southland.	Total.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25 ..	345	2,120	499	54	20	858	387	..	13	..	..	15	..	..	..	237	4,121	2,300	..	..	..	10,969
1925-26 ..	482	2,156	768	7	..	42	4	..	..	..	..	..	..	..	..	4	4,428	..	602	..	66,805	75,298
1926-27 ..	250	2,150	..	3,167	..	40	39	..	..	315	..	..	..	..	..	..	4,154	..	532	..	57,133	67,780
1927-28 ..	..	2,138	3	2,540	..	..	2,766	2,425	..	..	..	..	..	..	..	..	4,443	..	410	..	48,007	62,732
1928-29 ..	..	5	..	2,023	..	..	14,861	767	..	..	687	..	..	..	..	..	4,094	..	354	..	45,500	68,291
1929-30 ..	..	61	..	2,993	..	..	9,802	..	..	..	1,300	..	266	..	..	..	3,933	..	270	7,726	58,939	85,290
1930-31 ..	..	2	..	1,425	..	..	6,129	..	..	..	301	..	5,585	1,320	..	..	3,945	..	8	9,865	44,107	72,687
1931-32 ..	..	..	..	328	..	..	3,173	..	..	..	110	..	988	1,177	..	..	3,580	..	3	9,130	47,502	66,001
1932-33 ..	..	..	..	95	..	..	2,350	..	..	..	15	..	2,928	2,000	..	..	3,150	..	1	8,896	37,286	56,721
1933-34 ..	..	..	..	1,829	..	..	1,378	..	1,652	..	..	..	..	9	1,714	..	3,166	..	..	9,393	48,072	67,213
1934-35 ..	..	..	..	2,700	..	..	194	..	1,094	..	..	..	107	2,958	..	..	3,067	..	3	6,331	37,610	54,064
1935-36 ..	..	..	..	1,845	..	..	43	..	41	..	..	..	66	2,495	..	..	2,702	..	..	3,764	32,232	43,188
1936-37 ..	..	..	..	1,832	..	..	56	..	4	..	..	..	..	2,376	..	..	2,844	..	..	893	5,409†	13,414
1937-38 ..	..	..	..	1,186	..	..	25	..	25	..	..	..	..	1,927	..	..	2,449	..	..	348	..	5,960
1938-39 ..	..	..	..	135	..	..	26	..	9	..	..	..	..	1,877	..	..	2,284	..	..	76	..	4,417
1939-40 ..	..	..	..	51	..	..	118	..	1	..	..	..	..	1,797	..	..	2,042	..	..	24	12	4,045
1940-41 ..	..	..	..	16	..	..	48	..	3	..	..	..	..	1,809	..	..	1,729	..	..	2	..	3,607
1941-42 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,729	..	..	1,651	..	..	..	..	3,380
1942-43 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,558	..	..	1,540	..	..	..	..	3,128
1943-44 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,607	..	..	..	..	..	..	..	1,607

From a study of this table it will be seen that in the earlier years quite a number of Power Boards found it necessary to have recourse to rates, but as time went on, and the reticulation system was completed, the revenue receipts from the sale of power were in most cases sufficient to cover the expenses. In two cases, however, it has been necessary to continue rating to the present day. In the cases, Banks Peninsula and Malvern, the explanation is that the area of supply has been too small to guarantee efficient working, and we make recommendations in another part of this report as to the reconstruction of Electric-power Board districts so as to guarantee that they will be large enough to work economically.

A study of the table will show that during the depression quite a number of Power Boards had to have recourse to rates, but with the improvement in economic conditions a continuation has been unnecessary. In Southland the general financial situation of the Board was such that in 1936 the Government had to take the Board over, because the amount of the rates which had to be levied was out of proportion to the revenue returned from the sale of electricity. In other words, the Board was approaching a state of bankruptcy. Conditions are, we understand, still difficult in Southland, but since the taking over by the Government the financial position has improved. The ideal situation ultimately will, of course, be that no Power Boards will have to levy rates, and the profits ensuing, as have occurred in quite a number of cases, will be reflected in reduced charges for electrical energy.

\* Rates have not been collected in the following districts: Bay of Islands, North Auckland, Waitemata, Auckland, Franklin, Central, Central Waikato, Cambridge, Waitomo, Wairere, Tauranga, Bay of Plenty, Poverty Bay, Hawke's Bay, Central Hawke's Bay, Wangamui-Rangitiki, Horowhenua, Hutt Valley, Wairarapa, Grey, North Canterbury, Westland, Ashburton, Waitaki, and Otago Central.

† Acquired by Government 13th October, 1936.

The following table shows the general revenue of Electric-power Boards, and, incidentally, shows that rates, even in the earlier years, were relatively unimportant as a source of revenue. Receipts from the sale of power have been steadily increasing, and there is no evidence that the maximum has as yet arrived. In fact, speaking in general terms, the Power Boards are very profitable institutions, and this profit is reflected, among other things, in the higher salaries in general paid to the administrative and professional staffs of this type of local body. This raises some major issues of policy which must in future be met, because, after all, these are public institutions, and profits should not be used for the payment of administrative salaries out of relation to the administrative salaries payable in other local authorities. The salaries paid to Electric-power Board staffs are not necessarily excessive, but there is a lack of correspondence in these salaries to those paid in other territorial local authorities. The items marked "Stamp Duty on Interest" in 1932-33 and 1933-34 are, as discussed under "Finance of Territorial Local Authorities," related to the question of the Government's reduction of interest programme during the depression years:

*Table showing Revenue of Electric-power Boards from 1924-25 to 1943-44\**

Financial Year.	Rates.	Sale of Power.	Other Sources.	Total Revenue.
	£	£	£	£
1924-25 .. ..	10,969	617,328†	..	628,297
1925-26 .. ..	75,298	869,774	47,759	992,831
1926-27 .. ..	67,780	1,244,014	66,516	1,378,310
1927-28 .. ..	62,732	1,553,627	74,581	1,690,940
1928-29 .. ..	68,291	1,788,719	61,734	1,918,744
1929-30 .. ..	85,290	2,030,239	61,930	2,177,459
1930-31 .. ..	72,687	2,457,228	66,651	2,296,566
1931-32 .. ..	66,001	2,129,192	74,293	2,269,486
1932-33 .. ..	56,721	2,120,697	133,352‡	2,310,770
1933-34 .. ..	67,213	2,098,088	56,100§	2,221,401
1934-35 .. ..	54,064	2,193,493	53,694	2,306,251
1935-36 .. ..	43,188	2,281,487	56,734	2,381,409
1936-37 .. ..	13,414	2,362,580	51,080	2,427,074
1937-38 .. ..	5,960	2,531,496	49,228	2,586,684
1938-39 .. ..	4,417	2,789,268	56,908	2,850,593
1939-40 .. ..	4,045	3,172,914	66,346	3,243,305
1940-41 .. ..	3,607	3,555,498	105,058	3,664,163
1941-42 .. ..	3,380	3,695,157	98,651	3,797,188
1942-43 .. ..	3,128	3,679,552	67,323	3,750,003
1943-44 .. ..	1,607	3,915,232	61,967	3,978,906

(b) *Expenditure*

Practically the whole of the power distributed by Electric-power Boards is purchased from the State, through the Public Works Department, and some idea of the expansion of the use of electricity in New Zealand can be seen from the following table in the column headed "Cost of Power purchased in Bulk."¶ This has increased from £111,000 in 1925-26 to practically £1,500,000 in 1941-42.

The total working-expenses are approximately 67 per cent. of total expenditure, the remaining 23 per cent. being distributed as between interest, amortization, and depreciation. The fact that interest payments have tended to fall over the past ten years indicates that these Electric-power Boards have been able to meet their obligations and reduce their debt. In fact, it can be said that they are in the strongest position of all local bodies in New Zealand, both at present and potentially.

\* These figures do not include power sold by territorial local authorities which have distributing licenses. This is discussed on pages 54, 61, 66.

† Including "Other Sources."

‡ Includes £1,322 stamp duty on interest receipts.

§ Includes £25,848 stamp duty on interest receipts.

¶ These figures do not include power sold to territorial local authorities which act as distributing authorities and which purchase in bulk from the Hydro-electric Department.

Table showing Expenditure of Electric-power Boards from 1924-25 to 1943-44

Financial Year.	Working-expenses.				Capital Charges.				Total Expenditure.
	Cost of Power purchased in Bulk.	Cost of Generation, Repairs, Transmission, Distribution, Public Street Lighting, &c.	General (Management, &c.).	Total.	Interest and other Charges.	Amortization of Debt.	Depreciation.	Total.	
	£	£	£	£	£	£	£	£	£
1924-25 ..	*	*	*	*	*	*	*	*	*
1925-26 ..	111,352	225,565	105,635	442,552	256,698	..	125,575 <sup>(1)</sup>	382,273	824,825
1926-27 ..	176,964	309,006	165,560	651,530	459,845	..	213,318 <sup>(1)</sup>	673,163	1,324,693
1927-28 ..	230,997	378,005	191,872	800,874	572,568	..	284,927 <sup>(1)</sup>	857,495	1,658,369
1928-29 ..	206,091	439,682	216,167	951,940	636,612	..	378,341 <sup>(1)</sup>	1,014,953	1,966,893
1929-30 ..	443,713	342,434	242,091	1,028,238	683,436	175,826 <sup>(2)</sup>	175,621 <sup>(3)</sup>	934,883	2,063,121
1930-31 ..	423,181	474,704	241,093	1,138,978	718,844	186,635 <sup>(2)</sup>	198,532 <sup>(3)</sup>	1,014,011	2,242,989
1931-32 ..	493,603	507,371	223,838	1,134,812	744,532	200,336 <sup>(2)</sup>	173,778 <sup>(3)</sup>	1,118,646	2,253,458
1932-33 ..	591,068	305,244	207,687	1,103,999	764,083	202,311	144,845 <sup>(3)</sup>	1,111,239	2,215,238
1933-34 ..	624,615	262,584	201,027	1,088,226	684,558	196,734	109,091 <sup>(3)</sup>	990,383	2,078,609
1934-35 ..	656,045	281,048	247,232	1,184,325	619,823	196,315	121,743 <sup>(3)</sup>	937,881	2,122,206
1935-36 ..	793,001	315,271	212,621	1,230,893	660,963 <sup>(4)</sup>	232,325	111,780 <sup>(3)</sup>	1,005,068	2,235,961
1936-37 ..	767,370	331,421	217,417	1,316,208	630,272 <sup>(5)</sup>	233,371	97,937 <sup>(3)</sup>	961,580	2,277,788
1937-38 ..	891,190	369,769	234,022	1,494,981	567,681 <sup>(6)</sup>	253,712	83,389	904,782	2,399,763
1938-39 ..	1,051,435	418,067	254,290	1,723,792	546,039 <sup>(7)</sup>	280,334	89,041	915,414	2,639,206
1939-40 ..	1,211,959	455,786	287,740 <sup>(8)</sup>	1,955,485	634,703 <sup>(9)</sup>	336,392	115,932	1,087,027	3,042,512
1940-41 ..	1,361,181	582,894	297,890 <sup>(10)</sup>	2,241,965	630,097 <sup>(11)</sup>	367,694	106,716	1,104,507	3,346,472
1941-42 ..	1,429,614	625,437	307,618 <sup>(12)</sup>	2,362,669	626,056	371,172	129,214	1,126,442	3,489,111
1942-43 ..	1,526,953	436,483	298,863 <sup>(13)</sup>	2,262,299	520,901	450,754	119,400	1,091,055	3,353,354
1943-44 ..	1,608,239	486,971	302,614 <sup>(14)</sup>	2,397,824	547,183	434,615	114,081	1,095,879	3,493,703

(1) Includes renewal and sinking funds.

(2) Sinking fund.

(3) Includes renewal funds.

(4) Exchange.

(5) Includes exchange, £58,214.

(6) Includes exchange, £49,639.

(7) Includes exchange, £26,133.

(8) Insurance, £16,867; other, £28,491.

(9) Includes exchange, £75,347.

(10) Insurance, £17,603; other, £21,284.

(11) Includes exchange, £63,750.

(12) Insurance, £18,221; other, £18,837.

(13) Insurance, £20,918; other, £13,565.

(14) Insurance, £20,732; other, £10,324.

The following table shows the capital expenditure of Electric-power Boards, and this shows reverse tendency to the previous table regarding working expenditure, in that capital expenditure was very high in the earlier years and of recent years has tended to fall, although in the last two or three years there has been some tendency to rise, which is accounted for largely by increased costs:—

Table showing Capital Expenditure of Electric-power Boards from 1924-25 to 1943-44

Financial Year.	Land and Buildings (not included elsewhere).	Generating Standby and Transmission Plant.	Distribution Plant.	Miscellaneous.	Total.
1924-25 ..	*	*	*	*	*
1925-26 ..	138,546	436,351	1,140,760	319,076	2,034,733
1926-27 ..	35,584	383,529	885,386	370,039	1,674,538
1927-28 ..	30,822	494,772	747,134	150,425	1,433,153
1928-29 ..	39,156	136,361	557,986	81,451	814,954
1929-30 ..	67,914	156,147	446,770	46,832	717,663
1930-31 ..	76,451	239,250	330,885	34,540	735,126
1931-32 ..	14,494	56,909	177,497	43,450	292,350
1932-33 ..	631	24,894	155,045	33,527	214,097
1933-34 ..	1,825	29,864	100,143	30,596	162,428
1934-35 ..	10,880	101,055	252,138	115,843†	499,916
1935-36 ..	6,374	57,226	236,434	186,549‡	486,583
1936-37 ..	23,039	98,628	299,798	5,788§	415,677
1937-38 ..	38,515	1,070	444,533	79,239	563,357
1938-39 ..	40,349	145,020	434,466	156,461	776,296
1939-40 ..	39,269	149,972	435,104	102,658	727,003
1940-41 ..	30,725	97,352	326,331	70,776	525,184
1941-42 ..	31,690	164,888	291,170	178,481	666,229
1942-43 ..	23,980	44,059	158,981	35,114	262,134
1943-44 ..	10,009	44,020	126,155	147,404	337,588

\* Not available.

† Includes cash premiums on conversion of loans (£103,564).

‡ Includes premiums on conversion of loans (£2,054).

§ Credit items.

The next table, which summarizes the previous two tables, gives a general picture of the annual payments made by Electric-power Boards over the period under review. The fact that Electric-power Boards to-day are expending approximately £4,000,000 per annum shows that they are a very important factor in the economic life of the community, and, apart altogether from the importance of electricity itself, the financial significance of these Boards cannot be overlooked in the consideration of the general prosperity of the country. There was some suggestion that Electric-power Boards were expending excessive amounts on unnecessary buildings. For instance, it was suggested that the Auckland Electric-power Board's building was unnecessarily large and ornate, but an examination of the actual position showed that the Board itself was actually using most of its large building, and that this utilization would extend ultimately until practically the whole of the building was used. However, we do not consider that Electric-power Boards are justified in expending large amounts on ornate buildings, but rather that their funds should be used in the general reduction of charges. There is little justification for Power Boards complaining that municipal supply authorities use any profits they make from electric-power distribution in the relief of rates if the Power Boards utilize any profits they make for other purposes than the ultimate reduction of the price to the consumer. The Boards, however, would not be advised to take a short-term view, but, on the other hand, unnecessary capital expenditure should be avoided in the interests of the ultimate consumer—that is, the population of New Zealand.

Table showing Payments of Electric-power Boards from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Administration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1924-25 ..	2,230,127*		293,044	..	..	240,347†	2,763,518
1925-26 ..	2,477,285*		256,698	..	..	125,575†	2,859,558
1926-27 ..	2,326,068*		459,845	..	..	213,318†	2,999,231
1927-28 ..	2,234,027*		572,568	..	..	284,927†	3,091,522
1928-29 ..	1,766,894*		636,612	..	..	378,341†	2,781,847
1929-30 ..	1,745,901*		683,436	175,826	..	175,621	2,780,784
1930-31 ..	1,874,104*		718,844	186,635	..	198,532	2,978,115
1931-32 ..	1,427,162*		744,532	200,336	..	173,778	2,545,808
1932-33 ..	1,318,096*		727,594	202,311	32,493	148,841	2,429,335
1933-34 ..	1,250,654*		638,879	196,734	45,529	109,241	2,241,037
1934-35 ..	1,648,071*		614,697	196,315	16,170	126,869	2,602,122
1935-36 ..	1,344,378*		610,271	232,325	50,692	111,780	2,349,446‡
1936-37 ..	1,731,885*		572,005	233,371	58,214	97,990	2,693,465‡
1937-38 ..	2,058,338*		518,042	253,712	49,639	83,389	2,963,120‡
1938-39 ..	2,281,479	218,609	519,906	280,334	26,133	89,041	3,415,502
1939-40 ..	2,394,748	242,382	559,356	336,392	75,347	161,290	3,769,515
1940-41 ..	2,469,259	259,003	566,347	367,694	63,750	145,603	3,871,656
1941-42 ..	2,721,280	270,560	560,521	371,172	65,535	166,272	4,155,340
1942-43 ..	2,225,570	264,380	505,283	408,838	51,534	153,883	3,615,488
1943-44 ..	2,432,798	271,558	492,713	434,015	54,470	145,137	3,881,291

(c) Indebtedness and Annual Loan Charges

The following table shows the net loan indebtedness of Electric-power Board districts over the period under review. The whole period has been one of steady expansion, although the major constructional work was completed between 1924 and 1936. There has not been, however, the same reduction over recent years as in the case of territorial local authorities, due to the fact that a great deal of developmental work still has to be carried out before New Zealand is fully provided for electrically.

Table showing the Amount of Net Indebtedness on Account of Loans of Electric-power Boards from 1924-25 to 1943-44

£			£		
1924-25 ..	..	6,297,181	1934-35 ..	..	11,273,421
1925-26 ..	..	8,391,404	1935-36 ..	..	11,267,887
1926-27 ..	..	9,611,757	1936-37 ..	..	10,475,982
1927-28 ..	..	9,711,331	1937-38 ..	..	10,268,421
1928-29 ..	..	11,132,242	1938-39 ..	..	10,728,591
1929-30 ..	..	11,566,517	1939-40 ..	..	11,260,155
1930-31 ..	..	11,716,463	1940-41 ..	..	11,163,188
1931-32 ..	..	11,602,047	1941-42 ..	..	10,949,662
1932-33 ..	..	11,298,909	1942-43 ..	..	10,755,336
1933-34 ..	..	11,319,297	1943-44 ..	..	10,427,805

\* Includes expenses of management.

† Expenditure only, actual payments not available.

‡ Includes amounts paid to sinking funds and for repayment of loan-money.

The Electric-power Boards have also used the facilities of the State Advances Corporation, and the following table gives some indication of the amount of loans raised through that source over the period under review :—

*Table showing Loans to Electric-power Boards from State Advances Corporation from 1924-25 to 1943-44*

£			£			
1924-25	..	..	228,700	1934-35	..	..
1925-26	..	..	..	1935-36	..	..
1926-27	..	..	..	1936-37	..	..
1927-28	..	..	..	1937-38	..	..
1928-29	..	..	..	1938-39	..	651,370
1929-30	..	..	..	1939-40	..	233,130
1930-31	..	..	..	1940-41	..	3,000
1931-32	..	..	..	1941-42	..	..
1932-33	..	..	..	1942-43	..	..
1933-34	..	..	..	1943-44	..	..

The following table shows the annual loan charges of Electric-power Boards :—

*Table showing Total Annual Loan Charge of Electric-power Board Districts from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25	372,568	92,378	464,946	1934-35	624,920	235,129	860,049
1925-26	503,999	116,843	620,842	1935-36	623,006	258,583	881,589
1926-27	576,758	137,178	713,936	1936-37	531,266	260,668	791,934
1927-28	583,641	126,208	709,849	1937-38	530,763	282,619	813,382
1928-29	691,415	155,208	846,623	1938-39	537,561	321,147	858,708
1929-30	726,664	167,352	894,016	1939-40	568,826	525,927	1,094,753
1930-31	750,871	172,088	922,959	1940-41	563,791	385,506	949,297
1931-32	740,868	197,987	938,855	1941-42	525,256	396,289	921,545
1932-33	735,921	204,528	940,449	1942-43	505,867	424,130	929,997
1933-34	648,960	221,586	870,546	1943-44	485,260	461,404	946,664

The fact that the loan indebtedness of Electric-power Boards aggregates £10,000,000 or approximately one-sixth of the total net indebtedness of all local authorities indicates the important place which Power Boards occupy in the financial structure of the Dominion. The annual loan charges aggregate approximately £1,000,000, which is a major factor in local-body finance, particularly when it is remembered that this figure refers only to electricity distribution and not to electricity generation, and, secondly, that a very important part of electricity distribution in New Zealand is controlled by territorial local authorities. Probably as much as a quarter of the total net indebtedness of local bodies in the Dominion is accounted for in the field of electricity distribution, and the annual loan charges in this particular field would probably aggregate somewhere about £1,500,000 per annum. Electricity distribution is a profitable enterprise, and this particular debt can in no sense be looked upon as a burden in the sense that debts for non-productive or semi-productive works are a burden.

## (4) LAND DRAINAGE BOARDS

## (a) Revenue

Land drainage districts do not in general receive any subsidy from the Government, although in special circumstances small *ad hoc* subsidies are given to particular Boards owing to some special circumstances. Most of the revenue is derived from rates, although some Boards do receive small amounts of revenue from other sources such as rents or supply of labour or material.

The total rates in 1941-42 were approximately £72,000, which, with forty-seven Boards, amounts to an average income of approximately £1,500, but, as noted earlier,<sup>(1)</sup> 72 per cent. of the Boards have a revenue of under £1,000. Over the past twenty years there has been very little loan-money expended on drainage-work, although from the Employment and related Funds quite substantial amounts of money have been paid to Drainage Boards over the past six or seven years. The following table gives a general picture of the receipts of Drainage Boards over the period:—

Table showing Receipts of Land Drainage Boards from 1924-25 to 1943-44

Financial Year.	Revenue from—			Total Revenue.	Receipts (not Revenue).			Total Receipts.
	Rates (including Special).	Licenses, Rents, and other Sources.	From Government.		Loans.	Grants and Subsidies from Government.	Other.	
	£	£	£	£	£	£	£	£
1924-25 ..	43,557	1,331	208	45,096			20,951 <sup>(2)</sup>	66,047
1925-26 ..	53,644	1,689	..	55,333			16,764 <sup>(2)</sup>	72,097
1926-27 ..	50,210	1,730	..	51,940			42,382 <sup>(2)</sup>	94,322
1927-28 ..	62,327	2,092	1,337	65,756			29,441 <sup>(2)</sup>	95,197
1928-29 ..	62,452	3,258	400	66,110			38,249 <sup>(2)</sup>	104,359
1929-30 ..	66,486	2,854	..	69,340			32,454 <sup>(2)</sup>	101,794
1930-31 ..	53,456	2,436	..	55,892			23,681 <sup>(2)</sup>	79,573
1931-32 ..	60,046	1,953	..	61,999			48,468 <sup>(2)</sup>	110,467
1932-33 ..	53,525	1,934	554	56,013			48,189 <sup>(2)</sup>	104,202
1933-34 ..	63,358	1,718	801	65,877			34,836 <sup>(2)</sup>	100,713
1934-35 ..	56,012	1,572	159	57,743			27,566 <sup>(2)</sup>	85,309
1935-36 ..	58,809	1,486	..	60,295			18,983 <sup>(2)</sup>	79,278
1936-37 ..	59,843	1,471	..	61,314			2,369 <sup>(3)</sup>	78,033
1937-38 ..	61,700	1,661	..	63,361			1,624	82,542
1938-39 ..	66,741	3,072	..	69,813	5,730	14,350 <sup>(4)</sup>	26,732 <sup>(6)</sup>	103,321
1939-40 ..	67,182	2,101	..	69,283	2,500	17,557 <sup>(5)</sup>	1,592	105,933
1940-41 ..	73,282	2,833	..	76,115	..	32,558 <sup>(7)</sup>	1,060	95,278
1941-42 ..	71,991	2,059	..	74,050	6,000	18,103 <sup>(8)</sup>	462	93,802
1942-43 ..	73,542	2,453	..	75,995	379	13,290 <sup>(9)</sup>	495	81,062
1943-44 ..	74,013	3,407	..	77,420	..	2,137	456	80,013

(1) See page I5.

(2) Includes all receipts (not revenue).

(3) Includes receipts from loans.

(4) Includes £12,231 from Unemployment Promotion Fund.

(5) Includes £14,979 from Unemployment Promotion Fund.

(6) Includes £23,336 from Unemployment Promotion Fund.

(7) Includes £26,421 from Labour Department and Unemployment Promotion Fund.

(8) Includes £15,384 from Labour Department.

(9) Includes £8,479 from Labour Department.

*(b) Expenditure*

The most striking fact in the next table, setting out payments of Land Drainage Boards, is the tendency for decreased amounts to be spent on actual drainage. In fact, in 1941-42, although the average revenue receipts of all Drainage Boards was £1,500, the average expenditure on actual drainage-works was approximately £1,000, or, conversely, in 1924-25, 33 per cent. of all payments of Drainage Boards was made on administration, interest, and amortization of debt. In 1941-42 this had risen to 40 per cent., leaving only 60 per cent. of the total funds available to Drainage Boards expendable on actual drainage-works. The actual administrative charges of Drainage Boards are nearly 10 per cent. of the total payments in 1941-42 :—

*Table showing Expenditure of Land Drainage Boards from 1924-25 to 1943-44*

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1924-25 ..	62,023	8,744	18,526	..	..	3,725*	92,988
1925-26 ..	58,112	9,152	19,954	..	..	13,727*	100,945
1926-27 ..	52,569	10,488	21,533	..	..	11,737*	96,327
1927-28 ..	52,890	10,001	25,381	..	..	6,741*	95,013
1928-29 ..	53,087	9,133	23,707	..	..	6,302*	92,229
1929-30 ..	53,564	9,344	24,436	7,765	..	1,093	96,202
1930-31 ..	56,994	8,257	25,498	7,929	..	637	99,315
1931-32 ..	75,426	9,438	25,650	8,517	..	273	119,304
1932-33 ..	70,086	7,943	24,003	5,073	15	324	107,444
1933-34 ..	52,524	7,155	21,113	8,885	..	476	90,153
1934-35 ..	45,059	7,363	29,346	11,508	..	723	84,999
1935-36 ..	39,610	7,429	18,538	7,838	..	252	73,667
1936-37 ..	40,875	7,094	17,784	8,164	..	1,155	75,072
1937-38 ..	52,862	6,749	19,086	9,546	..	622	88,865
1938-39 ..	64,109	7,691	20,922	8,936	..	764	102,422
1939-40 ..	64,510	7,472	17,880	10,087	..	565	100,514
1940-41 ..	52,047	8,313	16,711	10,405	..	277	87,753
1941-42 ..	50,636	8,254	16,062	10,652	..	355	85,959
1942-43 ..	..	7,479	15,382	11,452	..	1,080	73,847
1943-44 ..	36,003	7,398	14,731	11,999	..	255	70,386

*(c) Indebtedness and Annual Loan Charges*

The following table shows that the maximum expenditure out of loan-moneys by Land Drainage Boards was in the period between 1924-1934, since when there has been a tendency for the expenditure of capital works to fall. Whether this represents a fall-off in the work of Drainage Boards, or whether it means that their major capital works have been completed, cannot be decided without a detailed examination of the operations of individual Drainage Boards :—

*Table showing the Amount of Net Indebtedness on account of Loans of Land Drainage Boards from 1924-25 to 1943-44*

£			£		
1924-25 ..	..	335,902	1934-35 ..	..	376,125
1925-26 ..	..	369,045	1935-36 ..	..	352,517
1926-27 ..	..	392,990	1936-37 ..	..	341,627
1927-28 ..	..	401,756	1937-38 ..	..	329,254
1928-29 ..	..	421,592	1938-39 ..	..	322,956
1929-30 ..	..	430,985	1939-40 ..	..	312,446
1930-31 ..	..	424,606	1940-41 ..	..	299,634
1931-32 ..	..	415,086	1941-42 ..	..	292,734
1932-33 ..	..	408,814	1942-43 ..	..	279,017
1933-34 ..	..	394,762	1943-44 ..	..	..

\* Includes amounts paid to sinking funds and for repayments of loan-money.

The following table shows the amount of the above loans raised through the State Advances Corporation over the period under review :—

*Table showing Loans to Land Drainage Boards from State Advances Corporation from 1924-25 to 1943-44*

£			£			
1924-25	..	..	11,520	1934-35	..	..
1925-26	..	..	4,347	1935-36	..	..
1926-27	..	..	1,320	1936-37	..	..
1927-28	..	..	6,945	1937-38	..	..
1928-29	..	..	3,000	1938-39	..	9,205
1929-30	..	..	..	1939-40	..	2,500
1930-31	..	..	..	1940-41	..	..
1931-32	..	..	..	1941-42	..	..
1932-33	..	..	..	1942-43	..	..
1933-34	..	..	..	1943-44	..	..

The following table showing the annual loan charges of Land Drainage Boards indicates a similar trend to that of their loans :

*Table showing Total Annual Loan Charge of Land Drainage Boards from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25	..	..	20,943	1934-35	..	16,851	27,705
1925-26	..	..	23,363	1935-36	..	15,897	26,639
1926-27	..	..	28,024	1936-37	..	15,520	26,320
1927-28	..	..	29,133	1937-38	..	14,993	25,836
1928-29	..	..	31,433	1938-39	..	14,919	26,126
1929-30	..	..	32,731	1939-40	..	14,449	25,854
1930-31	..	..	33,154	1940-41	..	14,023	25,887
1931-32	..	..	33,458	1941-42	..	13,839	26,339
1932-33	..	..	32,965	1942-43	..	14,560	26,115
1933-34	..	..	29,663	1943-44	..	14,040	26,122

## (5) RIVER BOARDS

### (a) Revenue

River Boards derive the bulk of their revenue from rates. By the River Boards Act, 1908 (which includes by reference certain sections of the Rating Act, 1925), rates for river-protection purposes are collected either on a capital value or unimproved value basis. Eleven River Boards collected their rates on unimproved basis, and seventeen on capital value basis. In the case of six other Boards, however, provision has been made for rating on an acreage basis by special local legislation. Rating on an acreage basis has been advocated for some considerable time, and in the early "thirties" there was considerable agitation to enable all Boards to rate on an acreage basis. No such general provision was made, however, but, in the case of the Taieri River Trust, the Manawatu-Oroua River Board, the Kaituna River Board, the Waikiri River Board, and the Taupiri Drainage and River Board, and the Southland County Council in relation to the Titiroa Drainage District, power has been given and is exercised to rate on an acreage basis. No details are available to show the amounts collected on a valuation or an acreage basis.

For rating purposes land within a river district is classified as follows :—

- (a) Land receiving or likely to receive an immediate or direct benefit from river works :
- (b) Land receiving or likely to receive less direct benefit therefrom :
- (c) Land receiving or likely to receive only indirect benefit therefrom :
- (d) All other lands.

The actual classification of the land is the responsibility of the Board and rates are assessed over each category in terms of the benefit which it is likely to receive.\* The maximum rate that can be levied is six farthings in the pound on capital value, or an equivalent amount on the unimproved value. Obviously, in the categories receiving only indirect benefit the amount of rates will be less than in the area receiving direct benefit.

\* River Boards Amendment Act, 1913, section 9.

The next table includes a statement showing the amount of revenue from rates. River Boards also derive a certain amount of revenue from sources other than rates, including payment for services. River Boards do not receive annual revenue subsidies from the State. No details are available earlier than 1937-38 as to the actual receipts from loans or as to the capital grants and subsidies from the Government. The large amounts which have been received of recent years from the Employment Promotion Fund are of immense practical significance. In many cases river-works are at the present time in very good condition, due to these large subsidies from the Employment Promotion Fund, and this immediately raises the question as to the continuance of these subsidies and whether some more systematized form of subsidy is not more desirable.

On the other hand, referring to an earlier section of this report,<sup>(1)</sup> it is apparent that the actual income of a number of River Boards is relatively small, and probably some River Boards are unable, because of the smallness of their revenue, to carry out their functions effectively. There is a question whether the new Catchment Boards will, at an early date, carry out an effective review of the river districts within their areas, and will be prepared to arrange for the taking-over of the work of some of the smaller River Boards.

Table showing Receipts of River Boards from 1924-25 to 1943-44

Financial Year.	Revenue from --			Total Revenue.	Receipts (not Revenue).			Total Receipts.
	Rates (including Special).	Licenses, Rents, and other Sources.	Revenue Receipts from Government.		Loans.	Grants and Subsidies from Government.	Other.	
	£	£	£	£	£	£	£	£
1924-25 ..	55,186	17,959	1,543	74,688			18,358 <sup>(2)</sup>	93,046
1925-26 ..	62,329	16,750	777	79,856			23,746 <sup>(2)</sup>	103,602
1926-27 ..	61,262	17,113	692	79,067			48,843 <sup>(2)</sup>	127,910
1927-28 ..	72,089	17,810	5,108	95,007			43,283 <sup>(2)</sup>	138,290
1928-29 ..	67,626	18,629	6,244	92,499			23,670 <sup>(2)</sup>	116,169
1929-30 ..	71,671	27,120	20,669	119,460			83,161 <sup>(2)</sup>	202,621
1930-31 ..	58,393	19,855	11,814	90,062			66,059 <sup>(2)</sup>	156,121
1931-32 ..	64,698	19,234	..	83,932			88,677 <sup>(2)</sup>	172,609
1932-33 ..	59,976	16,438	945	77,359			74,749 <sup>(2)</sup>	152,108
1933-34 ..	63,734	13,373	1,144	78,251			75,501 <sup>(2)</sup>	153,752
1934-35 ..	67,751	16,654	125	84,530			111,358 <sup>(2)</sup>	195,888
1935-36 ..	67,767	16,111	32	83,910			112,182 <sup>(2)</sup>	196,092
1936-37 ..	69,191	18,344	..	87,535			10,987 <sup>(4)</sup>	188,281
1937-38 ..	73,211	22,990	..	96,201	1,500	128,462 <sup>(5)</sup>	3,567	229,730
1938-39 ..	69,338	17,861	..	87,199	42,300	168,221 <sup>(6)</sup>	2,571	300,291
1939-40 ..	73,809	21,869	..	95,678	20,000	120,132 <sup>(7)</sup>	664	236,674
1940-41 ..	88,465	18,027	..	106,492	1,000	105,117 <sup>(8)</sup>	635	213,244
1941-42 ..	99,885	22,465	..	122,350	7,600	34,697 <sup>(9)</sup>	4,752	169,399
1942-43 ..	95,779	25,195	..	120,974	1,000	10,367	4,361	136,702
1943-44 ..	93,953	25,612	..	119,565	4,000	8,032 <sup>(10)</sup>	4,540	136,137

(b) Expenditure

The following two tables give some indication of the actual payments of the River Boards over the period under review.

A study of the first table showing payments on construction and maintenance, when compared with the table showing the receipts of these Boards indicates that by far the greatest amount of expenditure has been out of moneys advanced by the Employment Promotion Fund. Over the past three years administration expenses have been in the vicinity of 10 per cent. of the total payments, and they absorbed nearly 16 per cent. of the rate revenue in 1941-42, and rather less than 14 per cent. in 1942-43 and 1943-44 respectively. Of total revenue receipts over these last three years, administration expenditure has absorbed about 12 per cent. in 1941-42 and about 11 per cent. in 1942-43 and

(1) See page 16.

(2) Includes all receipts (not revenue).

(3) Includes £74,452 from Employment Promotion Fund and £15,092 from Public Works Department.

(4) Includes revenue from loans.

(5) Includes £105,005 from Employment Promotion Fund and £23,387 from Public Works Department.

(6) Includes £144,057 from Employment Promotion Fund and £23,314 from Public Works Department.

(7) Includes £101,245 from Employment Promotion Fund and £18,574 from Public Works Department.

(8) Includes £79,081 from Labour Department and £5,865 from Public Works Department.

(9) Includes £33,139 from Labour Department and £1,558 from Public Works Department.

(10) Includes £1,574 from Labour Department and £5,193 from Public Works Department.

1943-44. When these figures are compared with the figures given earlier\* showing that 51 per cent. of the Boards in 1941-42 had total receipts under £1,000, and 61 per cent. had revenue receipts of under £1,000, it suggests that the amount available for current maintenance work in the majority of Boards, after deducting administration expenses, is relatively small, and this fact should undoubtedly weigh heavily in discussing the future of River Boards. In fact, the general financial position of River Boards is similar to that of Drainage Boards.

Table showing Payments on Construction and Maintenance of River Boards from 1924-25 to 1943-44

Financial Year.	On Construction.		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. ..	2,477	9,266	42,078
1925-26 .. ..	13,301	4,857	49,201
1926-27 .. ..	14,305	5,510	73,473
1927-28 .. ..	24,028	6,816	70,569
1928-29 .. ..	10,325	7,605	70,959
1929-30 .. ..	17,593	13,840	125,644
1930-31 .. ..	7,589	10,407	100,174
1931-32 .. ..	15,912	6,240	127,853
1932-33 .. ..	995	3,287	107,149
1933-34 .. ..	615	1,659	102,597
1934-35 .. ..	1,467	93,386	35,282
1935-36 .. ..	13,039	90,916	41,513
1936-37 .. ..	1,554	45,353	104,322
1937-38 .. ..	3	60,548	127,905
1938-39 .. ..	26,111	52,625	146,352
1939-40 .. ..	19,239	45,043	119,945
1940-41 .. ..	6,728	20,363	123,951
1941-42 .. ..	9,110	10,194	85,378
1942-43 .. ..	6,504	7,617	58,536
1943-44 .. ..	2,460	5,490	64,174

Table showing Payments of River Boards from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Other Payments.	Total Payments.
	£	£	£	£	£	£
1924-25 .. ..	53,821	11,723	9,441	Not available.	6,902†	81,887
1925-26 .. ..	67,359	11,655	11,038		9,620†	99,672
1926-27 .. ..	93,288	15,703	12,363		3,949†	125,303
1927-28 .. ..	101,413	15,167	16,814		3,726†	137,120
1928-29 .. ..	88,889	14,058	15,684		4,744†	123,375
1929-30 .. ..	157,077	18,210	18,300	6,944	4,155	204,686
1930-31 .. ..	118,170	16,376	22,224	6,475	1,076	164,321
1931-32 .. ..	150,005	14,822	21,585	4,651	888	191,951
1932-33 .. ..	111,431	12,962	24,295	6,040	390	155,118
1933-34 .. ..	104,871	12,765	22,669	6,353	585	147,243
1934-35 .. ..	130,135	13,736	24,103	8,034	1,640	177,648
1935-36 .. ..	145,468	14,223	22,714	11,380	686	194,471
1936-37 .. ..	151,229	14,380	20,395	10,947	361	197,312
1937-38 .. ..	188,456	15,519	21,675	11,194	571	237,415
1938-39 .. ..	225,088	15,519	23,130	12,458	1,152	277,347
1939-40 .. ..	184,227	13,896	21,320	12,597	955	232,995
1940-41 .. ..	151,042	13,910	23,050	14,252	2,662	204,946
1941-42 .. ..	104,682	16,850	22,060	10,652	989	158,833
1942-43 .. ..	72,657	13,833	21,172	14,008	2,049	124,319
1943-44 .. ..	72,124	13,696	20,436	15,798	2,832	124,886

\* See page 16.

† Includes amounts paid to sinking funds and for repayments of loan-money.

*(c) Indebtedness and Annual Loan Charges*

The following table shows the net indebtedness of River Boards over the period under review. The trend of these figures is essentially different from that of territorial local authorities. Over the past ten years considerable river works have been undertaken involving major capital expenditure :—

*Table showing the Amount of Net Indebtedness on account of Loans of River Boards from 1924-25 to 1943-44*

£			£		
1924-25	..	149,738	1934-35	..	469,383
1925-26	..	159,718	1935-36	..	482,751
1926-27	..	190,982	1936-37	..	471,657
1927-28	..	226,057	1937-38	..	459,613
1928-29	..	235,132	1938-39	..	485,780
1929-30	..	302,121	1939-40	..	493,674
1930-31	..	349,311	1940-41	..	477,177
1931-32	..	367,641	1941-42	..	467,664
1932-33	..	444,338	1942-43	..	452,276
1933-34	..	436,691			

A small proportion has been raised through the State Advances Corporation, as will be seen from the following table :—

*Table showing Loans to River Boards from State Advances Corporation from 1924-25 to 1943-44*

£			£		
1924-25	..	10,950	1934-35	..	..
1925-26	..	2,000	1935-36	..	..
1926-27	..	24,970	1936-37	..	..
1927-28	..	..	1937-38	..	..
1928-29	..	..	1938-39	..	40,000
1929-30	..	..	1939-40	..	18,200
1930-31	..	..	1940-41	..	..
1931-32	..	11,000*	1941-42	..	..
1932-33	..	..	1942-43	..	..
1933-34	..	..	1943-44	..	..

The next table shows the annual loan charges payable by River Boards and indicates an increasing tendency, similar to that shown in the total net indebtedness of these bodies :—

*Table showing Total Annual Loan Charge of River Boards from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25	..	..	10,963	1934-35	..	21,164	33,710
1925-26	..	..	11,892	1935-36	..	20,876	33,444
1926-27	..	..	14,441	1936-37	..	20,623	33,560
1927-28	..	..	17,728	1937-38	..	20,353	33,644
1928-29	..	..	18,169	1938-39	..	21,595	36,066
1929-30	..	..	25,234	1939-40	..	20,558	35,660
1930-31	..	..	27,928	1940-41	..	21,042	36,290
1931-32	..	..	32,645	1941-42	..	19,956	34,549
1932-33	..	..	34,192	1942-43	..	19,704	34,577
1933-34	..	..	29,556	1943-44	..	19,162	35,035

\* Under Hawke's Bay Earthquake Act.

## (6) RABBIT BOARDS

## (a) Revenue

Rabbit Boards may rate on (a) the number of stock, or (b) the acreage of the land in the district, or (c) the value of the land. Six districts rated on the number of stock in 1941-42; seventy on an acreage basis; two on the unimproved value, and four on the capital value. Where rates are on a stock basis, the maximum levy is 1d. for every head of sheep and 5d. for every head of cattle; where on an acreage basis, not more than 1s. per acre; where on the rateable value basis, not more than 1d. per pound of capital value or its equivalent on unimproved value<sup>(1)</sup>. Different rates may be levied in terms of the degree of infestation<sup>(2)</sup>, but not exceeding the above rates. Special rates for loan interest and repayment may also be levied<sup>(3)</sup>. No details are available to show the amounts collected under the various types of rating.

The amount of rates over the past six or seven years has substantially increased, due largely, as will be seen in the following table, to increased expenditure directly concerned with their primary function—the destruction of rabbits. This amount has increased from approximately £13,000 in 1925 to £83,000 in 1941-42. The amount of these increased rates has not been spread evenly over all Rabbit Boards, but is largely due to a progressive policy on the part of some Boards. As stated earlier, however, some Boards have been moribund over the period.

In addition to the revenue from rates and subsidies, Rabbit Boards derive a small amount of revenue from other sources, including the sale of materials and for services supplied.

Rabbit Boards over the past twenty-five years have not entered very much into the money market for loans. They have received, however, certain substantial subsidies from the Employment or related Funds to enable them to carry out their functions and employ extra labour. The following table shows the revenue and capital receipts over the past two decades.

Table showing Receipts of Rabbit Boards from 1925 to 1943-44

Financial Year (4).	Revenue from—			Total Revenue.	Receipts (not Revenue).			Total Receipts.
	Rates.	Subsidies on Rates.	Other Sources.		Loans.	Grants and Subsidies from Government.	Other.	
	£	£	£	£	£	£	£	£
1925 ..	15,427	13,488	4,097	33,012			2,145 <sup>(5)</sup>	35,157
1926 ..	15,384	14,016	2,739	32,139			1,167 <sup>(5)</sup>	33,306
1927 ..	15,648	13,150	2,587	31,385			3,806 <sup>(5)</sup>	35,191
1928 ..	18,022	14,402	2,962	35,386			703 <sup>(5)</sup>	36,089
1929-30 ..	21,767	19,086	1,568	42,421			1,276 <sup>(5)</sup>	43,697
1930-31 ..	14,046	13,058	1,074	28,178			1,467 <sup>(5)</sup>	29,645
1931-32 ..	12,655	13,516	853	27,024			51 <sup>(5)</sup>	27,075
1932-33 ..	13,864	11,601	1,204 <sup>(6)</sup>	26,669			241 <sup>(5)</sup>	26,910
1933-34 ..	18,555	12,129	3,173 <sup>(7)</sup>	33,857			2,518 <sup>(5)</sup>	36,375
1934-35 ..	18,376	14,686	3,492 <sup>(8)</sup>	36,554			1,992 <sup>(5)</sup>	38,546
1935-36 ..	26,059	16,006	5,206	47,271			6,039 <sup>(5)</sup>	53,310
1936-37 ..	29,357	21,831	6,388	57,576	1,302 <sup>(9)</sup>	5,263 <sup>(10)</sup>	..	64,141
1937-38 ..	30,045	28,397	8,089	66,531	..	1,694 <sup>(11)</sup>	142	68,367
1938-39 ..	29,370	29,949	4,377	63,696	..	1,686 <sup>(11)</sup>	222	65,604
1939-40 ..	29,790	28,303	6,765	64,858	850	1,086 <sup>(12)</sup>	140	66,934
1940-41 ..	35,231	29,033	12,084	76,348	600	10,346 <sup>(13)</sup>	1,301	88,595
1941-42 ..	39,534	35,285	31,349	106,168	..	13,946 <sup>(13)</sup>	2,046	122,160
1942-43 ..	45,240	35,203	27,466	107,909	..	8,345	596	116,853
1943-44 ..	44,829	39,424	43,868	128,131	..	7,433	1,042	136,606

(1) Rabbit Nuisance Act, 1928, section 65.

(2) Ibid., section 67.

(3) Ibid., section 69.

(4) Prior to and including 1928 the financial year ended 31st December, thereafter 31st March, so that figures for 1929-30 are for fifteen months.

(5) Includes all receipts not revenue.

(6) Includes £10 stamp duty on interest.

(7) Includes £7 stamp duty on interest.

(8) Includes £4 stamp duty on interest.

(9) Includes "Other (Receipts not revenue)."

(10) Includes £5,233 from Employment Promotion Fund.

(11) Employment Promotion Fund.

(12) Employment Promotion Fund and Labour Department.

(13) Labour Department.

*(b) Expenditure*

The following table gives an analysis of the total payments of Rabbit Boards over the period under review. The financial year for Rabbit Boards was changed after the end of 1928 from 31st December to the 31st March, so that the figures for the year 1929-30 cover fifteen and not twelve months. The total expenditure has increased from approximately £32,000 to approximately £108,000, the increase, as stated earlier, being largely due to increased expenditure on the actual destruction of rabbits, including the purchase of materials. Between 1940-41 and 1941-42 administrative expenditure increased by nearly £4,000, and, as mentioned earlier,\* a fair proportion of the Rabbit Boards have a relatively small revenue from which they pay a relatively large amount in administrative expenses. While there may be a case for the retention of some of the larger Boards, there is definitely an argument in favour of some of the smaller Boards being administered by County Councils:—

*Table showing Total Payments of Rabbit Boards from 1925 to 1943-44*

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loan and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1925† ..	18,239	12,674	152	..	..	841‡	31,906
1926 ..	25,014	9,129	213	..	..	778‡	35,134
1927 ..	27,580	9,406	294	..	..	2,553‡	39,833
1928 ..	23,902	10,058	552	..	..	1,522‡	36,034
1929-30 ..	27,663	8,540	610	108	..	1,896	38,817
1930-31 ..	24,805	5,451	415	324	..	1,221	32,216
1931-32 ..	21,826	4,605	421	305	..	137	27,294
1932-33 ..	23,084	5,251	397	299	26	193	29,250
1933-34 ..	31,007	5,523	334	318	8	393	37,583
1934-35 ..	33,525	6,270	355	357	5	635	41,147
1935-36 ..	44,925	7,981	338	316	..	535	54,095
1936-37 ..	50,981	7,570	348	323	..	1,372	60,594
1937-38 ..	56,767	8,035	347	342	..	1,369	66,860
1938-39 ..	53,095	9,372	382	337	..	1,053	64,239
1939-40 ..	56,318	9,014	306	355	..	739	66,732
1940-41 ..	77,175	9,526	364	385	..	621	88,071
1941-42 ..	90,885	13,117	318	912	..	3,280	108,512
1942-43 ..	98,947	12,731	508	564	..	2,491	115,241
1943-44 ..	109,762	13,819	226	361	..	5,926	130,094

\* See page 17.

† See footnote(4) to table on page 97.

‡ Includes amounts paid to sinking funds and for repayments of loan-money.

In the following table expenditure on maintenance and construction is analysed. The basis of presentation was altered as from 1937-38, although generally the figures are comparative over the period. The table shows that relatively little money has been spent on the construction of rabbit-proof fences, and it would appear that Rabbit Boards are concentrating rather on positive destruction than on an attempt to keep rabbits within a confined area. On the other hand, these figures may not be wholly accurate because the expenditure on rabbit-proof fences may be included in the general heading "Destruction of Rabbits."

*Table showing Payments on Construction and Maintenance of Rabbit Boards from 1925 to 1943-44 \**

Financial Year.	On Maintenance.			On Construction of Rabbit-proof Fences.		Total.
	Rabbit-proof Fences.	Destruction of Rabbits (including Inspection Costs).	Other Maintenance Charges.	Out of Revenue.	Out of Loan.	
	£	£	£	£	£	£
1925 .. ..	401	12,949	3,315	272	1,302	18,239
1926 .. ..	286	19,671	4,868	189	..	25,014
1927 .. ..	278	21,986	5,051	265	..	27,580
1928 .. ..	162	17,868	5,003	481	388	23,902
1929-30 ..	260	23,009	4,071	323	..	27,663
1930-31 ..	430	21,293	2,395	687	..	24,805
1931-32 ..	203	20,387	1,066	170	..	21,826
1932-33 ..	143	20,236	2,693	12	..	23,084
1933-34 ..	125	26,882	4,000	..	..	31,007
1934-35 ..	227	28,636	4,598	64	..	33,525
1935-36 ..	297	38,407	6,148	73	..	44,925
1936-37 ..	521	46,739	3,512	209	..	50,981

  

Financial Year.	Construction and Maintenance of Rabbit-proof Fences.†		Destruction of Rabbits.		Total.
	Out of Loan.	Out of Revenue Grants.	Rabbiters' Wages and Inspection Costs.	Stocks and Materials.	
	£	£	£	£	£
1937-38 .. ..	..	1,379	51,260	4,128	56,767
1938-39 .. ..	..	708	49,508	2,879	53,095
1939-40 .. ..	850	1,410	49,862	4,196	56,318
1940-41 .. ..	574‡	3,348‡	68,376	4,877	77,175
1941-42 .. ..	..	890‡	83,137	6,858	90,885
1942-43 .. ..	..	2,373‡	89,367	7,207	98,947
1943-44 .. ..	..	1,008‡	98,928	9,826	109,762

\* Basis of presentation altered from 1937-38.

† See footnote (4) to table on page 97.

‡ Includes purchase of buildings, plant, &c.

(c) *Indebtedness and Annual Loan Charges*

The indebtedness of Rabbit Boards has been relatively small and has been decreasing over recent years. Practically no new loan indebtedness has been undertaken since about 1929. Since that date Rabbit Boards have subsisted largely on revenue.

*Table showing the Amount of Net Indebtedness on account of Loans of Rabbit Boards from 1925\* to 1943-44*

Year.				Total Net Indebtedness.	Year.				Total Net Indebtedness.
				£					£
1925	..	..	..	1,257	1935-36	..	..	..	3,936
1926	..	..	..	3,167	1936-37	..	..	..	3,596
1927	..	..	..	6,154	1937-38	..	..	..	3,228
1928	..	..	..	6,457	1938-39	..	..	..	2,872
1929-30	..	..	..	5,939	1939-40	..	..	..	3,346
1930-31	..	..	..	5,605	1940-41	..	..	..	3,188
1931-32	..	..	..	5,288	1941-42	..	..	..	2,489
1932-33	..	..	..	4,963	1942-43	..	..	..	1,769
1933-34	..	..	..	4,633	1943-44	..	..	..	1,475
1934-35	..	..	..	4,265					

The only period during which Rabbit Boards had recourse to the State Advances Corporation for loans was 1939-40 and 1940-41, at which times £850 and £600 respectively were raised from this source. The total annual loan charges have tended to fall in keeping with the falling of outstanding indebtedness.

*Table showing Total Annual Loan Charge of Rabbit Boards from 1925 to 1943-44\**

Year.				Interest.	Sinking Fund.	Total.	Year.				Interest.	Sinking Fund.	Total.
				£	£	£					£	£	£
1925	..	..	..	237	26	263	1935-36	..	..	..	209	340	549
1926	..	..	..	Not available.		263	1936-37	..	..	..	194	345	539
1927	..	..	..	443	235	678	1937-38	..	..	..	179	345	524
1928	..	..	..	450	35	485	1938-39	..	..	..	159	352	511
1929-30	..	..	..	435	26	461	1939-40	..	..	..	172	394	566
1930-31	..	..	..	424	26	450	1940-41	..	..	..	155	400	555
1931-32	..	..	..	331	307	638	1941-42	..	..	..	112	399	511
1932-33	..	..	..	314	332	646	1942-43	..	..	..	64	359	423
1933-34	..	..	..	236	329	565	1943-44	..	..	..	46	200	246
1934-35	..	..	..	224	333	557							

## (7) FIRE BOARDS

(a) *Revenue*

Fire Boards derive their revenue from three sources—from a small subsidy from the Government, and the balance equally from the territorial local authorities and the insurance companies operating in the districts over which the Fire Boards have jurisdiction. There are also certain minor receipts, as fees for special services such as fire protection in theatres and other minor sources. Details are shown in the following table.

The Inspector of Fire Brigades in his evidence stated that on the average the distribution of costs as between the Government, local authorities, and underwriters was as follows:—

Government..	..	..	..	1.6 per cent.
Local authorities	..	..	..	49.2 per cent.
Underwriters	..	..	..	49.2 per cent.

The amount of the Government contribution is laid down in the Fire Brigades Act, 1926.† The Act provides that the Government shall pay to the Boards of Wellington and Auckland £400 per annum and in the case of Christchurch and Dunedin £300 per annum. If and when any other city of the Dominion exceeds a population of 50,000, the Fire Board in this case will be paid £300 per annum. Where the population is not more than 50,000, but is more than 30,000, the Fire Board is paid £200 per annum. Where the population is between 15,000 and 30,000, the subsidy is £100. Where the population is between 6,000 and 15,000, the sum is £75. Where the population is below 6,000, a sum equal to one-tenth of the estimated annual expenditure, but not exceeding £50, is paid.

\* See footnote to table on page 97.

† Section 26.

The total of these Government contributions is shown in the next ensuing table. As stated earlier, the balance of the estimated expenditure, less the amount received from special fees and other sources, is provided equally by the local authorities and the insurance companies operating in the fire district. There has been a very steady and consistent increase in the amounts paid by these two latter bodies, and the question has arisen as to the necessity for some reorganization in expenditure and as to the necessity of the Government increasing its subsidy so as to be more in keeping with the Government risks which are covered, particularly in view of the increasing size of Government housing settlements and the fact that Government activity in general has increased, necessitating further fire cover\*. At the present time insurance companies pay approximately 2s. 6d. in the pound of insurance premiums to Fire Boards. We are given to understand that the Government has agreed to making a contribution on behalf of the houses owned by them on the basis of an annual premium of £2 per house—that is, the Government will make a contribution of 5s. per house per annum for fire protection, this amount to be credited to the insurance companies' contributions.

*Table showing Revenue Receipts of Fire Boards from 1925-26 to 1943-44*

Financial Year.	Government.	Local Authorities.	Insurance Companies.	Special Fees (including Theatre Fees).	Other Sources.	Total Revenue.
	£	£	£	£	£	£
1925-26 ..	2,285	48,009	48,023	6,567	2,727	107,611
1926-27 ..	2,863	61,746	61,766	8,119	4,311	138,805
1927-28 ..	2,903	53,752	53,787	6,404	1,552	118,398
1928-29 ..	3,787	66,398	66,334	8,836	1,893	147,248
1929-30 ..	3,807	69,470	69,530	8,474	2,919	154,200
1930-31 ..	3,880	70,427	70,441	8,570	2,691	156,009
1931-32 ..	3,620	69,206	69,218	7,803	3,144	152,991
1932-33 ..	3,791	65,038	65,089	7,858	2,285	144,061
1933-34 ..	3,666	66,609	66,569	7,470	2,265	146,579
1934-35 ..	3,439	67,903	67,912	7,762	1,506	148,522
1935-36 ..	3,367	69,613	69,781	7,457	1,438	151,656
1936-37 ..	4,109	73,494	73,157	8,526	1,378	160,664
1937-38 ..	4,202	89,150	88,895	9,048	2,724	194,019
1938-39 ..	4,285	96,847	96,314	6,453	5,267	209,166
1939-40 ..	4,264	100,945	100,840	6,040	6,132	218,221
1940-41 ..	4,280	102,351	101,776	5,739	6,612	220,758
1941-42 ..	4,248	112,785	111,980	4,712	10,086	243,811
1942-43 ..	4,440	132,183	132,044	2,612	8,932	280,270
1943-44 ..	4,522	132,300	132,280	3,036	12,354	284,492

The following table shows the receipts not revenue. The greatest amount of receipts is from loans, although the relative importance of loans in Fire Boards is not great:—

*Table showing Receipts not Revenue of Fire Boards from 1925-26 to 1943-44*

Financial Year.	Loans.	Other.	Total.		
	£	£	£		
1925-26 ..	} Not given separately. }	}	62,472		
1926-27 ..			16,139		
1927-28 ..			11,723		
1928-29 ..			12,460		
1929-30 ..			7,084		
1930-31 ..			39,738		
1931-32 ..			5,629		
1932-33 ..			3,222		
1933-34 ..			15,273		
1934-35 ..			15,025		
1935-36 ..			26,368		
1936-37 ..			38,951		
1937-38 ..			54,703	4,517	59,220
1938-39 ..			48,419	3,250	51,669
1939-40 ..			27,403	7,668	35,071
1940-41 ..	32,027	3,255	35,282		
1941-42 ..	74,125	1,470	75,595		
1942-43 ..	12,842	5,341	18,183		
1943-44 ..	39,550	1,463	41,013		

\* It was pointed out, for instance, that a great deal of the primary produce of the country is owned and stored by the State and that no insurance premiums to New Zealand companies are paid thereon. Hence Fire Boards do not receive a contribution for the fire protection of this produce.

(b) *Expenditure*

The following table is self-explanatory. General expenditure of Fire Boards, under the heading "Maintenance and Construction," has shown a steady rise similar to the rise in levies, of which, of course, it is the cause. Details under the heading "Administration" show a heavy drop after 1932-33, and suggest that in all probability the basis of computation of this figure has been altered. One of the things which was noticed on a previous examination of the Fire Boards' situation\* is that many small Boards have almost microscopic revenue, and in these cases the administrative expense is relatively high. There seems to be no reason why in a number of these small cases the Fire Boards should not be run as a part of the municipality, under the conditions discussed later in this report.

Table showing Payments of Fire Boards from 1925-26 to 1943-44

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1925-26 ..	107,309	17,519	9,201	..	..	18,415†	152,444
1926-27 ..	128,515	18,896	10,523	..	..	12,366†	170,300
1927-28 ..	94,255	17,260	7,056	..	..	18,242†	136,813
1928-29 ..	113,021	21,119	12,940	..	..	11,258†	158,338
1929-30 ..	116,649	22,015	12,905	10,158	..	4,003	165,730
1930-31 ..	137,167	23,334	14,673	6,583	..	7,398	189,155
1931-32 ..	113,794	21,854	15,512	6,803	..	2,378	160,341
1932-33 ..	97,802	20,143	14,396	8,887	4	3,777	145,009
1933-34 ..	135,783	6,034	12,944	6,330	..	1,358	162,449
1934-35 ..	135,112	6,069	11,734	6,696	10	1,840	161,461
1935-36 ..	156,905	6,280	12,024	8,665	..	1,389	185,263
1936-37 ..	160,620	6,513	11,698	7,965	..	9,552	196,348
1937-38 ..	201,924	6,635	13,420	16,749	..	11,479	250,207
1938-39 ..	207,949	7,062	14,372	14,462	..	9,554	253,399
1939-40 ..	187,058	6,941	15,261	15,463	..	9,934	234,657
1940-41 ..	192,757	7,261	15,125	17,030	..	10,547	242,720
1941-42 ..	243,558	7,808	17,258	20,350	..	13,222	302,196
1942-43 ..	257,155	8,260	18,784	17,368	..	14,956	316,883
1943-44 ..	275,466	8,542	18,502	18,180	..	4,437	335,188

(c) *Indebtedness and Annual Loan Charges*

Over the past twenty years there has been marked improvement in the standard of fire-fighting equipment in use in various parts of the Dominion, and this is reflected in the loan indebtedness of Fire Boards as shown in the following table:—

Table showing the Amount of Net Indebtedness on account of Loans of Fire Boards from 1925-26 to 1943-44

£		£	
1925-26 ..	167,775	1935-36 ..	239,189
1926-27 ..	172,888	1936-37 ..	266,370
1927-28 ..	175,972	1937-38 ..	301,064
1928-29 ..	174,654	1938-39 ..	337,181
1929-30 ..	168,336	1939-40 ..	346,474
1930-31 ..	213,501	1940-41 ..	358,034
1931-32 ..	212,264	1941-42 ..	409,064
1932-33 ..	191,975	1942-43 ..	402,475
1933-34 ..	213,981	1943-44 ..	421,495
1934-35 ..	222,121		

The net loan indebtedness at the present time is over £400,000. In view of the fact that a considerable portion of the emergency fire-fighting equipment which was imported by the Government during the war has been handed over to Fire Boards, it is possible that the necessity for major capital expenditure in the near future will be considerably lessened.

The following table shows the amount of the loans raised through the State Advances Corporation for the period under review:—

Table showing Loans to Fire-Boards from State Advances Corporation from 1931-32 to 1943-44

£		£	
1931-32 ..	..	1938-39 ..	35,500
1932-33 ..	2,700	1939-40 ..	750
1933-34 ..	3,650	1940-41 ..	..
1934-35 ..	..	1941-42 ..	..
1935-36 ..	..	1942-43 ..	..
1936-37 ..	..	1943-44 ..	..
1937-38 ..	..		

\* See page 18.

† Includes amounts paid to sinking funds and for repayment of loan-money.

The next table shows loan charges on fire districts in this period. The figures tend to move similarly to loan indebtedness:—

*Table showing Total Annual Loan Charge of Fire Boards from 1925-26 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest	Sinking Fund.	Total.
	£	£	£		£	£	£
1925-26 ..	10,843	3,705	14,548	1935-36 ..	11,273	8,924	20,197
1926-27 ..	11,392	3,636	15,028	1936-37 ..	12,438	10,464	22,902
1927-28 ..	12,011	4,386	16,397	1937-38 ..	14,476	13,284	27,760
1928-29 ..	12,301	4,446	16,747	1938-39 ..	15,479	16,042	31,521
1929-30 ..	12,252	5,634	17,886	1939-40 ..	15,705	16,643	32,348
1930-31 ..	15,037	5,526	20,563	1940-41 ..	17,438	17,307	34,745
1931-32 ..	14,512	5,891	20,403	1941-42 ..	18,844	17,713	36,557
1932-33 ..	14,126	7,062	21,188	1942-43 ..	18,395	17,965	36,360
1933-34 ..	11,599	7,132	18,731	1943-44 ..	19,162	20,104	39,266
1934-35 ..	11,627	7,879	19,506				

### (8) URBAN DRAINAGE BOARDS

#### (a) Revenue

There are three urban Drainage Boards in existence at the present time—namely, Auckland Metropolitan Drainage Board, Christchurch Drainage Board, and the Dunedin Drainage Board. The largest amount of their revenue is derived from rates over the district which they cover, and, in keeping with rates from other local bodies, this has tended to rise consistently over a period. In fact, in view of the major extensions of drainage-works which are proposed in the Auckland metropolitan area, it is likely that the rates in that district will substantially increase. The amounts received from other sources are relatively small.

In keeping with most other service undertakings, these Drainage Boards have received very considerable amounts from the Employment Promotion Fund, and from the Labour Department over the last few years. The future of these grants is of tremendous importance to local bodies in general, as in recent years much of their developmental work has been possible because of these grants, and if in the future local bodies are required to meet their expenditure out of their own revenue, whether from rates or otherwise, the net result will be a necessity to increase the rates either directly or indirectly because of the necessity to increase loans, thereby increasing the burden of interest and sinking fund charges.

*Table showing Receipts of Urban Drainage Boards from 1924-25 to 1943-44*

Financial Year.	Revenue from—			Total Revenue.	Receipts (not Revenue).			Total Receipts.
	Rates (including Special).	Public Utilities, Licenses, Rents, and other Sources.	Government.		Loans.	Grants and Subsidies from Government.	Other.	
	£	£	£	£	£	£	£	£
1924-25 ..	122,722	7,881	..	130,603			50,869 <sup>(1)</sup>	181,472
1925-26 ..	141,285	7,172	..	148,457			327,981 <sup>(1)</sup>	476,438
1926-27 ..	171,640	10,414	..	182,054			368,162 <sup>(1)</sup>	550,216
1927-28 ..	177,205	3,374	..	180,579			304,867 <sup>(1)</sup>	485,446
1928-29 ..	206,062	3,286	..	209,348			285,201 <sup>(1)</sup>	494,549
1929-30 ..	215,925	3,598	..	219,523			219,880 <sup>(1)</sup>	439,403
1930-31 ..	223,217	3,977	..	227,194			215,410 <sup>(1)</sup>	442,604
1931-32 ..	206,125	3,730	..	209,855			77,105 <sup>(1)</sup>	286,960
1932-33 ..	215,720	4,947	5,080	225,747			87,168 <sup>(1)</sup>	312,915
1933-34 ..	213,688	3,738	5,601	223,027			50,673 <sup>(1)</sup>	273,700
1934-35 ..	233,276	2,835	7	236,118			62,199 <sup>(1)</sup>	298,317
1935-36 ..	233,644	3,127	..	236,771			89,189 <sup>(1)</sup>	325,960
1936-37 ..	245,028	3,928	..	248,956	47,459 <sup>(2)</sup>	20,388	..	316,503
1937-38 ..	244,764	4,209	..	248,973	43,250	31,891 <sup>(3)</sup>	20,020	344,134
1938-39 ..	268,349	3,616	..	271,965	35,700	59,572 <sup>(4)</sup>	15,826	383,063
1939-40 ..	268,657	3,675	..	272,332	55,200	54,293 <sup>(5)</sup>	21,118	402,943
1940-41 ..	267,582	4,942	..	272,524	45,200	47,314 <sup>(6)</sup>	16,557	381,595
1941-42 ..	272,551	3,288	..	275,839	47,500	13,926 <sup>(6)</sup>	17,989	355,254
1942-43 ..	265,902	3,495	..	269,396	35,000	207	16,087	320,690
1943-44 ..	267,173	3,354	..	270,527	..	100	10,299	280,926

(1) Including loans and other.

(2) Including other.

(3) Employment Promotion Fund.

(4) Employment Promotion Fund.

(5) Employment Promotion Fund and Grants from Labour Department.

(6) Grants from Labour Department.

*(b) Expenditure*

A great deal of the heavier constructional expenditure by Drainage Boards was undertaken in the third decade of this century. During the last decade, apart from Government grants, the actual major construction work has not been extensive. Administration costs do not appear heavy in relation to the total expenditure or the total revenue of these Drainage Boards. Interest and amortization payments in 1938-1939 were approximately 50 per cent. of the total payments of Drainage Boards, and absorbed nearly 66 per cent. of the rates.

*Table showing Payments on Construction and Maintenance of Urban Drainage Boards from 1924-25 to 1943-44*

Financial Year.	Construction.		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. ..	122,636	6,856	24,580
1925-26 .. ..	232,961	1,445	27,609
1926-27 .. ..	340,104	19,160	28,356
1927-28 .. ..	351,436	11,871	40,486
1928-29 .. ..	245,163	20,016	39,011
1929-30 .. ..	252,362	14,111	39,796
1930-31 .. ..	136,544	6,346	44,569
1931-32 .. ..	70,181	4,766	41,378
1932-33 .. ..	16,205	12,362	50,936
1933-34 .. ..	14,905	10,589	48,588
1934-35 .. ..	30,829	4,797	49,029
1935-36 .. ..	37,635	6,703	53,043
1936-37 .. ..	58,905	5,756	53,768
1937-38 .. ..	51,672	12,845	54,058
1938-39 .. ..	33,285	53,415	71,737
1939-40 .. ..	31,323	53,933	51,783
1940-41 .. ..	50,189	49,639	49,192
1941-42 .. ..	38,663	20,027	49,493
1942-43 .. ..	14,317	8,500	50,488
1943-44 .. ..	22,027	6,784	52,275

*Table showing Analysis of Total Payments of Urban Drainage Boards from 1924-25 to 1943-44*

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1924-25 ..	154,072	15,767	79,418	..	..	13,289*	262,546
1925-26 ..	262,015	19,284	93,183	..	..	44,253*	418,735
1926-27 ..	378,620	21,599	105,035	..	..	68,413*	573,667
1927-28 ..	403,793	19,564	106,569	..	..	67,604*	597,530
1928-29 ..	304,190	16,467	126,522	..	..	22,001*	469,180
1929-30 ..	306,269	20,288	137,404	23,063	..	2,548	489,572
1930-31 ..	187,459	21,302	145,886	23,355	..	9,998	388,000
1931-32 ..	116,325	17,011	149,099	49,137	..	18,836	350,318
1932-33 ..	79,503	17,835	152,988	44,557	2,824	18,026	315,733
1933-34 ..	74,082	15,785	134,955	34,533	6,204	14,575	280,134
1934-35 ..	84,655	16,945	111,358	40,738	21,719	35,881	319,296
1935-36 ..	97,381	18,706	124,521	57,299	3,872	23,095	324,874
1936-37 ..	118,429	19,853	121,206	50,673	24,980	18,048	353,189
1937-38 ..	118,575	19,947	123,092	55,968	3,098	16,267	336,947
1938-39 ..	158,437	22,972	121,970	57,795	2,472	26,082	389,728
1939-40 ..	137,039	21,909	120,930	60,022	..	29,809	369,709
1940-41 ..	149,020	21,775	120,872	63,343	2,496	17,363	374,869
1941-42 ..	108,183	22,091	120,524	63,849	..	20,872	335,519
1942-43 ..	73,305	20,804	116,483	68,528	..	33,667	312,787
1943-44 ..	81,131	21,006	112,289	70,402	..	12,223	297,057

\* Includes amounts paid to sinking funds and for repayments of debt-money.

*(c) Indebtedness and Annual Loan Charges*

Some idea of the financial importance of drainage can be gained from the following tables showing the net loan indebtedness of these Drainage Boards, which approximates £2,250,000 at the present time. When it is remembered that most other urban local authorities have fairly large indebtedness on account of drainage, the importance of these works to urban local bodies can be easily recognized. In all probability drainage-works in New Zealand are responsible for nearly £5,000,000 of net loan indebtedness.

*Table showing the Amount of Net Indebtedness on account of Loans of Urban Drainage Boards from 1924-25 to 1943-44*

Year.	Amount. £	Year.	Amount. £
1924-25 .. ..	1,435,322	1934-35 .. ..	2,413,030
1925-26 .. ..	1,688,460	1935-36 .. ..	2,417,946
1926-27 .. ..	1,930,584	1936-37 .. ..	2,496,417
1927-28 .. ..	2,140,199	1937-38 .. ..	2,478,224
1928-29 .. ..	2,364,675	1938-39 .. ..	2,444,051
1929-30 .. ..	2,509,216	1939-40 .. ..	2,429,641
1930-31 .. ..	2,621,717	1940-41 .. ..	2,399,146
1931-32 .. ..	2,583,035	1941-42 .. ..	2,370,609
1932-33 .. ..	2,469,895	1942-43 .. ..	2,329,928
1933-34 .. ..	2,423,006	1943-44 .. ..	2,244,766

The only occasion on which an Urban Drainage Board raised loans through the State Advances Corporation was in 1939-40, when £3,000 was so raised.

It is important to remember that this item of expenditure is not likely to drop. The Auckland Metropolitan Drainage Board has a major drainage programme in view, the finance for which will probably have to be raised almost wholly by loans.

The following table shows the annual loan charges paid by Urban Drainage Boards:—

*Table showing Annual Loan Charge of Urban Drainage Boards from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25 .. ..	} Separate figures not available.	}	97,730	1934-35 .. ..	114,691	56,410	171,101
1925-26 .. ..			113,980	1935-36 .. ..	115,427	49,859	165,286
1926-27 .. ..			118,315	1936-37 .. ..	118,880	53,917	172,797
1927-28 .. ..			132,686	1937-38 .. ..	118,693	57,335	176,028
1928-29 .. ..			147,968	1938-39 .. ..	118,143	59,729	177,872
1929-30 .. ..			158,447	1939-40 .. ..	119,145	62,747	181,892
1930-31 .. ..			168,227	1940-41 .. ..	118,974	63,666	182,640
1931-32 .. ..			173,273	1941-42 .. ..	115,906	68,589	184,495
1932-33 .. ..			169,591	1942-43 .. ..	111,401	70,401	181,802
1933-34 .. ..			154,248	1943-44 .. ..	109,928	72,016	181,944

## (9) URBAN TRANSPORT BOARDS

## (a) Revenue

The following table shows the revenue of the two Urban Transport Boards—namely, the Auckland Transport Board and the Christchurch Tramways Board respectively. The Auckland Transport Board, which came into being in 1928, has no power to levy a rate, but is authorized to make a levy on the local authorities whose districts are within the Auckland Transport District to cover any excess of expenditure over revenue.\* Such levy is like a Hospital Board levy, apportioned over the constituent districts in the proportion which their rateable capital value bears to one another. No levy has so far been made.

The Christchurch Tramways Board may levy a rate not exceeding 3d. in the pound in the annual value, or  $\frac{3}{16}$ d. on the capital value, or its equivalent on the unimproved value†. From 1935–36 until 1942–43 the Christchurch Tramways Board had to levy a rate, but of more recent years since the restrictions on the use of motor-cars the Christchurch Tramways Board—in keeping with tramway undertakings in other parts of the Dominion—has been a more profitable institution, no recourse having been necessary to rates.

The majority of the revenue in these two Boards is derived from the actual operation of their trading undertakings, and some idea of the increasing profitableness of these undertakings can be seen from the table. Normally, these Boards do not receive Government subsidies, and the amounts indicated under the heading “Revenue Receipts from the Government” are stamp duties on interest.‡

Table showing Receipts of Urban Transport Boards from 1924–25 to 1943–44§

Financial Year.	Revenue from—			Total Revenue.	Receipts (Not Revenue).			Total Receipts.
	Rates (including Special).	Public Utilities, Licenses, Rents, and other Sources.	Government.		Loans.	Grants and Subsidies from Government.	Other.	
	£	£	£	£	£	£	£	£
1924–25 ..	..	266,071	..	266,071	..	..	25,573	291,644
1925–26 ..	..	279,484	..	279,484	..	..	54,445	333,929
1926–27 ..	..	270,658	..	270,658	..	..	27,000	297,658
1927–28 ..	..	285,117	..	285,117	..	..	85,710	370,827
1928–29 ..	..	276,700	..	276,700	..	..	47,236	323,936
1929–30 ..	..	947,645	..	947,645	..	..	160,245	1,107,890
1930–31 ..	..	931,165	..	931,165	..	..	173,860	1,105,025
1931–32 ..	..	811,790	..	811,790	..	..	24,436	836,226
1932–33 ..	..	725,940	6,702	732,642	..	..	197,707	930,349
1933–34 ..	..	706,412	1,167	707,579	..	..	5,932	713,511
1934–35 ..	..	709,757	493	710,250	..	..	15,869	726,119
1935–36 ..	10,567	737,604	..	748,171	..	..	23,269	771,440
1936–37 ..	21,429	788,385	..	809,814	43,000¶	2,385	..	855,199
1937–38 ..	18,200	860,853	..	879,053	10,000	..	59,665	948,718
1938–39 ..	27,936	873,620	..	901,556	6,200	..	..	907,756
1939–40 ..	30,138	911,301	..	941,439	3,800	..	..	945,239
1940–41 ..	28,942	1,003,581	..	1,032,523	20,000	..	3,450	1,055,973
1941–42 ..	22,743	1,107,945	..	1,130,688	20,000	..	..	1,150,688
1942–43 ..	13,324	1,288,322	..	1,301,646	..	..	..	1,301,646
1943–44 ..	310	1,438,183	..	1,438,493	..	..	..	1,438,493

\* Auckland Transport Board Act, 1928, section 40.

† Christchurch Tramway District Act, 1920, section 40.

‡ See page 125.

§ 1924–25 to 1928–29 Christchurch Tramway District only.

|| Includes all receipts (not revenue).

¶ Includes “Other.”

## (b) Expenditure

The following two tables give some idea of the expenditure structure of these Transport Boards. The fact that there are no payments for construction works over the last two years is indicative of the impact of the war on tramway undertakings, which have been unable to undertake any new construction work and even unable to keep up effectively with maintenance operations. This fact suggests that there will be some major operations necessary in post-war years not only in these two transport districts, but also in other tramway areas throughout the Dominion, so that, although the amounts payable by way of interest and amortization over the past two years has tended to fall, it will probably rise in the post-war years:—

Table showing Payments of Urban Transport Boards on Construction and Maintenance from 1924-25 to 1943-44

Financial Year.	Construction.		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. ..	10,002	..	185,028
1925-26 .. ..	30,167	..	181,677
1926-27 .. ..	31,503	..	189,408
1927-28 .. ..	7,884	..	185,934
1928-29 .. ..	..	..	180,528
1929-30 .. ..	128,544	..	719,554
1930-31 .. ..	231,917	1,803	659,784
1931-32 .. ..	82,579	7,281	600,116
1932-33 .. ..	18,000	30,529	501,191
1933-34 .. ..	4,671	41,141	479,522
1934-35 .. ..	1,005	24,230	486,510
1935-36 .. ..	10,000	33,158	505,622
1936-37 .. ..	11,456	4,983	525,784
1937-38 .. ..	27,051	34,710	558,032
1938-39 .. ..	14,558	51,687	578,353
1939-40 .. ..	3,875	27,835	599,631
1940-41 .. ..	20,000	28,621	632,776
1941-42 .. ..	20,000	Nil	688,623
1942-43 .. ..	Nil	Nil	766,786
1943-44 .. ..	Nil	Nil	822,659

Table showing Payments of Urban Transport Boards from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Adminis-tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1924-25 ..	195,030*	..	50,666	..	..	40,582†	286,278‡
1925-26 ..	211,844*	19,091	52,287	..	..	25,167†	308,389‡
1926-27 ..	220,911	21,488	53,805	..	..	49,636†	345,840‡
1927-28 ..	193,818	19,434	55,974	..	..	35,525†	304,751‡
1928-29 ..	180,528	15,994	55,782	..	..	16,638†	268,942‡
1929-30 ..	848,098	26,388	152,246	44,019	..	15,263	1,086,014
1930-31 ..	893,504	28,936	165,193	50,568	..	14,444	1,152,645
1931-32 ..	689,994	36,261	175,059	51,521	..	17,793	970,628
1932-33 ..	549,720	29,172	177,208	30,259	9,424	18,492	814,275
1933-34 ..	525,334	28,131	162,851	19,217	20,611	19,485	775,629
1934-35 ..	511,745	35,673	149,077	31,461	20,251	20,602	768,809
1935-36 ..	548,780	33,406	148,314	40,625	20,344	32,871	824,340
1936-37 ..	542,223	35,792	147,656	45,025	19,428	26,743	816,867
1937-38 ..	619,793	40,407	147,810	49,151	20,063	30,118	907,342
1938-39 ..	644,598	35,570	142,983	52,560	18,634	12,022	906,367
1939-40 ..	631,341	49,082	140,618	54,896	18,947	2,453	897,337
1940-41 ..	681,397	45,238	126,435	81,195	197,298	4,336	1,135,899
1941-42 ..	708,623	55,280	107,985	87,777	..	141,121	1,100,786
1942-43 ..	776,787	54,417	105,338	190,818	..	118,092	1,235,451
1943-44 ..	822,659	56,411	96,525	100,454	..	287,460	1,363,509

\* Includes expenses of management.

† Includes amounts paid to sinking funds and for repayments of loan-money.

‡ Christchurch Tramway District only.

(c) *Indebtedness and Annual Loan Charges*

The following table shows the net loan indebtedness of the two Urban Transport Boards at present in existence—namely, those in Auckland and Christchurch respectively. Auckland Transport Board appears in the table for the first time in the year 1929-30. During the last twelve years of the period under review very few capital works have been undertaken by either of these two Boards. Consequently outstanding loans have been materially reduced, and there has been some reduction of outstanding loan charges. In both these cases major expansions and major changes in system are contemplated in post-war years which may involve a considerable extension of the net loan debt.

Table showing the Amount of Net Indebtedness on account of Loans of Urban Transport Boards from 1924-25 to 1943-44

		£			£
1924-25..	..	967,786*	1934-35 ..	..	2,264,054
1925-26..	..	977,724	1935-36 ..	..	2,203,488
1926-27..	..	1,076,150*	1936-37 ..	..	2,166,523
1927-28..	..	909,558*	1937-38 ..	..	2,088,583
1928-29..	..	896,591*	1938-39 ..	..	1,798,462
1929-30..	..	2,413,260	1939-40 ..	..	1,968,221
1930-31..	..	2,501,369	1940-41 ..	..	2,046,591
1931-32..	..	2,410,406	1941-42 ..	..	1,962,307
1932-33..	..	2,533,865	1942-43 ..	..	1,806,335
1933-34..	..	2,301,815	1943-44 ..	..	1,699,498

The only occasion during the period under review when an Urban Transport Board raised loans through the State Advances Corporation was in 1924-25, when £16,500 was so raised.

The following table shows the total annual loan charges paid by the Urban Transport Boards in the period under review:—

Table showing Total Annual Loan Charge of Urban Transport Boards from 1924-25 to 1943-44

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25 ..	52,784	5,188	57,972*	1934-35 ..	147,669	49,714	197,383
1925-26 ..	53,934	8,371	59,305*	1935-36 ..	147,208	44,506	191,714
1926-27 ..	55,487	5,513	61,000*	1936-37 ..	146,524	48,812	195,336
1927-28 ..	56,202	3,873	60,075*	1937-38 ..	144,951	51,491	196,442
1928-29 ..	56,202	3,542	59,744*	1938-39 ..	137,761	65,139	202,900
1929-30 ..	160,364	46,197	206,561	1939-40 ..	122,548	72,623	195,171
1930-31 ..	171,018	51,599	222,617	1940-41 ..	107,987	87,442	195,429
1931-32 ..	168,716	55,330	224,046	1941-42 ..	105,584	90,939	196,523
1932-33 ..	182,078	36,198	218,276	1942-43 ..	97,008	90,575	187,583
1933-34 ..	167,879	34,596	202,475	1943-44 ..	93,488	92,039	185,527

## (10) GAS BOARD

(a) *Revenue*

The only gas district in operation at the present time is that in the territory of Petone Borough and Hutt City. The Board had its origin in the fact that the area of two adjacent boroughs was supplied by one works, and hence a separate *ad hoc* authority was necessary. The whole of the receipts are derived from the sale of gas, no receipts being from rates.

\* Christchurch Tramway District only.

Table showing Receipts of the Gas Board from 1924-25 to 1943-44

Financial Year.	Revenue from			Total Revenue.	Receipts (not Revenue).		Total Receipts.
	Rates (including Special).	Public Utilities, Licenses, Rents, and other Sources.	Government.		Loans.	Other.	
		£	£	£	£	£	£
1924-25 .. .. .	..	39,552	..	39,552	..	..	39,552
1925-26 .. .. .	..	36,900	..	36,900	..	..	36,900
1926-27 .. .. .	..	43,303	..	43,303	..	..	43,303
1927-28 .. .. .	..	48,021	..	48,021	..	4,099*	52,120
1928-29 .. .. .	..	51,891	..	51,891	..	41,900*	93,791
1929-30 .. .. .	..	56,234	..	56,234	..	15,264*	71,498
1930-31 .. .. .	..	56,474	..	56,474	..	5,104*	61,578
1931-32 .. .. .	..	50,882	..	50,882	..	57*	50,939
1932-33 .. .. .	..	46,627	420	47,047	..	19*	47,065
1933-34 .. .. .	..	44,728	324	45,052	..	75*	45,127
1934-35 .. .. .	..	45,642	..	45,642	..	110*	45,752
1935-36 .. .. .	..	47,553	..	47,553	..	..	47,553
1936-37 .. .. .	..	44,395	..	44,395	6,659†	..	51,054
1937-38 .. .. .	..	56,906	..	56,906	18,109	..	75,015
1938-39 .. .. .	..	61,628	..	61,628	11,900	..	73,528
1939-40 .. .. .	..	64,234	..	64,234	..	..	64,234
1940-41 .. .. .	..	66,738	..	66,738	..	..	66,738
1941-42 .. .. .	..	71,380	..	71,380	..	..	71,380
1942-43 .. .. .	..	77,368	..	77,368	37,500	151	115,019
1943-44 .. .. .	..	84,910	..	84,910	..	4,132	89,042

## (b) Expenditure

Apart from special loan expenditure between 1937 and 1939, the maintenance and construction expenditure has been relatively steady. Administration costs, however, have risen at a remarkable rate. In 1924-28 they were approximately 2½ per cent. of the total payments. At the present day they are approximately 7 per cent., having risen from £1,264 to £6,479.

Table showing Payments on Construction and Maintenance by Gas Boards from 1924-25 to 1943-44

Financial Year.	Construction		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. .. .	..	3,746	34,476
1925-26 .. .. .	..	4,802	28,762
1926-27 .. .. .	..	11,670	36,786
1927-28 .. .. .	..	15,747	36,921
1928-29 .. .. .	16,000	9,295	43,304
1929-30 .. .. .	19,324	24,796	32,590
1930-31 .. .. .	4,409	7,253	32,608
1931-32 .. .. .	..	2,514	27,895
1932-33 .. .. .	..	1,260	26,647
1933-34 .. .. .	..	1,265	25,898
1934-35 .. .. .	..	1,864	27,779
1935-36 .. .. .	..	2,994	27,091
1936-37 .. .. .	..	2,873	29,780
1937-38 .. .. .	17,893	6,365	46,354
1938-39 .. .. .	12,116	7,678	37,884
1939-40 .. .. .	..	3,433	35,882
1940-41 .. .. .	..	1,393	40,779
1941-42 .. .. .	..	1,801	37,505
1942-43 .. .. .	16,177	693	47,210
1943-44 .. .. .	2,696	2,412	57,710

\* Includes all receipts not revenue.

† Includes "Other" receipts (not revenue).

Table Showing Total Payments of Gas Board from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Other Payments.	Total Payments.	
	£	£	£	£	£	£	
1924-25 .. ..	38,222	1,264	3,778	Not available.	597*	43,861	
1925-26 .. ..	33,564	1,320	3,500		597*	38,981	
1926-27 .. ..	48,456	1,540	3,498		597*	54,091	
1927-28 .. ..	52,668	1,716	3,524		597*	58,505	
1928-29 .. ..	68,599	1,844	3,914		782*	75,139	
1929-30 .. ..	76,710	2,069	6,313		1,953*	87,045	
1930-31 .. ..	44,270	2,120	8,762		2,001	6,771	63,924
1931-32 .. ..	30,409	1,850	8,479		2,140	2,830	45,708
1932-33 .. ..	27,907	2,845	7,989		1,856	1,856	42,839
1933-34 .. ..	27,163	2,653	6,330		1,766	2,375	40,287
1934-35 .. ..	29,643	2,988	4,968	1,936	4,023	43,558	
1935-36 .. ..	30,085	3,280	5,662	2,588	7,068	48,683	
1936-37 .. ..	32,653	3,483	5,571	2,632	8,310	52,659	
1937-38 .. ..	70,612	3,786	5,849	2,799	458	83,504	
1938-39 .. ..	57,678	4,091	7,217	4,424	11,192	84,602	
1939-40 .. ..	39,315	4,111	7,432	4,487	11,042	66,387	
1940-41 .. ..	42,172	4,531	7,217	4,616	11,311	69,847	
1941-42 .. ..	39,306	5,153	6,513	4,733	8,153	63,858	
1942-43 .. ..	64,080	5,439	6,427	5,181	8,196	81,323	
1943-44 .. ..	62,818	6,479	6,062	6,350	3,197	84,897	

## (c) Indebtedness and Annual Loan Charges

The Petone and Lower Hutt Gas Board has, for a small district, a relatively high indebtedness. The increase over the past years has probably been due to the fact that the population of the district has been expanding at a very fast rate, requiring additional capital expenditure by way of mains and general equipment. The following table shows the extent of net loan indebtedness:—

Table showing the Amount of Net Indebtedness on account of Loans of Gas Board from 1924-25 to 1941-42

Total net indebtedness of Gas Board from 1924-25 to 1943-44					
£			£		
1924-25 .. ..	61,937		1933-34 .. ..	112,697	
1925-26 .. ..	61,197		1934-35 .. ..	111,954	
1926-27 .. ..	60,413		1935-36 .. ..	108,982	
1927-28 .. ..	63,087		1936-37 .. ..	107,120	
1928-29 .. ..	101,928		1937-38 .. ..	122,045	
1929-30 .. ..	116,628		1938-39 .. ..	129,202	
1930-31 .. ..	119,206		1939-40 .. ..	124,574	
1931-32 .. ..	116,666		1940-41 .. ..	119,602	
1932-33 .. ..	114,073		1941-42 .. ..	114,143	

Since the Gas Board does not exercise rating-power, the loan charges must obviously be borne by the revenue derived from the sale of gas.

Table showing Total Annual Loan Charge of Gas Board from 1924-25 to 1943-44

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25 .. ..	3,493	644	4,137	1934-35 .. ..	5,193	2,986	8,179
1925-26 .. ..	3,493	644	4,137	1935-36 .. ..	5,116	3,077	8,193
1926-27 .. ..	3,493	644	4,137	1936-37 .. ..	4,986	3,184	8,170
1927-28 .. ..	3,690	696	4,386	1937-38 .. ..	5,850	4,743	10,593
1928-29 .. ..	6,049	1,134	7,183	1938-39 .. ..	5,970	5,155	11,125
1929-30 .. ..	8,003†	1,088	9,091	1939-40 .. ..	5,751	4,616	10,367
1930-31 .. ..	8,003	1,087	9,090	1940-41 .. ..	5,482	4,683	10,165
1931-32 .. ..	6,995	2,228	9,223	1941-42 .. ..	5,260	4,884	10,144
1932-33 .. ..	6,934	2,293	9,227	1942-43 .. ..	6,200	6,350	12,550
1933-34 .. ..	5,455	2,260	7,715	1943-44 .. ..	6,007	6,551	12,558

\* Includes amounts paid to sinking funds and for repayments of loan-money.

† Includes repayment of principal.

## (11) WATER-SUPPLY BOARD

## (a) Revenue

At the present time there is only one Water-supply Board in operation. Prior to 1941 the North Shore Boroughs' (Auckland) Water-supply District was in operation, but this has now gone out of existence. The water-supply district in existence at the present time receives no annual Government subsidy, and the amount of its revenue is relatively small. The following table shows the amount of its revenue:—

Table showing Receipts of Water-supply Board from 1924-25 to 1943-44

Financial Year.	Revenue from—			Total Revenue.	Grants and Subsidies from Government.	Receipts (not Revenue)	
	Rates (including Special).	Public Utilities, Licenses, Rents, and other Sources.	Government.			Other.	Total Receipts.
	£	£	£	£	£	£	£
1924-25 .. .. .	3,649	141	..	3,790	..	99 <sup>(1)</sup>	3,889
1925-26 .. .. .	3,684	1,028	..	4,712	..	..	4,712
1926-27 .. .. .	3,668	942	..	4,610	..	30 <sup>(1)</sup>	4,640
1927-28 .. .. .	3,914	144	..	4,058	..	184 <sup>(1)</sup>	4,242
1928-29 .. .. .	4,368	910	..	5,278	..	3,000 <sup>(1)</sup>	8,278
1929-30 .. .. .	4,186	97	..	4,283	..	256 <sup>(1)</sup>	4,539
1930-31 .. .. .	2,887	119	..	3,006	..	30 <sup>(1)</sup>	3,036
1931-32 .. .. .	2,521	20	..	2,541	..	862 <sup>(1)</sup>	3,403
1932-33 .. .. .	3,248	19	50	3,317	..	1,407 <sup>(1)</sup>	4,724
1933-34 .. .. .	3,454	13	..	3,467	..	1,757 <sup>(1)</sup>	5,224
1934-35 .. .. .	3,540	15	4	3,559	..	1,676 <sup>(1)</sup>	5,235
1935-36 .. .. .	3,320	21	..	3,341	..	1,833 <sup>(1)</sup>	5,174
1936-37 .. .. .	3,323	38	..	3,361	38	502 <sup>(2)</sup>	3,901
1937-38 .. .. .	3,199	79	..	3,278	260	1	3,539
1938-39 .. .. .	3,634	86	..	3,720	1,256 <sup>(3)</sup>	2	4,978
1939-40 .. .. .	2,880	15	..	2,895	1,858 <sup>(4)</sup>	1,611 <sup>(5)</sup>	6,364
1940-41 .. .. .	4,260	165	..	4,425	629	..	5,054
1941-42 .. .. .	3,029	54	..	3,083	..	..	3,083
1942-43 .. .. .	2,945	45	..	2,990	..	..	2,990
1943-44 .. .. .	3,100	50	..	3,150	..	..	3,150

<sup>(1)</sup> Includes all receipts (not revenue).<sup>(2)</sup> Includes loans.<sup>(3)</sup> Employment Promotion Fund.<sup>(4)</sup> Employment Promotion Fund and grants from Labour Department.<sup>(5)</sup> Includes £1,600, "Loans."

## (b) Expenditure

The following two tables show the expenditure of the water-supply districts in the period under review. The greatest proportion of the expenditure has been due to maintenance and construction, but it is interesting to note that administration expenditure approximated 20 per cent. in 1941-42, and 1942-43, during which period only one body was in existence. The justification of the Water-supply Board in existence at the present time is that it covers an area of more than one county. In this particular case a large county was divided up into a number of smaller counties, hence there was a necessity to provide a water-supply for the area of the original county. If there was a reorganization in this area it might be possible to give to the enlarged county the responsibility of maintaining the water-supply and therefore obviating the necessity of maintaining a separate water-supply district.

Table showing Payments on Construction and Maintenance of Water-supply Board from 1924-25 to 1943-44

Financial Year.	Construction		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. ..	162	..	2,379
1925-26 .. ..	..	..	2,892
1926-27 .. ..	..	..	2,639
1927-28 .. ..	..	..	1,763
1928-29 .. ..	..	..	4,249
1929-30 .. ..	..	..	2,281
1930-31 .. ..	..	..	2,141
1931-32 .. ..	..	..	2,669
1932-33 .. ..	..	..	2,997
1933-34 .. ..	..	..	3,709
1934-35 .. ..	..	..	3,477
1935-36 .. ..	..	..	3,508
1936-37 .. ..	500	..	2,265
1937-38 .. ..	..	..	2,885
1938-39 .. ..	..	..	3,007
1939-40 .. ..	165	1,841	1,936
1940-41 .. ..	1,435	697	2,423
1941-42 .. ..	..	..	1,536
1942-43 .. ..	..	..	1,598
1943-44 .. ..	..	..	1,776

Table showing Payments of Water-supply Board from 1924-25 to 1943-44

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Exchange.	Other Payments.	Total Payments.
	£	£	£	£	£	£	£
1924-25 ..	2,541	500	732	..	..	181*	3,954
1925-26 ..	2,892	676	27	..	..	138*	3,733
1926-27 ..	2,639	554	737	..	..	180*	4,110
1927-28 ..	1,763	1,558	36	..	..	50*	3,407
1928-29 ..	4,249	2,249	23	..	..	50*	6,571
1929-30 ..	2,281	1,627	712	202	..	..	4,822
1930-31 ..	2,141	666	706	..	..	4	3,517
1931-32 ..	2,669	546	679	235	..	25	4,154
1932-33 ..	2,997	593	687	236	..	65	4,578
1933-34 ..	3,709	629	530	246	..	..	5,134
1934-35 ..	3,477	611	532	238	..	..	4,858
1935-36 ..	3,508	572	414	240	..	27	4,761
1936-37 ..	2,765	570	424	327	4	13	4,103
1937-38 ..	2,885	593	432	354	..	..	4,264
1938-39 ..	3,007	630	430	369	..	..	4,426
1939-40 ..	3,942	747	434	399	..	26	5,548
1940-41 ..	4,555	665	442	444	..	..	6,106
1941-42 ..	1,536	619	383	463	..	..	3,001
1942-43 ..	1,598	567	354	483	..	..	3,002
1943-44 ..	1,776	519	320	503	..	..	3,128

\* Includes amounts paid to sinking funds and for repayments of loan-money.

(c) *Indebtedness and Annual Loan Charges*

The following table shows the net indebtedness on account of the Water-supply Board as at the present time. As has been noted several times previously, there is only one such district in existence :—

*Table showing the Amount of Net Indebtedness on account of Loans of Water-supply Board from 1924-25 to 1943-44*

		£			£
1924-25..	..	16,602	1934-35 ..	..	9,283
1925-26..	..	15,454	1935-36 ..	..	9,170
1926-27..	..	15,352	1936-37 ..	..	9,311
1927-28..	..	14,887	1937-38 ..	..	8,924
1928-29..	..	14,397	1938-39 ..	..	8,522
1929-30..	..	13,880	1939-40 ..	..	9,215
1930-31..	..	10,418	1940-41 ..	..	8,736
1931-32..	..	10,147	1941-42 ..	..	8,272
1932-33..	..	9,869	1942-43 ..	..	7,789
1933-34..	..	9,581	1943-44 ..	..	7,287

The only occasion during the period under review when a water-supply district raised money through the State Advances Corporation was in 1939-40, when £1,600 was so raised.

The following table shows the total annual loan charges :—

*Table showing Total Annual Loan Charge of Water-supply Board from 1924-25 to 1943-44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.
	£	£	£		£	£	£
1924-25 ..	Not available		1,146	1934-35 ..	473	274	747
1925-26 ..			1,146	1935-36 ..	379	361	740
1926-27 ..			1,146	1936-37 ..	382	389	771
1927-28 ..			1,146	1937-38 ..	368	403	771
1928-29 ..			1,146	1938-39 ..	355	416	771
1929-30 ..			1,140	1939-40 ..	389	464	853
1930-31 ..			855	1940-41 ..	354	464	818
1931-32 ..			855	1941-42 ..	336	482	818
1932-33 ..			855	1942-43 ..	317	501	818
1933-34 ..			756	1943-44 ..	295	524	819

## (12) LOCAL RAILWAY BOARD

(a) *Revenue*

Since for the greater part of the period under review the Ohai Railway Board has been the only local railway district, the figures in the following table refer only to that Board. Although the Board has a rating-power, it has over recent years not had to exercise that power, and its revenue has been derived solely from the operations of its railway. In fact, from the figures available it would seem that the institution is in a very satisfactory financial position.

*Table showing Receipts of Local Railway Board\* from 1924-25 to 1943-44*

Financial Year.	Revenue from—			Receipts (not Revenue).		Total Receipts.
	Rates (including Special).	Public Utilities, Licenses, Rents, and other Sources.	Government.	Total Revenue.	Other.	
	£	£	£	£	£	£
1924-25 ..	321	31,590	..	31,911	475†	32,386
1925-26 ..	443	30,111	..	30,554	1,531†	32,085
1926-27 ..	196	33,886	..	34,082	120†	34,202
1927-28 ..	24	33,791	..	33,815	..	33,815
1928-29 ..	..	28,949	..	28,949	..	28,949
1929-30 ..	..	30,989	..	30,989	..	30,989
1930-31 ..	..	28,939	..	28,939	..	28,939
1931-32 ..	..	21,416	..	21,416	..	21,416
1932-33 ..	..	14,115	57	14,172	..	14,172
1933-34 ..	..	19,618	..	19,618	..	19,618
1934-35 ..	..	17,903	..	17,903	..	17,903
1935-36 ..	..	14,816	..	14,816	..	14,816
1936-37 ..	..	17,366	..	17,366	..	17,366
1937-38 ..	..	16,530	..	16,530	..	16,530
1938-39 ..	..	16,605	..	16,605	..	16,605
1939-40 ..	..	16,540	..	16,540	..	16,540
1940-41 ..	..	19,062	..	19,062	..	19,062
1941-42 ..	..	20,587	..	20,587	..	20,587
1942-43 ..	..	21,228	..	21,228	..	21,228
1943-44 ..	..	21,873	..	21,873	..	21,873

\* 1928-29 to 1941-42 Ohai Railway District only.

† Includes all receipts not revenue.

(b) *Expenditure*

The following two tables showing respectively an analysis of payments on construction and maintenance and total payments are self-explanatory and require no comment:—

*Table showing Payments on Construction and Maintenance of Local Railway Board from 1924-25 to 1943-44*

Financial Year.	Construction		Maintenance.
	Out of Loans.	Out of Revenue and Grants.	
	£	£	£
1924-25 .. ..	..	14,727	137
1925-26 .. ..	..	5,459	6,946
1926-27 .. ..	..	9,783	9,751
1927-28 .. ..	..	16,258	10,235
1928-29 .. ..	..	17,140	8,005
1929-30 .. ..	..	14,612	9,365
1930-31 .. ..	..	5,763	8,834
1931-32 .. ..	..	3,193	8,641
1932-33 .. ..	..	810	6,242
1933-34 .. ..	..	766	7,070
1934-35 .. ..	..	2,246	6,498
1935-36 .. ..	..	217	7,955
1936-37 .. ..	..	59	9,489
1937-38 .. ..	..	120	8,479
1938-39 .. ..	..	236	12,201
1939-40 .. ..	..	64	8,826
1940-41 .. ..	..	780	9,881
1941-42 .. ..	..	1,036	13,289
1942-43 .. ..	..	1,025	11,177
1943-44 .. ..	..	414	18,465

*Table showing Total Payments of Local Railway Board from 1924-25 to 1943-44*

Financial Year.	Maintenance and Construction.	Adminis- tration.	Interest on Loans and Overdraft.	Amortization of Debt.	Other Payments.	Total Payments.
	£	£	£	£	£	£
1924-25 .. ..	14,864	15,292	4,323	..	1,900*	36,379
1925-26 .. ..	12,405	4,251	3,982	..	5,241*	25,879
1926-27 .. ..	19,534	3,003	3,652	..	1,945*	28,134
1927-28 .. ..	26,493	3,205	3,412	..	1,960*	35,070
1928-29 .. ..	25,145	2,403	3,606	..	1,900*	33,054
1929-30 .. ..	23,977	2,567	3,803	1,900	..	32,247
1930-31 .. ..	14,597	2,241	3,690	1,900	268	22,696
1931-32 .. ..	11,834	2,149	3,386	1,900	46	19,315
1932-33 .. ..	7,052	2,577	3,274	1,652	75	14,630
1933-34 .. ..	7,836	1,996	1,356	..	42	11,230
1934-35 .. ..	8,744	2,314	919	..	84	12,061
1935-36 .. ..	8,172	2,411	679	..	63	11,325
1936-37 .. ..	9,548	2,524	462	..	50	12,584
1937-38 .. ..	8,599	2,426	265	1,500	270	13,060
1938-39 .. ..	12,437	2,379	111	2,000	2,877	19,804
1939-40 .. ..	8,890	2,403	109	1,000	3,440	15,842
1940-41 .. ..	10,661	2,511	278	1,000	5,996	20,446
1941-42 .. ..	14,325	2,906	379	1,000	4,135	22,745
1942-43 .. ..	..	3,307	573	1,000	4,533	21,615
1943-44 .. ..	..	3,438	577	1,500	4,431	28,825

\* Includes amounts paid to sinking funds and for repayments of loan-moneys.

(c) *Indebtedness and Annual Loan Charges*

The following table shows the outstanding loan indebtedness of local railway districts. Since 1932 the sole remaining district has had no loan indebtedness, and therefore has had no loan charges :—

*Table showing the Amount of Net Indebtedness on Account of Loans of Local Railway Board from 1924–25 to 1943–44*

£			£				
1924–25	..	..	44,526	1934–35	..	..	..
1925–26	..	..	42,282	1935–36	..	..	..
1926–27	..	..	39,912	1936–37	..	..	..
1927–28	..	..	37,414	1937–38	..	..	..
1928–29	..	..	34,785	1938–39	..	..	..
1929–30	..	..	32,017	1939–40	..	..	..
1930–31	..	..	29,103	1940–41	..	..	..
1931–32	..	..	26,069	1941–42	..	..	..
1932–33	..	..	..	1942–43	..	..	..
1933–34	..	..	..	1943–44	..	..	..

*Table showing Total Annual Loan Charge of Local Railway Board from 1924–25 to 1943–44*

Year.	Interest.	Sinking Fund.	Total.	Year.	Interest.	Sinking Fund.	Total.	
	£	£	£		£	£	£	
1924–25	..	2,850	1,900	4,750	1934–35	..	Nil	Nil
1925–26	..	2,850	1,900	4,750	1935–36	..	Nil	Nil
1926–27	..	2,850	1,900	4,750	1936–37	..	Nil	Nil
1927–28	..	2,850	1,900	4,750	1937–38	..	Nil	Nil
1928–29	..	2,850	1,900	4,750	1938–39	..	Nil	Nil
1929–30	..	2,850	1,900	4,750	1939–40	..	Nil	Nil
1930–31	..	2,850	1,900	4,750	1940–41	..	Nil	Nil
1931–32	..	2,850	1,900	4,750	1941–42	..	Nil	Nil
1932–33	..	Nil	Nil	Nil	1942–43	..	Nil	Nil
1933–34	..	Nil	Nil	Nil	1943–44	..	Nil	Nil

## (13) UNAUTHORIZED EXPENDITURE

It has been previously indicated that local authorities may expend their income only in a duly authorized manner. In view of the general relationship of the local authority to the inhabitants of the district in which it operates it is only natural that it should be called upon to make certain minor payments in directions which are not specifically authorized. One way in which this may be done is by the promotion of a local Bill. The local Bill is an important institution in local government, and is fairly widely used to enable specific Local Authorities to embark on special works in connection with their districts. The general procedure when promoting a Bill—as, for instance, when the Wellington City Council decided to undertake the distribution of milk—is for the Bill to be publicly advertised and presented to Parliament. It is then submitted to the Local Bills Committee of Parliament, which is entitled to hear evidence, and advise the House as to the wisdom of allowing the Bill to proceed. When passed, the Act may include an authorization to the local authority to expend moneys in a direction not previously authorized.

In a number of minor matters, however, not sufficiently important to warrant the promotion of separate Bills, it is the custom to introduce annually a Local Legislation Bill, which provides in its various clauses special powers to particular local authorities. The Local Legislation Bill is a public Act. In dealing with any particular local authority, therefore, it is necessary not only to know what are the provisions of the general legislation, but also to see how far these specific provisions have been altered or extended by local legislation or by the provisions of the annual Local Legislation Bill.

There are, however, a number of minor matters for which no legislation could provide specifically. To meet these specific cases the legislation makes provision for a small amount of expenditure on unauthorized items. The Public Revenues Act, 1926, provides that any Town Board, Road Board, River Board, or Drainage Board may expend for purposes not covered by any Act or law an amount not exceeding 1 per cent. of the general rate struck, and in the aggregate not exceeding £50. In the case of a Road Board in a county where the Counties Act is not in force, if 1 per cent. of the general rate struck does not amount to £50, that sum may be expended for unauthorized purposes. In the case of the other local authorities noted above, where 1 per cent. of the general rate struck does not amount to £15, then that local authority may expend £15 for unauthorized purposes.\*

\* Public Revenues Act, 1926, section 129.

The general provision for Borough Councils is that 1 per cent. of the general rate struck is the maximum, with the following provisos\* :

- (1) Where the population is less than 5,000, £50 may be expended if 1 per cent. of the general rate struck does not amount to that sum :
- (2) Where the population is between 5,000 and 10,000, £100 may be expended if 1 per cent. of the general rate does not amount to that sum :
- (3) Where the population is over 10,000, £250 may be expended if 1 per cent. of the general rate does not amount to that sum.

For counties, the 1 per cent. maximum applies, but not more than £100 annum. Where 1 per cent. of the general rate does not amount to £30, £30 may be spent for unauthorized purposes.

For Harbour Boards, 1 per cent. of the revenue exclusive of loan-moneys, with a maximum of £500, may be expended, but where 1 per cent. of the revenue does not amount to £15, then £15 may be expended for unauthorized purposes.

For Hospital Boards unauthorized expenditure may amount to 1 per cent. of the amount levied by contributory local authorities in that area, in respect of expenses other than capital expenditure, but in no case to exceed £250.\*

For Catchment Boards the maximum is 1 per cent. of the general rate struck, with a maximum of £50. Where 1 per cent. of the general rate does not amount to £15, then £15 may be spent for unauthorized purposes†.

For Electric-power Boards the maximum is 1 per cent. of the gross revenue, exclusive of loan-moneys, with the following provisos :—

- (1) If the population of the district is less than 5,000, £50 may be so expended if 1 per cent. of the gross revenue does not amount to that sum :
- (2) Where the population is between 5,000 and 10,000, £100 may be expended where 1 per cent. of the gross revenue does not amount to that sum :
- (3) Where the population is over 10,000, £250 may be so expended where 1 per cent. of the gross revenue does not amount to that sum.

#### CHAPTER VII.—NATIVE RATES

The problem of non-payment of Native rates is one which was presented to us by a large number of local authorities. The general thesis of the complaint was that Native landowners did not in general measure up to their responsibility in relation to the payment of rates, and, further, that the remedies available to enforce payment were quite inadequate.

The problem is very acute in the North Auckland area, and the following figures supplied by the New Zealand Counties Association concerning the Bay of Islands County are indicative of the general trend :—

*Table showing position of Native Rate Collections in the Bay of Islands County*

	Rates struck.	Rates Paid.	Outstanding, 31st March, 1944.
General	£	£	£
1941-42	3,045	..	3,045
1942-43	3,024	..	3,024
1943-44	3,038	32	3,006
Hospital—			
1941-42	1,698	..	1,698
1942-43	1,687	..	1,687
1943-44	1,690	..	1,690
Loan—			
1941-42	1,608	..	1,608
1942-43	1,597	..	1,597
1943-44	1,601	..	1,601
	18,988	32	18,956

*Summary of Native Rates unpaid during the Past Three Years*

	£
General	9,075
Hospital	5,075
Loan	4,806
	<u>£18,956</u>

\* Public Revenues Act, 1926, section 129.

† Soil Conservation and Rivers Control Act, 1941, section 116.

In the northern King-country a similar position arises. The Waitomo County Council, for instance, states that since 1932 unpaid Native rates amounted to £65,000. Tairāpapa Borough stated that the amount of Native rates unpaid since 1930 within the borough amounted to £4,400. In Kaikohe Town District the amount accruing on Native property since 1921 to date aggregated £7,167, of which only approximately £286 has been paid. In the Hokianga County an arrangement was made with certain Maori farmers for a deduction of  $\frac{1}{4}$ d. per pound of butterfat. Over five hundred orders were obtained with the assistance of the Native Department. The annual levy on Native lands in this county has been approximately £5,930. Collections from the butterfat deductions are very small, and the greatest collection in 1941-42 of £1,059 represented only 18 per cent. of the total rates outstanding. In the Kawhia County from 1929-44 rates on Native property have amounted to £2,560, of which only £693 has been paid. The position in the Rotorua area is not quite so serious. It was pointed out that of the hospital rates of £444 levied on Native lands in 1944 only £195 was collected. In the Waikato County since 1930 31, £143,000 in rates had been levied on Native land. Of this amount, £14,900 had been written off, and £15,600 was outstanding on the 31st March, 1944. The above statistics are given merely to illustrate the difficult position in which those local authorities which have large Native populations and large areas of Native-owned land find themselves. The position is obviously acute.

The only remedy which is available for non-payment of rates by Native landowners is for the rating authority to apply to the Native Land Court and get a charging-order. If the charging-order is not met the next step is to bring the case before the same Court with a view to the appointment of a receiver. The land cannot be sold without the sanction of the Minister, which is rarely given. In 1933 a Committee was set up to investigate the whole situation, and they reported, among other things, that "The charging-order system against land has hopelessly broken down." That situation remains the same to-day as it was then. In 1928 boroughs and counties having Native land within their boundaries received from the Government a sum in satisfaction of the rates to be levied for the ensuing two years. The grant was but a small proportion of the actual amount owing, but it was accepted on the understanding that the Government would bring down amending legislation within two years. Since that compromise in 1928 Maoris have taken it for granted that they should not pay rates and that the Government would again come forward and arrange settlement. This is the present position.

The Maori properties are frequently in areas very well served by roads and bridges, and it seems inequitable that the remaining county residents should be required to carry the rating burden of the Native population. In addition, a considerable proportion of the rates which have not been collected are referable to hospital levies. The Maori population is, as the white population, eligible for hospital benefits, and, without entering into the merits or demerits of the hospital levy at this stage, it is obvious that the non-payment by the Maori ratepayers merely means an extra burden on the white population. We entirely agree with the representations which have been made to us as to the inequity of the present situation. Some idea of the incidence of this problem in particular areas can be gained from the following figures. Over all counties during the period from 1939 to 1943, approximately 92 per cent. of the rates were collected. In the Mangonui County, 75 per cent.; in the Whangaroa County, 76 per cent.; in Hokianga County, 68 per cent.; in the Bay of Islands County, 68 per cent.; in the Whangarei County, 92 per cent.; in the Hobson County, 91 per cent.; in the Otorohanga County, 75 per cent.; in the Kawhia County, 74 per cent.; in the Waitomo County, 75 per cent.; in the Matakaoa County, 75 per cent.; in the Waikato County, 90 per cent.; in the Waikohu County, 96 per cent.; in the Cook County, 95 per cent.; in the Grey County, 82 per cent. These figures only illustrate the general problem. The counties specifically mentioned are counties with large Native populations, and while not all of the non-payment referred to above is due to default by Maoris, by far the largest proportion is.

The North Auckland counties are in the worst situation. We did make some investigations as to the reason for the position not being so serious in the East Coast counties, and, although perhaps better administrative methods for collection of outstanding rates have been adopted in the East Coast counties, the real reason for the very bad situation in the North Auckland counties is probably largely due to the poverty of the Native population. This is obviously a national and not a local-body question. It seems unfair to penalize the white settlers in these areas for the non-payment of rates by the Maori. Subsequently, in this report specific recommendations are made as to some alleviation of this difficulty, but at this point it is important to stress the need for some drastic action to remedy these inequities. It is obvious that the present legal remedies are quite insufficient. The Native Department, for instance, has no legal powers in this direction, and it would seem that although the officers of that Department are conscious of the problem, they are quite unable to make any workable suggestion as to its solution. They are making an endeavour to pay rates on Native developmental lands over which the Department has control, but, as far as the communal lands of the Maori are concerned, the Native Department is at the present moment powerless.

### CHAPTER VIII.—GOVERNMENT FINANCIAL ASSISTANCE TO LOCAL AUTHORITIES

Besides giving to local authorities power to raise revenue from rates or other sources, the State has generally made certain sums available from the National Treasury for expenditure by the local bodies. Such monetary grants are not in general given to such local bodies as Electric-power Boards, Transport Boards, and Harbour Boards, which are engaged in operating trading undertakings. All territorial local authorities and those *ad hoc* bodies, such as Hospital Boards, Rabbit Boards, and Fire Boards, which are concerned with service to the community rather than trading, receive monetary assistance.\* Grants may be (a) for general revenues, in which case they are usually annually recurring payments; or (b) for specific capital expenditure.

\* Subsidies and grants to Hospital Boards are not discussed herein, but under Hospital Board Finance.

## A. ANNUALLY RECURRING PAYMENTS

## (1) RATES ON CROWN LANDS

The Crown in general is not liable for rates on property owned by it. Such Crown property may be classified somewhat as follows:—

- (1) Land utilized for State or departmental buildings. This heading can be subdivided into—
  - (a) Land occupied by State trading Departments; and
  - (b) Land occupied for ordinary departmental activity.
- (2) Land utilized for State housing activities.
- (3) Land utilized by departmental housing schemes for operators of the Department.
- (4) Land which, though previously in private ownership, has reverted to the Crown.
- (5) Agricultural land. This again may be subdivided into—
  - (a) Land owned by the Crown but leased for agricultural purposes; and
  - (b) Lands under developmental schemes for ultimate disposal to selected settlers.

With the extension of State activities the amount of land occupied by the Crown has steadily increased. Much land which was previously in private ownership and which was therefore liable to rates is now owned by the Crown and not legally liable for rates. Because of this trend, some local authorities have in recent years been embarrassed financially. Some local authorities suggested that all Crown land should pay full rates, but the general opinion was that land used for housing or for agricultural purposes should pay rates. The policy of the various Departments concerned is set out hereunder:—

*(a) Railways Department*

Land occupied by the Railways Department specifically for transport purposes is exempt from rates. Where houses are constructed for railway workers the Department does not pay general rates, but pays special rates on loans that were a charge on the lands at the time of acquisition of the land by the Crown, and, in addition, pays an agreed sum for such services as water-supply, rubbish-removal, and sanitary services. When, however, such houses are let to tenants other than railway servants or other Government servants in occupation for the more efficient performance of their duties, full rates are paid for the duration of such tenancy.

*(b) State Advances Corporation*

(1) *Houses erected under Government Housing Scheme.*—Full rates, both general and special, are paid for the portion of the year during which the house is occupied, but special rates for which the Crown under existing law is liable are paid for that portion of the year during which the property is unoccupied.

(2) *Other Houses under the Corporation's Administration.*—Full rates, both general and special, are paid for the portion of the year during which rent is paid; special rates for which the Crown is under existing law liable\* for that portion of the year during which rent is not paid. From 1945, however, the arrangements as set out above regarding houses under the housing scheme are to operate for all State houses†.

*(c) Lands and Survey Department*

When land is purchased and held by the Department for development and settlement in the future by individual occupiers it becomes non-rateable so far as general rates are concerned, but the Crown is liable for and pays special rates which were made before the land was acquired.\* In blocks under development the Department not only pays the special rates for which it is liable, but also makes a grant in lieu of rates in respect of general and other special rates provided profits are available for that year from the farming operations carried out on individual blocks. When land is fully developed and is opened for selection its tenant then becomes liable for full rates.

The principle on which these payments are made comes in for considerable justifiable criticism. Under the settlement programme, whether for rehabilitation purposes or otherwise, the State has in recent years frequently taken over the land which was formerly under private ownership and paid full rates, with a view to cutting it up into smaller holdings. During that developmental period the State has paid only special rates for which the Crown is liable. The rural local authorities pointed out that they had been in the habit of receiving rates from these areas of land; that their financial responsibilities were in no way lessened because the land was now in the occupancy of the State; and that therefore the other ratepayers in their territories were forced to pay higher rates in order to make up the deficit arising from the non-payment of rates by the Crown. Witnesses generally admitted that undeveloped Crown land—that is, land which has always been in the ownership of the State and which is undeveloped—should not be rated, but it was maintained that where the State takes over land to promote closer settlement or for any other purpose it should be liable for the same rates as paid by previous private owners. This claim seems very just. The situation whereby the State pays

\* The Crown is legally liable for special rates imposed before the land was acquired by the Crown: Local Bodies' Loans Act, 1926, section 123.

† The State Advances Corporation, as a Corporation, does not have the privileges of the Crown in regard to exemption from rates in so far as advances made by the Corporation are concerned. In so far as the Corporation is administering loans made by the State Advances Department before the creation of the State Advances Corporation it is legally entitled to the privileges of the Crown. The effect of this is that, in relation to advances made by the Corporation, rates take priority over the mortgage.

only when a profit results from the farming operations is too fortuitous a basis for local-body budgeting and places an undue burden on the other ratepayers in the territory. It is true that the State frequently carries out important development work in relation to roads and road maintenance, and this should be taken into account in assessing the payment,\* but as a general principle the Crown should be responsible for full rates on such property.

The Lands Department also owns certain properties in boroughs and towns and also residential areas in some counties. In these cases the Department pays the special rates for which it is liable and, in addition, pays in respect of all other rates levied during the year an amount which bears the same proportion to these rates as the amount of rent received during the year bears to the total rent for that year, subject, however, to the proviso that the total liability to the Crown is not to exceed one half of the total rent received.

The following table shows the amount of rates paid by the Lands and Survey Department during the year for developmental farms. The table shows fairly conclusively that although in theory the principle on which the Department is working is unsatisfactory, in actual fact the Department has paid a very large proportion of the rates which would normally accrue on this land†. A more satisfactory principle, however, should be enunciated in respect of such developmental farms:—

*Table showing Rates payable and paid by the Lands and Survey Department in this year ended 31st March, 1944*

		£	s.	d.
Total rates for year ended 31st March, 1944	.. .. .	7,972	1	0
Payments—	£ s. d.			
Special rates for which Crown is liable (forty-seven blocks)	.. .. .	1,192	14	4
Grants in lieu of rates on forty-three blocks	.. .. .	3,880	5	1
		<u>5,072</u>	<u>19</u>	<u>5</u>
Rates unpaid	.. .. .	£2,899	1	7
Number of blocks which made profits and for which grants paid	.. .. .			40
Number of blocks which made profits but for which there was no grant	.. .. .			1
Number of blocks which made losses but in respect of which grants were made (roads used mainly by Department)	.. .. .			3
Number of blocks which made losses (no grants paid) ; special rates paid where due	.. .. .			35
Total number of blocks in respect of which rates were struck	.. .. .			<u>79</u>

*Table showing, by Counties, Amounts of Rates on Crown Land paid by Lands and Survey Department for the Year ended 31st March, 1944*

County.	Total Rates, Year ended 31st March, 1944.			Special Rates.			Grants.			Remarks.
	£	s.	d.	£	s.	d.	£	s.	d.	
Waitomo	1,703	7	9	312	13	7	1,168	16	0	
Otorohanga	358	14	0	66	7	6	166	6	8	
Raglan	17	4	0	11	7	6	Nil			
Taumarunui	5	17	7	Nil						A grant in lieu was paid out of profits earned in year ended 30th June, 1943 for the rating year ended 31st March, 1943.
Waimarino	296	9	6	40	6	0	239	5	11	
Waipa	126	3	7	14	12	9	8	12	8	
Hobson	64	15	0	15	7	7	Nil			A rate demand for 1943-44 was not received, although the County Council was fully aware that the Department was legally liable for special rates.
Whakatane	117	12	6	31	12	9	Nil			The amount of £117 12s. 6d. is the total rate on the Orini Subdivision of the Edgecumbe Block. The £31 12s. 9d. is special rates on Orini. The balance of the Edgecumbe Block is Crown land which has never yet been assessed for rating purposes.
Mangonui	213	15	11	19	10	10	194	5	1	
Rodney	102	9	2	Nil			Nil			Crown land.
Waitemata	121	19	4	8	8	3	113	11	1	

\* On the other hand, the Crown in its developmental work does use county roads for carting supplies and there was some evidence to the effect that some county roads were being badly cut up in the process at the present time.

† The following two tables are given to show that the Lands and Survey Department has paid a considerable proportion of the rates which would have been payable by a private individual.

Table showing, by Counties, Amounts of Rates on Crown Land paid by Lands and Survey Department for Year ended 31st March, 1944—continued

County.	Total Rates, Year ended 31st March, 1944.			Special Rates.			Grants.			Remarks.
	£	s.	d.	£	s.	d.	£	s.	d.	
Whakatane ..	829	8	5	219	16	0	609	12	5	Te Kawa Block now disposed of to two ex-servicemen.
Matamata ..	358	1	9	83	8	2	274	13	7	Crown land (Takoroa Block).
Rotorua ..	96	17	6	Nil			Nil			Crown land. Annual rates have been <i>estimated</i> , as no rate-demand has ever been received. No grant has been recommended as Lands and Survey Department maintains the roads.
Tauranga ..	204	2	4	3	8	8	Nil			
Bay of Islands ..	Nil			Nil			Nil			Kapiro Block is an experimental area of 60 acres of Crown land. No demand received.
Whangarei ..	47	4	2	7	1	7	40	2	7	
Piako ..	93	2	1	..			4	4	9	
Waipa ..	22	2	9	22	2	9	..			Special rates only shown on rate-demand.
Waikohu ..	433	15	7	146	14	11	287	0	8	
Wairoa ..	578	1	11	..			..			
Hawke's Bay ..	735	19	5	..			83	3	11	Ahuriri Lagoon Block not valued for rating purposes and is Harbour Board endowment land.
Ohura ..	70	6	1	..			70	6	1	
Buller ..	142	14	0	10	8	4	39	11	8	
Awatere ..	113	10	2	..			..			Part of Molesworth Block.
Marlborough ..	27	0	8	11	1	8	6	11	9	Includes part of Molesworth Block.
Amuri ..	60	7	6	..			..			Part of Molesworth Block.
Kaikoura ..	..			..			..			Paid by vendor prior to acquisition.
Ashburton ..	245	11	10	73	17	10	..			
Mackenzie ..	9	10	5	9	10	5	..			
Geraldine ..	50	0	5	..			..			
Paparua ..	57	12	7	14	3	6	..			
Waipara ..	127	18	9	26	0	0	101	18	9	
Waimate ..	140	18	3	39	9	1	101	9	2	
Clutha ..	137	8	4	..			137	8	4	
Peninsula ..	122	17	3	..			122	17	3	
Southland ..	139	0	6	5	4	8	38	6	9	

## (d) Native Department

Certain lands are administered by the Board of Native Affairs as Maori developmental schemes. During the development stage (and in certain cases where lands are sufficiently developed for settlement but through various causes individual settlement cannot be effected) current rates are paid when there is sufficient profit from the previous year's operations, notwithstanding that there may still be a balance of accumulated losses shown in the account. *Ex gratia* payments in respect of Crown areas included in a scheme are made on the same basis. Payment of arrears of rates requires the special approval of the Board of Native Affairs. Interest on outstanding debt is charged in the accounts before the ascertainment of the profit or loss position. In these cases, therefore, it can be seen that, to all intents and purposes, the policy of the Board of Native Affairs in respect of Native development schemes is identical with that of the Lands and Survey Department in relation to general land-development schemes and the same criticisms apply. When individual Maoris are settled on sections they are required to assign the full cream cheque to the Native Department, which then decides upon the allocation of the cheque between the Department and the occupier, having due regard to the living-expenses of the latter. The proportion paid to the Department is credited to the Loan Account of the occupier, and as a general rule current rates are paid as a charge against the Loan Account if there is a surplus there for the year after provision has been made for interest, maintenance, and sinking fund. In some instances in the North Auckland district arrangements have been made whereby deductions of a small fixed amount per pound of butterfat produced are taken from the occupiers proportion of the cream cheque and paid directly to the County Council by the dairy company on account of the rates due. The amount so paid does not in general cover the full liability for rates, but in an area where the payment of rates by Maori occupiers is the exception rather than the rule the fact that the Native occupiers have agreed to this deduction is a definite step in the right direction.

(c) *Total Rates on Crown Lands*

Some idea of the aggregate amount of rates paid by the Crown to local authorities can be seen in the following table:—

*Table showing Rates paid by the Crown to Local Authorities in the Years from 1924-25 to 1943-44\**

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
	£	£	£	£	£
1924-25 .. .. .	74	27	..	..	101
1925-26 .. .. .	779	3	16	..	798
1926-27 .. .. .	2,165	..	..	..	2,165
1927-28 .. .. .	641	530	228	..	1,399
1928-29 .. .. .	9,583	2,078	69	..	11,730
1929-30 .. .. .	1,066	6	32	..	1,104
1930-31 .. .. .	4,749	1	49	..	4,799
1931-32 .. .. .	..	1,521	17	..	1,538
1932-33 .. .. .	379	770	93	..	1,242
1933-34 .. .. .	991	12	49	..	1,052
1934-35 .. .. .	2,395	15	117	..	2,527
1935-36 .. .. .	463	13	165	..	641
1936-37 .. .. .	290	31	..	..	321
1937-38 .. .. .	327	34	..	..	362
1938-39 .. .. .	863	19	..	..	882
1939-40 .. .. .	1,209	56	..	..	1,265
1940-41 .. .. .	3,827	50	..	..	3,877
1941-42 .. .. .	585	50	..	..	635
1942-43 .. .. .	1,017	53	..	..	1,070
1943-44 .. .. .	3,585	49	45	..	3,679

## (2) ORDINARY SUBSIDIES ON RATES

Various statutes make provision for the payment of annual subsidies to territorial local authorities. Under the Municipal Corporations Act, 1933<sup>†</sup>, the following subsidies are paid annually from the Main Highways Revenue Fund to boroughs in respect of general rates actually collected on or before the 30th day of June in the year following their levying. Where the general rates actually collected do not exceed £750 a subsidy of 5s. in the pound; where the general rates actually collected exceeds £750 then 2s. 6d. per pound is paid, but no lesser sum than £187 10s. nor greater sum than £450 shall be paid in any one year under this paragraph to any borough. This subsidy is subject to the provision that the subsidy shall not be payable on any amount exceeding the sum which would be collected on a rate of  $\frac{3}{4}$ d. in the pound on the capital value where the rate is levied on the capital or unimproved value of the rateable property in the borough or of 1s. in the pound on the annual levy where the rate is levied on that value. A further provision is that no subsidy shall be payable on any part of such general rates expended in contributing to the funds of any other local authority not receiving subsidy from the Main Highways Revenue Fund. Pending the collection of the above rates for any year, the Minister of Finance may advance to the borough any sum up to 75 per cent. of the total amount of the subsidy payable to it.

As far as County Councils, Road Boards, and Town Boards are concerned subsidy payments are governed by the Appropriation Act, 1916.<sup>‡</sup> Subsidies are paid in respect of rates collected on or before the 30th day of June next ensuing after the year in which they were due. No subsidy is payable on a sum in excess of the amount which would be realized from a rate of  $\frac{3}{4}$ d. in the pound on the capital value or 1s. in the pound on the annual value. The scale for counties and road districts is as follows: to a county wherein there are no road districts when the general rates so collected by the county do not exceed £1,000, then a sum equal to 10s. for every pound of such rates. When the rates so collected exceed £1,000, then a sum equal to 5s. for every pound of such rates, provided that no lesser sum than £500 nor greater sum than £2,500 may be paid under this paragraph to any such Council. Since there are no road districts interior to counties to-day, this provision is operative over all counties. No greater sum in all than £2,500 may be paid in respect of any county and its road districts so that where there were road districts in the past the maximum subsidy payable to the counties and to road districts combined was equivalent to the amount paid to the counties to-day.

Subsidies to town districts are computed on the same scale as to boroughs, with an absolute maximum of £450.<sup>‡</sup>

\* The figures are not very satisfactory, but they are the only officially published figures. They obviously do not include rates paid on State houses and for some developmental farms. The defect is obviously due to omissions in information supplied by some local authorities to the Government Statistician.

<sup>†</sup> Section 71.

<sup>‡</sup> Section 9 and Sixth Schedule.

The following table shows the amount of such statutory subsidies paid to territorial local authorities :—

*Table showing Statutory Annual Subsidies paid to Borough Councils, County Councils, Town Boards, and Road Boards from 1924-25 to 1943-44*

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
	£	£	£	£	£
1924-25 .. .. .	162,596	28,302	4,899	5,624	201,421
1925-26 .. .. .	171,800	27,311	5,203	4,934	209,248
1926-27 .. .. .	174,778	28,981	5,694	5,596	215,049
1927-28 .. .. .	175,151	29,356	5,656	5,178	215,341
1928-29 .. .. .	173,131	30,266	5,601	3,378	212,396
1929-30 .. .. .	182,942	30,033	5,756	3,624	222,355
1930-31 .. .. .	179,942	29,931	5,670	3,214	218,757
1931-32 .. .. .	156,452	25,989	5,549	3,138	191,128
1932-33 .. .. .	148,391	24,059	5,438	3,130	171,018
1933-34 .. .. .	130,161	21,416	4,867	2,460	158,849
1934-35 .. .. .	148,002	22,244	4,774	2,705	177,725
1935-36 .. .. .	153,252	25,107	4,747	2,512	185,618
1936-37 .. .. .	160,513	30,138	4,735	2,467	197,853
1937-38 .. .. .	164,930	31,329	4,638	2,570	203,467
1938-39 .. .. .	170,803	31,667	4,264	2,420	209,154
1939-40 .. .. .	169,454	31,348	4,219	1,929	206,950
1940-41 .. .. .	173,132	33,543	4,692	1,670	213,037
1941-42 .. .. .	173,169	32,499	4,852	1,725	212,245
1942-43 .. .. .	173,101	33,066	5,381	1,600	213,148
1943-44 .. .. .	173,777	32,309	4,934	1,604	212,624

Prior to 1931 the above subsidies to urban and rural local authorities were paid out of the Consolidated Fund. In 1930 provision was made for the subsidies to be paid out of the Main Highways Revenue Account for two years. In 1931 this provision was made permanent.\* The very fact that these subsidies are now paid out of the Main Highways Account is, in itself, a tacit recognition that territorial Local Bodies have a primary responsibility for the maintenance of public highways in their territories, and, further, that the State acknowledges that certain of these responsibilities are not directly referable to the Local Bodies themselves.

Witnesses representing both counties and boroughs maintained that the statutory subsidies were on much too low a scale. In particular, it was pointed out by the counties that since the advent of motor traffic a great deal of the traffic on all county roads was foreign to the counties and the statutory subsidies were quite inadequate to enable the county to maintain its roads properly. As against this it was pointed out that many of the roads which were previously the responsibility of counties are now taken over either wholly or in part as to their financial responsibility by the Main Highways Board. For State highways, the Main Highways Account is completely responsible. For Main highways the statutory subsidy of £3 by the Main Highways Board to £1 by the counties has materially relieved counties of their financial responsibility.† Hence to discuss financial assistance to rural local authorities solely in terms of the statutory subsidy is misleading.

The counties, however, maintain that even on those roads for which they are fully responsible a great deal of the traffic is external to the county and the county ratepayers should not be called on to make as great a contribution as they do at the present time. For both State and Main highways it is evident that the counties have been relieved of a very considerable proportion of their financial responsibility since the inception of the main-highways system. Some idea of the relative importance of this contribution by the Main Highways Board can be seen from the following tables :—

*Table showing Expenditure of Main Highways Board from 1934-35 to 1942-43‡*

Year.	Maintenance.	Renewals.	Improvements.	Administrative Fixed Charges (including Subsidies).	Total.
	£	£	£	£	£
1934-35 .. .. .	932,675	..	325,483	685,659	1,943,817
1935-36 .. .. .	1,190,179	..	428,024	719,355	2,337,558
1936-37 .. .. .	900,731	106,404	1,394,857	812,204	3,214,196
1937-38 .. .. .	1,074,112	138,274	2,180,327	720,334	4,113,047
1938-39 .. .. .	1,311,340	180,039	2,878,308	816,117	5,185,804
1939-40 .. .. .	1,301,912	190,639	3,106,471	1,074,946	5,673,968
1940-41 .. .. .	1,066,824	160,912	1,431,266	1,004,721	3,663,723
1941-42 .. .. .	964,449	91,011	512,906	768,031	2,336,397
1942-43 .. .. .	1,014,384	51,666	121,614	821,604	2,009,268

\* Finance Act, 1931, No. 3, section 2. See also Municipal Corporations Act, 1933, section 71.

† While £3 for £1 is the standard rate of subsidy, a greater amount is paid in some cases.

‡ Subsidies on Main highways by the Main Highways Board is shown as a non-revenue subsidy. See pages 131-132.

Table showing Expenditure on Main Highways, by Counties, from 1942-43\*

Year.	Maintenance.	Renewals.	Improvements.	Total.
	£	£	£	£
1934-35 .. .. .	226,554	No record	57,975	284,529
1935-36 .. .. .	284,423	No record	78,263	362,686
1936-37 .. .. .	196,023	20,767	82,493	299,293
1937-38 .. .. .	153,443	13,428	94,797	261,668
1938-39 .. .. .	152,730	18,662	115,697	287,089
1939-40 .. .. .	151,368	24,928	147,911	324,207
1940-41 .. .. .	135,301	18,708	105,204	259,213
1941-42 .. .. .	126,409	12,403	32,936	171,748
1942-43 .. .. .	106,970	11,030	12,779	130,779

Table showing Expenditure on Roads and Bridges, by Counties, from 1934-35 to 1942-43\*

Year.	Out of Revenue.	Government Grants.	Out of Loan.	Total.
	£	£	£	£
1934-35 .. .. .	630,770	438,711	26,475	1,095,956
1935-36 .. .. .	736,459	510,753	21,775	1,268,987
1936-37 .. .. .	787,667	478,549	25,994	1,292,210
1937-38 .. .. .	918,875	441,434	42,178	1,402,487
1938-39 .. .. .	1,013,366	714,908	59,484	1,787,758
1939-40 .. .. .	1,006,290	563,888	57,232	1,627,410
1940-41 .. .. .	996,579	357,207	44,877	1,398,663
1941-42 .. .. .	1,008,636	201,237	27,403	1,237,276
1942-43 .. .. .	886,667	106,258	17,362	1,010,287

## (3) ALLOCATION OF MOTOR-TAX RECEIPTS

From the discussion in the previous section it will be seen that County Councils and Town Boards receive considerable financial assistance not only by way of statutory subsidy, but also by way of relief from expenditure involved in the construction and maintenance of State and Main highways. For the purposes of the Main Highways Act there are no State and Main highways in boroughs with over 6,000 in population. In order to provide some relief for such boroughs the Motor-spirits Taxation Act, 1927†, provided that moneys received as Customs duty in respect of motor-spirits imported into New Zealand shall, after certain minor deductions, be distributed as follows: 92 per cent. shall be paid into the Revenue Account of the Main Highways Board, and the balance, 8 per cent., shall be apportioned among those Borough Councils with a population over 6,000 in amounts proportionate to their population. Such payments are to be used towards defraying the cost of construction, reconstruction, maintenance, or repair of any street or streets forming a continuance of a Main highway or towards the payment of interest and/or sinking fund payable in respect of moneys borrowed for the construction or reconstruction of any street or streets as aforesaid. If such payments are more than sufficient for the purposes specified above, the Borough Council may, with the prior approval of the Main Highways Board, apply any surplus towards the cost of the construction, maintenance, or repair of any other street or streets within the borough, or towards the payment of interest and/or sinking fund in respect of any loans raised by the Borough Council for street improvement. The amount of these receipts by Borough Councils is shown in the next ensuing table. It was maintained by some Borough Councils that this allocation of 8 per cent. was inadequate in view of the large amount of motor traffic in the larger boroughs, particularly foreign traffic from rural areas. On the other hand, it was maintained by the Main Highways Board that in actual fact the amount of 8 per cent. so paid out was more than sufficient for the purposes laid down in the Act and that quite a number, particularly of the larger boroughs, had surplus funds from this subsidy. We therefore do not suggest any change in the allocation of petrol-tax receipts to boroughs over 6,000:—

Table showing Allocation of Petrol-tax by Main Highways Board from 1934-35 to 1942-43

Year.	Boroughs over 6,000.	Main Highways Account.	Loans raised.
		£	£
1934-35 .. .. .	110,644	970,506	431,500
1935-36 .. .. .	109,325	1,449,125	150,000
1936-37 .. .. .	153,976	1,697,942	853,500
1937-38 .. .. .	163,370	1,918,486	1,676,800
1938-39 .. .. .	176,417	2,083,278	2,675,600
1939-40 .. .. .	181,368	2,057,001	2,685,727
1940-41 .. .. .	144,223	1,581,793	1,347,975
1941-42 .. .. .	136,454	1,449,631	257,069
1942-43 .. .. .	102,317	1,046,081	270,000

\* Subsidies on main highways by the Main Highways Board are shown as a non-revenue subsidy; see pages 131-132. The figures in the above tables were supplied by the Main Highways Board.

† Sections 9 and 10.

The following table shows the actual receipts by boroughs of over 6,000 population of motor-spirit-tax allocation. The figures represent actual receipts by boroughs. The previous figures show the allocation. The difference is due to different accounting methods:—

*Table showing Receipts by Boroughs of over 6,000 Population of the Allocation of Motor-spirit Taxation in the Years from 1929-30 to 1943-44*

£			£				
1929-30	..	..	71,233	1937-38	..	..	163,874
1930-31	..	..	83,227	1938-39	..	..	176,754
1931-32	..	..	101,089	1939-40	..	..	182,300
1932-33	..	..	99,302	1940-41	..	..	144,095
1933-34	..	..	100,794	1941-42	..	..	131,924
1934-35	..	..	103,088	1942-43	..	..	102,179
1935-36	..	..	116,168	1943-44	..	..	85,500
1936-37	..	..	155,104				

#### (4) FEES AND FINES

The following tables show the amount of such grants to boroughs over the period under review.

As discussed earlier,\* certain fines are paid to local authorities. In addition, the State issues land-agents' and auctioneers' licenses and collects the fees for such licenses. After deduction of administrative costs these fees are distributed among the local authorities in terms of the location of the person holding the license. The amount of such fines and fees is shown in the following table:—

*Table showing Amount of Fees and Fines collected by the State and paid to Local Authorities from 1924-25 to 1943-44*

Financial Year.		Counties.	Boroughs.	Town Districts.	Road Districts.	Total.	
		£	£	£	£	£	
1924-25	..	..	984	3,149	172	18	4,323
1925-26	..	..	839	3,715	70	12	4,636
1926-27	..	..	1,013	5,316	233	114	6,676
1927-28	..	..	921	4,623	228	79	5,851
1928-29	..	..	1,211	4,666	343	101	6,321
1929-30	..	..	1,497	4,459	261	79	6,296
1930-31	..	..	1,897	5,021	129	28	7,075
1931-32	..	..	2,058	4,894	140	24	7,116
1932-33	..	..	2,391	3,282	22	46	5,741
1933-34	..	..	2,583	3,186	297	24	6,090
1934-35	..	..	2,100	3,239	230	70	5,639
1935-36	..	..	2,085	3,396	152	138	5,771
1936-37	..	..	2,447	6,082	126	10	8,665
1937-38	..	..	816	4,369	38	6	5,229
1938-39	..	..	625	3,627	60	..	4,312
1939-40	..	..	468	4,501	25	..	4,994
1940-41	..	..	831	5,994	25	..	6,850
1941-42	..	..	604	4,681	24	..	5,309
1942-43	..	..	279	2,586	33	..	2,898
1943-44	..	..	399	3,113	6	..	3,518

#### (5) EMERGENCY SUBSIDIES ON RATES

During the depression rate collections of local authorities on farm lands were seriously prejudiced by the catastrophic drop in the returns from primary products, and by the Finance Act, 1931 (No. 4)†, provision was made for the payment to County Councils and Road Boards in respect of land used for agricultural, horticultural, and pastoral purposes out of the Main Highways Revenue Fund of a subsidy at the rate of 2s. 6d. in the pound on the average annual amount of all rates collected by such Council on such lands during the previous three years. Such subsidy was to be applied to granting a rebate of 12½ per cent. of the amount of rates payable in respect of that financial year 1931-32 on such lands. Any balance of such subsidy remaining after making such refunds or rebates was credited to the Council's

\* See page 39.

† Section 45; see also Finance Act, No. 3, 1934, section 28.

General Account, for such of the purposes thereof other than expenditure on main highways as the Minister of Public Works approved. This provision was subsequently extended to cover the years 1933-34 and 1934-35\*. The amount of such subsidies is shown in the following table:—

Table showing Amount of Emergency Subsidies on Rates from 1931-32 to 1935-36

Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
	£	£	£	£	£
1931-32 .. .. .	250,814	..	..	2,329	253,143
1932-33 .. .. .	747	..	..	..	747
1933-34 .. .. .	..	..	..	..	..
1934-35 .. .. .	170,287	4,707	1,551	1,682	178,227
1935-36 .. .. .	177,049	5,809	1,944	1,375	186,177

#### (6) STAMP DUTY ON INTEREST

As part of the interest-reduction policy of the Government during the depression years the National Expenditure Adjustment Act, 1932, imposed, *inter alia*, a stamp duty of 10 per cent. on interest derived from local-body debentures or other securities. All local-authority interest coupons or warrants presented in New Zealand for payment on or after the 14th May, 1932, were chargeable. Interest payments made out of New Zealand were exempted from charge. After deduction of 5 per cent. from the proceeds as administrative charges the net amount of stamp duty collected was returned to the respective local authorities. This stamp duty was abolished in so far as it affected interest accruing after 31st March, 1933. Subsequent to that date the Local Authorities Interest Reduction and Loan Conversion Act, 1932-33, came into force imposing a statutory reduction on interest payable. The amounts so refunded to local authorities during the two years in which this provision was in operation are shown in the following table:

Table showing Amounts received by Local Authorities by way of Refund of Stamp Duty on Interest in the Years 1932-33 and 1933-34

	1932-33	1933-34
	£	£
Counties .. .. .	9,772	12,053
Boroughs .. .. .	52,027	53,064
Town districts .. .. .	1,195	1,549
Road districts .. .. .	769	658
River districts .. .. .	731	844
Land drainage districts .. .. .	554	801
Electric-power districts .. .. .	25,848	1,322
Water-supply districts .. .. .	50	..
Urban drainage districts .. .. .	5,080	5,601
Urban transport districts .. .. .	6,702	1,167
Local railway districts .. .. .	57	..
Gas-lighting districts .. .. .	420	324
Rabbit districts .. .. .	10	7
Fire districts .. .. .	568	362
Harbour districts .. .. .	1,817	27,038
All local authorities .. .. .	105,600	104,790

#### (7) "THIRDS" AND "FOURTHS"

Since 1885 it has been the practice where Crown land has been opened up for settlement by lease to allocate a proportion of the rent to the local bodies in the territory of which the land has been opened up to compensate that local body for expenditure on the construction and maintenance of roads and bridges leading to, and opening up, such lands. The term "fourths" means the fourth part of the rent derived from lands disposed of as small grazing-runs. "Thirds" mean the third part of the rents derived from lands disposed of for occupation with right of purchase or on renewable lease. Such rents or deferred payments are in the first place paid to the Receiver of Land Revenue, who is responsible to pay out the "thirds" and "fourths" respectively to the local authority in the territory of which the land is situated. The moneys received by the local authority are to be expendable only for the construction or maintenance of roads or bridges providing access to or opening up the lands from which the "thirds" and "fourths" are derived. Expenditure on these roads can be made only with the approval of the Land Board. Where the work is completed the local authority may, with the prior approval of the Land Board, apply the payments in lieu or in reduction of any special rates on the land

\* The subsidy in these latter years was also granted to boroughs and town districts in relation to farm lands subject to the Urban Farms Lands Rating Act, 1932; see also Finance Act, No. 3, 1934, section 28 (i) (c).

† Land Act, 1885, section 187, *et. seq.*; Land Act, 1892; Land Act, 1908; Swamp Drainage Act, 1915; Land Act, 1924.

as security for any loan. These payments last only for fifteen years from their inception. The continuance of these payments at the present day has largely a historical reason because the Crown to-day, in opening up land, carries out most of the constructional and some of the maintenance work itself. The amount of these payments has steadily decreased over the years and will probably tend to decrease and ultimately disappear as the country is further opened up. Much of the settlement to-day either for small farms or for returning soldiers is disposed of as freehold, and hence no question of "thirds" and "fourths" emerges. The following tables show the amount of these subsidies over the past twenty years :—

*Table showing the One-third receipts from Land sold on Deferred Payment or held on Perpetual Lease from 1924-25 to 1943-44*

Year.			Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
			£	£	£	£	£
1924-25	..	..	27,751	9	55	246	28,061
1925-26	..	..	22,196	118	34	330	22,678
1926-27	..	..	21,192	37	35	263	21,527
1927-28	..	..	14,555	39	15	234	14,843
1928-29	..	..	14,056	34	15	..	14,105
1929-30	..	..	10,208	4	85	..	10,297
1930-31	..	..	10,090	74	205	10	10,379
1931-32	..	..	5,420	23	17	..	5,460
1932-33	..	..	4,544	2	11	..	4,557
1933-34	..	..	5,670	269	10	22	5,971
1934-35	..	..	7,872	16	45	14	7,947
1935-36	..	..	5,198	4	..	..	5,202
1936-37	..	..	6,623	17	34	..	6,674
1937-38	..	..	3,661	4	..	..	3,665
1938-39	..	..	5,833	4	19	15	5,871
1939-40	..	..	5,849	2	2	13	5,866
1940-41	..	..	4,795	..	5	2	4,802
1941-42	..	..	4,040	..	3	..	4,043
1942-43	..	..	3,122	4	9	..	3,135
1943-44	..	..	3,570	..	2	..	3,572

*Table showing One-fourth Rent from Small Grazing-runs, from 1924-25 to 1943-44*

Year.			Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
			£	£	£	£	£
1924-25	..	..	6,107	..	..	..	6,107
1925-26	..	..	6,315	..	..	7	6,322
1926-27	..	..	3,485	..	..	..	3,485
1927-28	..	..	3,310	..	10	4	3,324
1928-29	..	..	2,699	..	..	..	2,699
1929-30	..	..	3,518	..	..	..	3,518
1930-31	..	..	2,153	..	..	..	2,153
1931-32	..	..	509	1	..	..	510
1932-33	..	..	563	..	..	..	563
1933-34	..	..	567	..	..	..	567
1934-35	..	..	1,004	..	..	..	1,004
1935-36	..	..	1,909	..	..	..	1,909
1936-37	..	..	1,089	..	..	..	1,089
1937-38	..	..	845	..	..	..	845
1938-39	..	..	591	1	..	..	592
1939-40	..	..	1,117	..	..	..	1,117
1940-41	..	..	324	..	..	..	324
1941-42	..	..	240	..	..	..	240
1942-43	..	..	228	..	..	..	228
1943-44	..	..	259	..	..	..	259

## (8) GOLD FIELDS REVENUE.

By the Mining Act, 1924, the Crown was entitled to certain fees, rents, and royalties and other moneys in respect of Crown lands open for mining. This does not refer to moneys received from the sale or lease of land for agricultural purposes. The Act\* directs that the money should be paid into the Public Account as goldfields revenue. Subject to a deduction of 5 per cent. per annum for the costs of administration†, this revenue is paid by the Minister of Finance, subject to any lawful charge, to the Council or Board of the county, borough or town district in which the revenue was received. Certain payments due to Natives under the Auckland Goldfields' Proclamations Validation Act, 1869 are deducted before payment of this sum to the local authorities. The amounts raised under this heading are relatively small in the aggregate, but important in some of the smaller mining areas.

*Table showing Amount of Goldfields Revenue received by Counties, Boroughs, Town Districts, and Road Districts from 1924-25 to 1943-44*

Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
	£	£	£	£	£
1924-25 .. .. .	13,598	9,507	2	..	23,107
1925-26 .. .. .	12,390	7,479	21	..	19,890
1926-27 .. .. .	14,223	8,243	11	..	22,477
1927-28 .. .. .	17,556	8,083	20	..	25,659
1928-29 .. .. .	20,258	8,052	8	..	28,313
1929-30 .. .. .	20,981	7,854	13	..	28,848
1930-31 .. .. .	20,057	8,422	24	..	28,503
1931-32 .. .. .	11,468	6,457	9	..	17,934
1932-33 .. .. .	14,034	6,932	15	7	20,988
1933-34 .. .. .	18,645	6,788	4	..	25,447
1934-35 .. .. .	22,853	6,667	15	..	29,535
1935-36 .. .. .	24,626	6,911	..	..	31,537
1936-37 .. .. .	20,356	6,626	..	..	26,982
1937-38 .. .. .	19,552	6,444	..	..	25,996
1938-39 .. .. .	17,627	5,945	..	..	23,572
1939-40 .. .. .	19,216	5,795	..	..	25,011
1940-41 .. .. .	15,809	5,617	..	..	21,426
1941-42 .. .. .	16,290	5,298	..	..	21,588
1942-43 .. .. .	13,221	3,549	..	..	16,766
1943-44 .. .. .	14,791	5,647	..	..	20,438

## (9) TIMBER AND FLAX ROYALTIES

By the Land Act, 1924, half the revenue received by the Receiver of Land Revenue from royalties received from licenses for cutting timber or flax was made payable to the local Authority in whose district the timber or flax was obtained, and is applied exclusively for the purpose of constructing, repairing, and maintaining roads. Where there was no local authority the money received was to be put into a separate account and applied for the above purposes under the direction of the Minister of Finance. Payment is made to the local authorities quarterly on the certificate of the Land Board that it approved the works on which the money was proposed to be spent.

By the Swamp Drainage Act, 1915, which placed certain responsibilities for swamp drainage on the Minister of Lands, payments of royalties on timber and flax in respect of land in a drainage area are to be made to the Minister and not to the local authority.

By the Finance Act, 1924,‡ it was provided that timber royalties were to include receipts from the sale of native timber in bulk and payment to local authorities was to be made accordingly. Further, one-fifth of the money received into the State Forest Account from royalties or net proceeds of sales of native timbers growing on Crown lands set apart as State forests was to be payable to the local authorities in terms of the 1908 Act.

Under certain conditions§ the local authority could apply the moneys paid to it to recoup the general fund or any other fund or account out of which the body has, with the approval of the Land Board, in anticipation of the receipt of such moneys, expended any moneys for the construction, maintenance and repair of works. It is further provided that where the flax or timber has to be transported by road, the local districts through which the products are transported may receive a certain proportion of the royalties to recoup them for expense in maintaining the road.

\* Section 409.

† Mining Amendment Act, 1937, section 42.

‡ Section 17.

§ Land Laws Amendment Act, 1927, section 15.

The following table shows the amount of timber and flax royalties paid to local authorities in the period under review :—

*Table showing Amount of Timber and Flax Royalties paid to Counties, Boroughs, Town Districts, and Road Districts from 1924-25 to 1943-44*

Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	Total.
	£	£	£	£	£
1924-25	7,327	3	..	..	7,330
1925-26	11,407	298	..	..	11,705
1926-27	18,493	..	10	..	18,503
1927-28	8,935	..	..	..	8,935
1928-29	9,895	..	..	..	9,895
1929-30	15,249	..	..	..	15,249
1930-31	13,209	23	..	..	13,232
1931-32	9,480	..	..	..	9,480
1932-33	4,945	..	..	..	4,945
1933-34	4,375	..	..	..	4,375
1934-35	6,506	..	..	7	6,513
1935-36	10,196	..	..	..	10,196
1936-37	16,198	..	..	..	16,198
1937-38	18,845	..	2	..	18,847
1938-39	12,340	..	2	..	12,342
1939-40	14,914	..	..	..	14,914
1940-41	12,631	..	..	..	12,631
1941-42	17,654	..	..	..	17,654
1942-43	16,498	..	..	..	16,498
1943-44	14,476	..	..	..	14,476

(10) OTHER MISCELLANEOUS REVENUE SUBSIDIES TO TERRITORIAL LOCAL AUTHORITIES

The following table shows, for the period under review, the miscellaneous revenue receipts from the Government by County Councils, Borough Councils, Town Boards, and Road Boards :—

*Table showing Miscellaneous Subsidies paid to County Councils, Borough Councils, Town Boards, and Road Boards from 1924-25 to 1943-44*

Year.	County Councils.	Borough Councils.	Town Boards.	Road Boards.	Total.
1924-25	3,914	2,038	446	..	6,398
1925-26	2,410	4,596	258	28	7,292
1926-27	3,891	2,866	12	418	7,187
1927-28	6,876	3,171	32	366	10,445
1928-29	4,309	54,195	169	62	59,685
1929-30	6,941	4,922	88	44	11,995
1930-31	3,613	3,320	..	..	6,933
1931-32	3,241	1,185	40	122	4,588
1932-33	2,420	2,536	45	..	5,001
1933-34	2,626	4,069	46	..	6,741
1934-35	2,297	4,103	114	..	6,514
1935-36	1,421	2,098	..	..	3,519
1936-37	4,246	6,113	35	1	10,395
1937-38	2,612	1,663	..	..	4,275
1938-39	3,341	1,752	..	..	5,093
1939-40	1,999	1,544	4	..	3,547
1940-41	3,448	1,428	..	..	4,876
1941-42	2,944	5,652	..	..	8,596
1942-43	1,763	1,377	79	1	3,220
1943-44	1,388	2,061	..	..	3,449

(11) FINANCIAL ASSISTANCE TO AD HOC AUTHORITIES\*

The above discussion of Government financial assistance has been concerned principally with financial assistance to territorial local authorities. Some, but not all, of the *ad hoc* authorities also receive annual subsidies.

\* Not including Hospital Boards, for which see pages 79-80.

(a) *Rabbit Districts*

Rabbit districts receive £1 for £1 subsidy on the rates which they collect. The amounts are fairly substantial, as will be seen from the following table. The reason for this subsidy is not hard to seek, in that it is part of the national policy to maintain land in adequate production for agricultural purposes:—

Table showing Amounts of Subsidies paid to Rabbit Boards from 1924-25 to 1943-44

£			£		
1924-25	..	.. Not available.	1934-35	..	.. 14,686
1925-26	..	.. 13,488	1935-36	..	.. 16,006
1926-27	..	.. 14,016	1936-37	..	.. 21,831
1927-28	..	.. 13,150	1937-38	..	.. 28,397
1928-29	..	.. 14,402	1938-39	..	.. 29,949
1929-30	..	.. 19,086	1939-40	..	.. 28,303
1930-31	..	.. 13,058	1940-41	..	.. 29,033
1931-32	..	.. 13,516	1941-42	..	.. 35,285
1932-33	..	.. 11,601	1942-43	..	.. 35,203
1933-34	..	.. 12,129	1943-44	..	.. 39,424

(b) *Fire Districts*

The basis on which Government annual subsidies to fire districts are allocated is set out in the section dealing with the finance of Fire Boards.\* The insurance companies and some of the other interests concerned in fire protection maintain the view that because of the increasing Government risk—particularly in regard to Government housing schemes, and also in regard to Government ownership of a large proportion of the primary products of the country—that this subsidy is completely inadequate, and suggestions are made at a later stage for bringing this into closer relationship to the present conditions.

Table showing Subsidies to Fire Districts from 1924-25 to 1943-44

£			£		
1924-25	..	.. Not available.	1934-35	..	.. 3,439
1925-26	..	.. 2,285	1935-36	..	.. 3,367
1926-27	..	.. 2,863	1936-37	..	.. 4,109
1927-28	..	.. 2,903	1937-38	..	.. 4,202
1928-29	..	.. 3,787	1938-39	..	.. 4,285
1929-30	..	.. 3,807	1939-40	..	.. 4,264
1930-31	..	.. 3,880	1940-41	..	.. 4,280
1931-32	..	.. 3,620	1941-42	..	.. 4,248
1932-33	..	.. 3,223	1942-43	..	.. 4,440
1933-34	..	.. 3,304	1943-44	..	.. 4,522

(c) *Other Local Authorities*

To none of the other *ad hoc* authorities is any other regular annual Government subsidy paid. The following table gives an indication of the subsidies which have been made from time to time:—

Table showing Amounts of Special Revenue Subsidies paid to various Local Bodies from 1924-25 to 1943-44

Financial Year.	Rabbit Districts.	Urban Transport Districts.	Urban Drainage Districts.	Water-supply Districts.	Land Drainage Districts.	River Districts.	Harbour Boards.	Total.
	£	£	£	£	£	£	£	£
1924-25	..	..	..	..	208	1,495	20,175	21,878
1925-26	..	..	..	..	..	777	20,219	20,996
1926-27	..	..	..	..	..	692	17,631	18,323
1927-28	..	..	..	..	1,337	5,108	23,661	30,106
1928-29	..	..	..	..	400	6,244	22,889	29,533
1929-30	..	..	..	..	..	20,669	22,489	43,158
1930-31	..	..	..	..	..	11,814	22,505	34,319
1931-32	..	..	..	..	..	..	18,942	18,942
1932-33	..	..	..	..	..	214	5,915	6,129
1933-34	..	..	..	..	..	300	12,730	13,030
1934-35	..	4	493	7	4	159	125	21,587
1935-36	..	..	..	..	..	32	10,370	10,402
1936-37	..	..	..	..	..	..	5,277	5,277
1937-38	..	..	..	..	..	..	3,937	3,937
1938-39	..	..	..	..	..	..	2,736	2,736
1939-40	..	..	..	..	..	..	2,042	2,042
1940-41	..	..	..	..	..	..	2,309	2,309
1941-42	..	..	..	..	..	..	2,469	2,469
1942-43	..	..	..	..	..	..	2,748	2,748
1943-44	..	..	..	..	..	..	2,162	2,162

\* See page 100.

(12) SUMMARY ON ANNUAL REVENUE GRANTS BY STATE TO LOCAL AUTHORITIES

The following table summarizes all the foregoing details regarding annual subsidies to each type of local authority:—

Table showing Total Annual Revenue Grants to each Type of Local Authority from 1924-25 to 1943-44

Financial Year.	Comries.	Boroughs.	Town Districts.	Road Districts.	River Districts.	Land Drainage Districts.	Electric Power Districts.	Water-supply Districts.	Urban Drainage Districts.	Urban Transport Districts.	Local Railway Districts.	Gas-lighting Districts.	Rabbit Districts.	Fire Districts.	Harbour Districts.	All.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25 ..	222,351	43,045	5,574	5,888	1,543	208	..	..	..	..	..	..	Not given.	Not given.	20,175	298,774
1925-26 ..	228,136	43,520	5,602	5,311	777	..	..	..	..	..	..	..	13,488	2,285	20,219	319,338
1926-27 ..	239,690	45,443	5,995	6,391	692	..	..	..	..	..	..	..	14,016	2,863	17,631	332,721
1927-28 ..	227,945	45,802	6,189	5,861	5,108	1,337	..	..	..	..	..	..	13,150	2,903	23,661	331,956
1928-29 ..	236,162	99,291	6,205	3,541	6,244	400	..	..	..	..	..	..	14,402	3,787	22,889	392,921
1929-30 ..	242,402	118,511	6,235	3,747	20,669	..	..	..	..	..	..	..	19,086	3,807	22,489	436,946
1930-31 ..	235,710	130,019	6,077	3,252	11,814	..	..	..	..	..	..	..	13,058	3,880	22,505	426,315
1931-32 ..	439,442	141,159	5,772	5,613	..	..	..	..	..	..	..	..	13,516	3,620	18,942	628,064
1932-33 ..	188,186	188,910	6,819	3,952	945	554	25,848	50	5,080	6,702	57	420	11,611	3,791	7,732	450,657
1933-34 ..	177,671	189,643	6,832	3,164	1,144	801	1,322	..	5,601	1,167	..	324	12,136	3,666	39,768	443,239
1934-35 ..	363,316	141,079	6,846	4,478	125	159	..	4	7	493	..	..	14,690	3,439	21,587	559,223
1935-36 ..	376,199	159,506	7,008	4,025	32	..	..	..	..	..	..	..	16,006	3,367	10,370	576,513
1936-37 ..	211,762	204,111	4,930	2,478	..	..	..	..	..	..	..	..	21,831	4,109	5,277	454,498
1937-38 ..	211,588	207,717	4,678	2,577	..	..	..	..	..	..	..	..	28,397	4,202	3,937	463,096
1938-39 ..	212,023	219,769	4,345	2,435	..	..	..	..	..	..	..	..	29,949	4,285	2,736	475,542
1939-40 ..	214,226	225,546	4,250	1,942	..	..	..	..	..	..	..	..	28,303	4,264	2,042	480,573
1940-41 ..	214,797	190,727	4,722	1,672	..	..	..	..	..	..	..	..	29,033	4,280	2,309	447,540
1941-42 ..	215,526	180,104	4,879	1,725	..	..	..	..	..	..	..	..	35,285	4,248	2,469	444,236
1942-43 ..	209,229	142,810	5,502	1,601	..	..	..	..	..	..	..	..	35,203	4,440	2,748	401,523
1943-44 ..	212,215	128,680	4,987	1,604	..	..	..	..	..	..	..	..	39,424	4,522	2,162	393,624

The next table shows for all local authorities the totals of each type of subsidy for each year:—

Table showing Revenue Receipts from Government by all Local Authorities from 1924-25 to 1943-44

Financial Year.	Rates on Crown and Native Lands.	One-third Receipts from Land sold on Deferred Payment or held in Reptual Lease.	One-fourth Receipts from Small Grazing-runs.	Timber and Flax Royalties.	Goldfields Revenue and Gold Duties.	Subsidies on Rates (Ordinary).	Subsidies on Rates under section 45, Finance Act, 1931 (No. 4).	Fees and Fines.	Allocation of Motor-vehicles-tax Receipts.	Stamp Duty on Interest.	Other.	Total Revenue Account.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	£	£	£	£	£	£	£	£	£	£	£	£
1924-25 ..	101	28,061	6,107	7,378	23,107	202,254	..	4,323	..	..	27,443	298,774
1925-26 ..	798	22,678	6,322	11,705	19,890	222,736	..	4,636	..	..	30,573	319,338
1926-27 ..	2,165	21,527	3,485	18,953	22,477	229,065	..	6,676	..	..	28,373	332,721
1927-28 ..	1,399	14,843	3,324	8,935	25,659	228,491	..	5,851	..	..	43,454	331,956
1928-29 ..	11,730	14,165	2,699	9,895	28,313	226,798	..	6,321	..	..	93,055	392,921
1929-30 ..	1,104	10,297	3,518	15,249	28,848	241,441	..	6,296	74,882	..	55,311	436,946
1930-31 ..	4,799	10,379	2,153	13,232	28,503	231,815	..	7,075	83,227	..	45,132	426,315
1931-32 ..	1,538	5,460	510	9,480	17,934	204,644	253,143	7,116	101,089	..	27,150	628,064
1932-33 ..	1,242	4,557	563	4,945	20,988	192,619	747	5,741	99,302	105,600	14,353	450,657
1933-34 ..	1,052	5,971	567	4,375	25,417	171,078	..	6,090	100,794	104,790	23,075	443,239
1934-35 ..	2,527	7,947	1,004	6,513	29,535	192,411	178,227*	5,639	103,088	..	32,332	559,223
1935-36 ..	641	5,202	1,909	10,196	31,537	201,624	186,177†	5,771	116,168	..	17,288	576,513
1936-37 ..	324	6,674	1,089	16,198	26,982	219,684	..	8,665	155,104	..	19,781	454,498
1937-38 ..	362	3,665	815	18,847	25,996	231,864	..	5,229	163,874	..	12,414	463,096
1938-39 ..	882	5,871	592	12,312	23,572	239,103	..	4,312	176,754	..	12,114	475,542
1939-40 ..	1,265	5,866	1,117	14,914	25,014	235,253	..	4,994	182,300	..	9,853	480,573
1940-41 ..	3,877	4,802	324	12,631	21,426	242,070	..	6,850	144,095	..	11,465	447,540
1941-42 ..	635	4,043	240	17,651	21,588	247,530	..	5,309	131,924	..	15,313	444,236
1942-43 ..	1,070	3,135	228	16,498	16,763	248,351	..	2,898	102,179	..	10,408	401,523
1943-44 ..	3,079	3,572	260	14,476	20,428	232,048	..	3,518	85,500	..	19,133	393,624

\* Under section 28, Finance Act, 1934 (No. 3).

† Under section 23, Finance Act, 1934 (No. 3), and under section 20, Finance Act, 1935.

## B. GOVERNMENT SUBSIDIES FOR CAPITAL WORKS

## (1) SUBSIDIES FOR RELIEF OF UNEMPLOYMENT

Apart from Government annual subsidies which are normally laid down by statute and are paid regularly, the Government from time to time has made specific grants or loans to local authorities for specific works. The statistics for these fields are unsatisfactory, because they do not effectively cover the whole period under review. By far the largest amount of grants under this heading were grants from the Unemployment Board or the Employment Promotion Fund during the period from 1932-33 to 1939-40. The only principle which seems to be deducible from the statistics is that such grants are normally given for what might be called general local governments' activities. Such trading undertakings as Electric-power Boards, Water-supply Boards, and Transport Boards have received relatively little under this heading.

The very large sums which were available for the few years immediately preceding the war from the Employment Promotion Fund create an important problem. Over this period local authorities were able, from Government funds or from Government subsidies to capital works, to carry out important constructional activities. The question naturally arises as to whether funds from this or a similar source will be available in post-war years. If they are not to be available, then obviously the question as to the source from which these funds are to be raised will need to be examined, and it would appear that unless some similar Government subsidies are available local authorities will be forced either to raise their rates directly, or to raise them because of the necessity to raise loans to carry out important capital works, the net effect being an increasing burden on local authorities. This will be particularly true for the immediate post-war years when much deferred maintenance and construction works will have to be undertaken; and already local authorities are concerned at the increased rate burden which will result unless some State assistance is available.

The following table shows the amount of these subsidies since 1932-33, at which date they commenced:—

*Table showing Receipts of each Type of Local Authority from Unemployment Board, Employment Promotion Fund, and/or Labour Department from 1932-33 to 1943-44\**

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	River Districts.	Land Drainage Districts.	Water-supply Districts.	Urban Drainage Districts.	Urban Transport Districts.	Rabbit Districts.	Fire Districts.	Harbour Boards.	All.
	£	£	£	£	£	£	£	£	£	£	£	£	£
1932-33 . .	937,400	1,318,267	66,547	32,022	70,725	41,419	1,406	26,357	7,207	212	273	34,827	2,516,662
1933-34 . .	919,149	1,232,455	63,012	33,977	72,629	31,131	1,754	21,717	5,932	2,458	2	38,370	2,422,592
1934-35 . .	753,596	950,612	49,289	29,072	59,521	24,075	1,676	14,651	6,869	1,902	..	34,484	1,925,757
1935-36 . .	779,681	768,100	58,280	26,009	76,544	15,517	1,833	13,819	6,269	5,926	..	43,973	1,795,951
1936-37 . .	544,322	661,506	58,623	10,449	74,452	12,231	38	18,622	2,385	5,233	..	42,587	1,430,448
1937-38 . .	236,545	672,279	37,606	14,455	105,005	14,979	260	31,791	..	1,694	..	42,632	1,247,246
1938-39 . .	589,563	1,411,615	56,499	43,217	144,057	23,336	1,256	59,472	..	1,686	..	61,417	2,392,118
1939-40 . .	461,014	1,465,917	54,794	36,091	101,245	26,421	1,853	54,293	..	1,086	5,608	92,834	2,301,161
1940-41 . .	271,086	1,124,458	29,441	25,910	99,081	15,334	31	47,314	..	10,346	..	69,376	1,692,460
1941-42 . .	135,453	655,399	12,228	1,927	33,139	8,479	..	13,926	..	13,946	..	36,024	910,461
1942-43 . .	41,436	147,642	3,227	562	6,623	1,666	..	297	..	4,403	..	8,872	214,638
1943-44 . .	29,991	77,334	417	285	1,574	477	..	..	..	343	..	1,362	111,783

The very large amount of these subsidies, particularly to territorial local authorities, is evident from the above figures. The falling off in recent years is due to war conditions. During this latter period, however, local authority capital works and much maintenance work have been at a standstill. The question of finance will emerge when the time arrives for recommencement both of capital and maintenance works.

## (2) MAIN HIGHWAYS FUND

The Main Highways Board, by virtue of its constitution, is required to subsidize the counties and the smaller boroughs in the construction of main highways. This subsidy is normally at the rate of £3 to £1.† The general problems involved in road maintenance are discussed elsewhere in this report, but hereunder are given details as to the amounts which have been paid from the Main Highways Board over recent years to counties.‡

The allocation of motor-tax receipts to boroughs of over 6,000 population is on a statutory basis and partakes of the nature of an annual subsidy and is shown under the annual subsidy heading. To the smaller boroughs, however, no such annual subsidy is given, but special grants are given for special main highways work, and these are shown in the table hereunder:—

*Table showing Receipts (not Revenue) of each Type of Local Authority from Main Highways Board for Special Works from 1939-40 to 1943-44*

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	All Local Authorities.
	£	£	£	£	£
1939-40 . . . .	824,872	44,419	14,471	318	884,080
1940-41 . . . .	644,218	31,342	8,316	503	684,379
1941-42 . . . .	478,783	15,395	5,006	1,253	500,437
1942-43 . . . .	338,194	14,665	4,047	549	357,455
1943-44 . . . .	378,002	14,484	5,462	584	398,532

\* There were no such grants prior to 1932-33.

† Under certain circumstances a higher subsidy is paid.

‡ No separate details prior to 1939-40, but see page 123, where details in Highways Board allocations are set out.

Certain small advances were also made by the Main Highways Board to local authorities as set out in next table :—

*Table showing Receipts (not Revenue) of each Type of Local Authority as Advances from Main Highways Account from 1929-30 to 1943-44\**

Financial Year.*	Counties.	Boroughs.	Town Districts.	All Local Authorities.
	£	£	£	£
1929-30 .. ..	5,000	..	..	5,000
1930-31 .. ..	22,263	1,900	285	24,448
1931-32 .. ..	15,963	1,420	800	18,183
1932-33 .. ..	6,088	230	..	6,318
1933-34 .. ..	2,000	..	..	2,000
1934-35 .. ..	6,100	564	590	7,254
1935-36 .. ..	5,100	600	1,470	7,170
1936-37 .. ..	17,387	..	150	17,537
1937-38 .. ..	19,022	..	1,297	20,319
1938-39 .. ..	20,847	..	500	21,347
1939-40 .. ..	2,890	..	1,610	4,500
1940-41 .. ..	11,563	3,463	624	15,650
1941-42 .. ..	4,129	..	800	4,929
1942-43 .. ..	2,000	..	..	2,000
1943-44 .. ..	..	..	..	..

Prior to 1939-40 subsidies as given in the second last table were not shown separately and are included in the table showing "other" non-revenue subsidies†. Of these "other" subsidies Main Highways Board subsidies were easily the largest proportion of the total "other" subsidies to territorial local authorities.

### (3) PUBLIC WORKS FUND

In addition to amounts payable, particularly to County Councils, as subsidies for main-highways construction, it has been the practice over many years to make provision in the Public Works Fund for grants to local authorities for developmental work, particularly in relation to back-country roads. These amounts over the years have been very substantial. They were relatively more important in the days before the Main Highways Board was established, but even to-day the amounts are quite important. The following table gives some idea of the amounts under this heading.

Subsidies from the Public Works Fund are normally for construction work. Smaller subsidies have also been available from the Consolidated Fund for maintenance of special roads. Subsidies have also been paid from time to time for repair of flood damage—in the earlier years from the Public Works Fund, and in later years from the Consolidated Fund. The following table shows the amount of these subsidies :—

*Table showing Net Expenditure on Roads and Bridges out of Consolidated Fund and Public Works Fund from 1919-20 to 1942-43‡*

Year ended 31st March,	Consolidated Fund.		Public Works Fund.		Total.
	Maintenance of Roads.	Flood Damage.	Flood Damage.	Construction and Improvements.	
	£	£	£	£	£
1920 .. ..	59,369	..	27,213	348,884	435,466
1921 .. ..	65,366	..	20,941	506,583	592,890
1922 .. ..	62,280	..	13,435	550,744	626,459
1923 .. ..	55,948	..	8,311	639,695	703,954
1924 .. ..	63,158	..	43,183	706,554	812,895
1925 .. ..	36,336	..	55,504	551,259	643,099
1926 .. ..	61,089	27,927	23,279	545,349	657,644
1927 .. ..	72,955	27,256	..	577,361	677,572
1928 .. ..	82,531	29,170	..	705,805	817,506
1929 .. ..	63,651	21,785	..	833,577	919,013
1930 .. ..	62,299	17,205	..	1,060,908	1,140,412
1931 .. ..	24,752	8,096	..	1,475,522	1,508,370
1932 .. ..	6,876	3,040	..	1,082,210	1,092,126
1933 .. ..	4,826	220	..	396,559	401,605
1934 .. ..	5,504	4,327	..	359,671	369,502
1935 .. ..	6,116	2,235	..	371,573	379,924
1936 .. ..	28,256	5,154	..	444,377	477,787
1937 .. ..	67,925	34,842	..	912,122	1,014,889
1938 .. ..	70,738	15,286	..	1,126,757	1,212,781
1939 .. ..	25,799	23,669	..	1,290,838	1,340,306
1940 .. ..	19,270	13,704	..	1,124,590	1,157,564
1941 .. ..	10,463	47,719	..	599,013	657,195
1942 .. ..	16,651	33,861	..	242,945	293,457
1943 .. ..	21,951	35,228	..	127,961	185,140

\* No details available prior to 1929-30.

† See page 133.

‡ NOTE.—These figures are derived from a different source from figures given elsewhere in this chapter, and in some cases will be included in figures already given.

## (4) OTHER NON-REVENUE SUBSIDIES

From time to time special subsidies for specific works are given to local authorities. These are included in the next table. It should be noted that prior to 1939-40 the figures for territorial local authorities include subsidies from the Main Highways Account (except special statutory annual subsidies to boroughs of over 6,000 population).\*

TABLE SHOWING RECEIPTS (NON-REVENUE) OF EACH TYPE OF LOCAL AUTHORITY UNDER HEADING "OTHER FOR SPECIAL WORKS"

Financial Year.	Counties <sup>†</sup> .	Boroughs <sup>†</sup> .	Town Districts <sup>†</sup> .	Road Districts <sup>†</sup> .	River Districts.	Land Drainage Districts.	Electric-power Districts.	Water-supply Districts.	Urban Drainage Districts.	Urban Transport Districts.	Gas-lighting Districts.	Rabbit Districts.	Harbour Boards.	All Local Authorities.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1924-25 ..	415,110	15,660	2,478	5,483	4,664	1,966	153,026	..	250	..	..	..	18,140	616,777
1925-26 ..	543,777	33,862	4,807	10,358	5,354	4,791	..	..	250	..	..	..	654	603,853
1926-27 ..	846,248	34,493	14,846	8,632	5,352	3,935	..	..	250	..	..	..	2,364	916,120
1927-28 ..	898,323	113,455	21,091	9,731	10,845	6,844	..	..	2,239	..	509	..	6,002	1,069,039
1928-29 ..	985,280	109,538	20,669	1,997	7,457	5,718	..	..	250	..	..	..	1,451	1,132,360
1929-30 ..	1,328,952	152,403	15,980	2,438	6,355	8,055	..	215	250	..	..	..	480	1,515,128
1930-31 ..	1,186,597	299,874	27,808	15,235	9,390	15,209	..	..	1,543	7,048	..	..	1,095	1,563,799
1931-32 ..	1,323,005	1,112,417	68,940	57,581	60,564	44,262	..	848	9,369	24,436	..	..	9,253	2,710,675
1932-33 ..	580,724	51,360	8,842	1,623	2,264	3,663	..	..	100	..	..	10	253	648,586
1933-34 ..	558,024	34,210	11,723	936	1,166	1,254	..	..	100	..	..	..	254	607,667
1934-35 ..	738,498	53,772	10,889	990	13,768	1,807	..	..	100	..	..	..	1,702	821,526
1935-36 ..	902,981	42,861	10,192	1,279	60	1,295	..	..	100	..	..	..	300	959,068
1936-37 ..	1,010,085	65,931	9,301	2,789	15,307	2,119	..	..	1,766	..	..	30	1,900	1,109,228
1937-38 ..	999,771	69,465	14,002	534	23,457	2,578	..	..	100	..	..	..	325	1,110,232
1938-39 ..	1,164,165	76,302	12,286	1,819	24,164	3,396	..	..	100	..	..	..	1,650	1,283,882
1939-40 ..	327,816	51,055	1,272	246	18,887	6,137	..	..	..	..	..	..	500	405,913
1940-41 ..	251,568	38,043	140	137	6,036	2,719	..	595	..	..	..	..	742	299,980
1941-42 ..	167,282	63,875	305	302	1,558	4,811	..	..	..	..	..	..	579	238,712
1942-43 ..	144,110	597,902 <sup>‡</sup>	3,093	69	3,744	2,527	..	..	..	..	..	3,945	577	755,967 <sup>§</sup>
1943-44 ..	114,539	151,586	2,682	56	6,458	1,660	..	..	100	..	..	7,090	77,810	361,981

During the years of war emergency certain local authorities were responsible for emergency precautions work. No adequate details of expenditure under this heading are available. From 1st April, 1942, Government subsidies of £2 for each £1 expended by local authorities—chiefly Borough Councils and Town Boards—were paid. From 1st April, 1942, to 31st March, 1945, the total expenditure on this general type of emergency precaution work was £420,469, of which the local authorities paid £140,156 and the Government £280,313. Prior to 31st March, 1942, however, local authorities out of their own funds had incurred certain expenditure for which no subsidy was available and of which no details are available. For the erection or construction of public shelters a subsidy of £3 for each £1 expended by local authorities amounted to £359,129 from 1st April, 1942, to 31st March, 1945. Other subsidies of small amounts were paid to Hospital Boards and certain other public institutions. The figures for all the above subsidies are included in the above table.

## (5) TOTAL NON-REVENUE SUBSIDIES

Summarizing the previous figures, the following tables show, first, the total non-revenue subsidies of each class to all local authorities, and, second, the total non-revenue subsidies to each type of local authority:—

Table showing Total Non-revenue Subsidies to each Type of Local Authority from 1924-25 to 1943-44

Financial Year.	Counties.	Boroughs.	Town Districts.	Road Districts.	River Districts.	Land Drainage Districts.	Electric-power Districts.	Water-supply Districts.	Urban Drainage Districts.	Urban Transport Districts.	Gas-lighting Districts.	Fire Districts.	Rabbit Districts.	Harbour Districts.	All Local Authorities.
1924-25	415,110	15,660	2,478	5,483	4,664	1,966	153,026	..	250	..	..	..	..	18,140	616,777
1925-26	543,777	33,862	4,807	10,358	5,354	4,791	..	..	250	..	..	..	..	654	603,853
1926-27	846,248	34,493	14,846	8,632	5,352	3,935	..	..	250	..	..	..	..	2,364	916,120
1927-28	898,323	113,455	21,091	9,731	10,845	6,844	..	..	2,239	..	509	..	..	6,002	1,069,039
1928-29	985,280	109,538	20,669	1,997	7,457	5,718	..	..	250	..	..	..	..	1,451	1,132,360
1929-30	1,328,952	152,403	15,980	2,438	6,355	8,055	..	215	250	..	..	..	..	480	1,515,128
1930-31	1,186,597	299,874	27,808	15,235	9,390	15,209	..	..	1,543	7,048	..	..	..	1,095	1,563,799
1931-32	1,323,005	1,112,417	68,940	57,581	60,564	44,262	..	848	9,369	24,436	..	..	..	9,253	2,710,675
1932-33	1,518,124	1,369,627	75,389	33,645	72,989	45,082	..	1,406	26,457	7,207	..	273	222	34,827	3,185,248
1933-34	1,477,173	1,266,685	74,741	34,913	73,795	32,385	..	1,754	21,817	5,932	..	2	2,458	38,624	3,030,259
1934-35	1,492,094	1,004,384	60,178	30,062	73,289	25,882	..	1,676	14,761	6,869	..	..	1,902	36,186	2,747,283
1935-36	1,682,662	810,961	68,472	27,288	76,604	16,812	..	1,833	13,919	6,269	..	..	5,926	44,273	2,755,019
1936-37	1,554,407	727,437	67,924	13,238	89,759	14,350	..	38	20,388	2,385	..	..	5,263	44,487	2,539,676
1937-38	1,336,316	741,744	51,608	14,989	128,462	17,557	..	260	31,891	..	..	..	1,694	42,957	2,357,478
1938-39	1,753,728	1,487,917	68,785	45,036	168,221	26,732	..	1,256	59,572	..	..	..	1,636	63,057	3,676,000
1939-40	1,613,702	1,561,391	70,537	36,655	120,132	32,558	..	1,858	54,293	..	..	5,608	1,056	93,334	3,591,154
1940-41	1,166,872	1,193,873	37,897	26,550	105,117	18,103	..	629	47,314	..	..	..	10,346	70,118	2,676,819
1941-42	781,518	734,609	17,539	3,482	34,697	13,290	..	..	13,926	..	..	..	13,946	36,683	1,649,610
1942-43	523,740	760,209	10,367	1,180	10,367	4,193	..	..	207	..	..	..	8,348	9,449	1,328,060
1943-44	522,532	244,404	8,561	925	8,632	2,137	..	..	100	..	..	..	7,433	79,172	872,296

\* See page 123.

† Prior to 1939-30 main-highways subsidies were classified as "Other," see page 131, and also page 123.

‡ Includes about £507,000 on Emergency Precautions Scheme.

§ Includes about £514,000 on Emergency Precautions Scheme.

Table showing the Totals of each Class of Non-revenue Subsidies paid to all Local Authorities from 1924-25 to 1943-44

Financial Year.	From Main Highways Account for Special Works.	Other, for Special Works.	From Unemployment Board or Labour Department, for Special Works.	Totals.
	£	£	£	£
1924-25 .. ..		616,777	..	616,777
1925-26 .. ..		603,853	..	603,853
1926-27 .. ..		916,120	..	916,120
1927-28 .. ..		1,069,039	..	1,069,039
1928-29 .. ..		1,132,360	..	1,132,360
1929-30 .. ..		1,515,128	..	1,515,128
1930-31 .. ..		1,563,799	..	1,563,799
1931-32 .. ..		2,710,675	..	2,710,675
1932-33 .. ..		648,586	2,536,662	3,185,248
1933-34 .. ..		607,667	2,422,592	3,030,259
1934-35 .. ..		821,526	1,925,757	2,747,283
1935-36 .. ..		959,068	1,795,951 <sup>(1)</sup>	2,755,019
1936-37 .. ..		1,109,228	1,430,448 <sup>(1)</sup>	2,539,676
1937-38 .. ..		1,110,232	1,247,246 <sup>(1)</sup>	2,357,478
1938-39 .. ..		1,283,882	2,392,118 <sup>(1)</sup>	3,676,000
1939-40 .. ..	884,080	405,913	2,301,161 <sup>(1)</sup>	3,591,154
1940-41 .. ..	684,379	299,980	1,692,460	2,676,819
1941-42 .. ..	500,437	238,712	910,461	1,649,610
1942-43 .. ..	357,455	755,967	214,638	1,328,060
1943-44 .. ..	398,532	361,981	111,783	872,296

## CHAPTER IX.—LOCAL-BODY LOANS

### A. PROVISIONS AS TO RAISING LOANS

The raising of loans by local bodies has been controlled practically since the inception of local government in New Zealand. The basis of control laid down in the Municipal Corporations and the Counties Acts of 1876 in general still operates. Three main principles were then enunciated, namely:—

- (i) Loans could be raised only for the construction of public works and utilities, and not for general routine maintenance operations:
- (ii) Full publicity had to be given to all loan proposals:
- (iii) The consent of the ratepayers was necessary before loans were raised.

The provisions at present in operation are contained chiefly in the Local Bodies' Loans Act, 1926. The following summary gives the principal provisions of that act: "A local body may raise a special loan for constructing, providing, or establishing any public work, or the purchase or other acquisition of any land, building, erection, or structure, or the engaging in any undertaking as to which the local authority is duly authorized by law, or the payment, consolidation, or the conversion of the whole or part of any special loan or loans which the local authority has lawfully raised<sup>(2)</sup>."

The cost of maintenance or repair of any public work or undertaking for which the loan is raised cannot be paid out of loan<sup>(3)</sup>.

Any surplus of a loan after the undertaking for which it was raised is completed is to be paid into the sinking fund or otherwise applied to the repayment of the loan<sup>(4)</sup>. The point of this provision is that a loan can be used only for the specific purpose for which it is raised.

The proposal to raise a loan and the financial provisions thereof must be publicized, in the newspapers circulating in the district, once in each week for four weeks. The notification must state in full not only the amount of the proposed loan, and the security but also the purpose for which the loan is to be raised and the financial provisions<sup>(5)</sup>.

Generally the proposal to raise a loan must receive the consent of the ratepayers at a poll taken for that specific purpose, of which due notice must be given in the newspapers<sup>(6)</sup>.

In the case of boroughs and town districts, a majority of the total valid votes at a poll are sufficient to carry the proposal. In other local authorities the proposal is not carried unless at least three-fifths of the total number of valid votes recorded at the poll are in favour of the loan<sup>(7)</sup>.

(1) From Employment Promotion Fund.

(2) Local Bodies' Loans Act, 1926, section 3.

(3) Ibid., section 6.

(4) Ibid., section 8.

(5) Ibid., section 10.

(6) Ibid., section 11 (see below regarding loans which can be raised without a poll of ratepayers).

(7) Ibid., section 12.

A poll of ratepayers is not necessary where a loan is being raised to pay off the whole or any part of any special loan previously raised; to consolidate or convert the whole or any part of any special loan raised, but so that the annual charges in the district in respect of such loan are not thereby increased; to undertake any special work for which the local authority is authorized by any Act of Parliament to raise a special loan by special order; and where the total ratepayers do not exceed 100, if at least three-fourths of these ratepayers representing the greater part of the capital value of the property of the ratepayers in the district, consent in writing<sup>(1)</sup>.

As security for the loan the local authority may pledge any one or more of the following: the work, land, building, erection, or other subject-matter of the loan and the revenues therefrom; a special rate made and levied for the purpose of that special loan; any other property of the local authority, and any revenues from any sources and any funds and moneys. It is not possible, however, for a local authority to pledge moneys received or receivable by way of grants from the Government, or previously pledged as security for any other loan<sup>(2)</sup>.

The normal procedure in territorial local authorities is to strike a special rate which shall be calculated to yield, if necessary, 10 per cent. more than the annual or other charges in respect of the loan. Where the loan is for the benefit of a special district or a special area, the special rate can be struck on the property of that area exclusively, and not necessarily on the whole property within the territory of the local authority<sup>(3)</sup>.

A local authority may with the consent of the Minister of Internal Affairs borrow money to provide moneys to provide works necessary as a result of flood, earthquake, fire, or other accident<sup>(4)</sup>.

Local authorities required by the Board of Health to construct, alter, or extend any sanitary work are exempt from the necessity to take a poll of ratepayers if to carry out this work they require to raise a loan<sup>(5)</sup>.

Although a special rate may be struck, it need not be levied where a local authority is able to pay the interest, or interest and sinking fund, of such loan out of its general funds, or out of any general or separate rate made over a special district, where the loan is for the benefit of that particular district<sup>(6)</sup>.

The procedure of raising the loan is as follows: a loan must be raised by debentures, which must state in full the purpose for which it is raised<sup>(7)</sup>.

The maximum rate of interest payable on local-body loans shall not exceed 5 per cent., but this provision must be read in the light of a subsequent discussion with regard to the work of the Local Government Loans Board<sup>(8)</sup>. Under certain circumstances a local authority may borrow in terms requiring the repayment by instalments<sup>(9)</sup>. Further, debentures may be made repayable by periodic drawings or, alternatively, repayable as a single amount at the end of the period for which the loan was raised<sup>(10)</sup>. Normally, local authorities where they do not repay by instalments or by periodic drawings are required to establish a sinking fund and appoint Sinking Fund Commissioners who are a corporate body responsible to accumulate and invest sinking funds payable to them by the local authority, and to make available the accumulated sinking fund at the time of repayment. Where the loan has been raised from any Department of the Government, the Public Trustee is the Sinking Fund Commissioner. He may also be Sinking Fund Commissioner if appointed in respect of other loans<sup>(11)</sup>.

The Act also contains provisions as to the appointment of a receiver when default is made in the payment of interest or the repayment of principal<sup>(12)</sup>.

The Local Bodies' Loans Act contains provisions for a State guarantee for certain local-body loans. Although this provision was operated in previous years, no guarantees have been given of recent years for local-body loans<sup>(13)</sup>. No local-body loan confers on the lender any claim on the Government in the case of default by the local authority<sup>(14)</sup>.

## B. LOANS TO LOCAL BODIES BY THE STATE ADVANCES CORPORATION

During the latter part of the last century, and in the early years of this century, the State made available, particularly to rural local authorities, considerable amounts of loan-moneys at low rates of interest for developmental works. In 1909 the State Advances Office was made the channel through which Government loans to local authorities were to be made, and the purposes for which loans could be granted were extended. These provisions were consolidated in the Local Bodies' Loans Act, 1926, which, among other things, laid down that the maximum amount of loans in any three-yearly period to any local authority, was not to exceed £60,000. These provisions of the Local Bodies' Loans Act, 1926, were repealed by the Finance Act, 1937<sup>(15)</sup>. The present position is that the State Advances Corporation deals with the local authorities as an ordinary lender. There is no specific statutory authority requiring the State Advances Corporation to accommodate local authorities. In actual fact quite a number of loans are still raised through the State Advances Corporation.

(1) Local Bodies' Loans Act, 1926, section 17.

(2) *Ibid.*, section 20. By Finance Act, 1945, section 13, power is given to pledge property, previously pledged for another loan, as security for a second loan, subject always to prior rights of the holders of the first loan.

(3) *Ibid.*, section 21.

(4) Local Bodies' Finance Act, 1921-22, section 7.

(5) Health Act, 1920, section 24.

(6) Local Bodies' Loans Act, 1926, section 22.

(7) *Ibid.*, section 27.

(8) Local Authorities Loans (Rates of Interest) Act, 1931, section 3.

(9) Local Bodies' Loans Act, 1926, section 32.

(10) *Ibid.*, section 38.

(11) *Ibid.*, section 42.

(12) Local Bodies' Loans Act, 1926, sections 48 to 58.

(13) *Ibid.*, sections 80 to 85.

(14) *Ibid.*, section 47.

(15) Finance Act, 1937, section 10.

The following table gives the amount of loans made over the period from 1924-25 to 1943-44 by the State Advances Office to various types of local authorities:—

Table showing Loans and Advances from the State Advances Corporation for the Years from 1924-25 to 1943-44

Financial Year.	Counties.	Boroughs.	Town Boards.	Road Boards.	River Boards.	Land Drainage Boards.	Electric-power Boards.	Water-supply Boards.	Urban Drainage Boards.	Urban Transport Boards.	Rabbit Boards.	Fire Boards.	Harbour Boards.	Total.
1924-25	£ 265,076	£ 500,169	£ 33,896	£ 31,007	£ 10,950	£ 11,529	£ 228,700	..	..	£ 16,500	..	..	..	£ 1,097,818
1925-26	94,489	66,387	27,211	3,140	2,000	4,347	..	..	..	..	..	..	..	197,574
1926-27	183,264	14,110	978	59,610	24,970	1,320	..	..	..	..	..	..	..	284,252
1927-28	29,921	..	..	..	..	6,945	..	..	..	..	..	..	..	36,866
1928-29	6,740	..	..	..	..	3,000	..	..	..	..	..	..	..	9,740
1929-30	5,500	80	..	..	..	..	..	..	..	..	..	..	..	5,580
1930-31	2,120	..	..	..	..	..	..	..	..	..	..	..	..	2,120
1931-32	1,400	72,350†	950†	..	11,000†	..	..	..	..	..	..	..	..	85,700
1932-33	5,885*	46,000†	2,500†	..	..	..	..	..	..	..	..	2,700†	30,900†	87,985
1933-34	..	..	..	..	..	..	..	..	..	..	..	3,650†	..	3,650
1934-35	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1935-36	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1936-37	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1937-38	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1938-39	136,070	392,790	15,862	1,750	40,000	9,205	651,370	..	..	..	..	35,500	44,600	1,327,147
1939-40	42,900	238,905	4,500	..	18,200	2,500	233,130	1,600	3,000	..	850	750	70,680	617,015
1940-41	49,879	7,145	..	..	..	..	3,000	..	..	..	600	..	..	60,624
1941-42	120,462	25,000	..	..	..	..	..	..	..	..	..	..	..	145,462
1942-43	21,211	..	..	..	..	..	..	..	..	..	..	..	..	21,211
1943-44	5,280	..	..	..	..	..	..	..	..	..	..	..	..	5,280

### C. LOCAL GOVERNMENT LOANS BOARD

During the years immediately succeeding the 1914-18 war local bodies embarked on very large loan works, and, by so doing, increased the rates to a very considerable extent. In fact, it can be said that the ultimate solvency of many local authorities in New Zealand was dependent entirely on the maintenance of the very high price-levels which tended to operate in the early part of the third decade of the century. By the middle of the decade it became evident that excessive borrowing had taken place, and that if this was allowed to continue serious problems were likely to emerge, and hence, in 1926, the Local Government Loans Board Bill was introduced into, and passed by, Parliament. In the previous year £6,000,000 had been raised, and the sums raised seemed to be increasing, and the rates of interest were increasing in consequence of the added risk which investors were undertaking. It was felt that New Zealand's credit was at stake, and that the principle by which isolated local authorities could pledge the credit of their own ratepayers was producing chaos from the national point of view. In order that ratepayers could get some particular work done in the way of roading improvement and suchlike, they would vote for a general proposal, and the question whether the loan was really in the interests of the locality was lost sight of. In many cases very little interest in the purpose of the loan had been shown by ratepayers, and on many occasions only a small proportion had voted. The Prime Minister, in introducing the measure, said that some control was absolutely necessary in the best interests of the country as a whole, and of the separate localities. He pointed out in the course of his discussion that in Great Britain local-body borrowing was closely supervised by the Government, who had to be satisfied as to the necessity of the scheme, and usually arranged for the holding of a local inquiry. Most local-body loans in England were, and are, subject to this central Government supervision, and before a sanction is issued the rate of interest, terms of the loan, and conditions of repayment are fixed by the central Government.

To meet the situation in New Zealand the Local Government Loans Board was established. The object, as defined by the mover of the Bill, was to establish absolute confidence in local authorities and in the country generally, with regard to loans raised in the future, thus enabling loans to go on to the best market. The Act provides that the Board is to consist of the Secretary to the Treasury, the Engineer-in-Chief of the Public Works Department, and five other persons to be appointed by the Governor-General in Council.

The Government indicated that experienced local-body officials were to be represented on the Board. The early members of the Board consisted, in addition to the two *ex officio* members, of the Chairman of a Power Board, the Town Clerk of a City, and an Engineer of a County Council. At the present time, in addition to the official members noted above, the Under-Secretary of Internal Affairs has a seat, and also one administrative officer and one technical officer from the local-body field. Every local body which proposes to borrow any money otherwise than in anticipation of its revenue—that is, normally by overdrafts—are required to submit to the Board an application and statement giving such information and particulars as may be required by the Board. The Board is empowered to make such investigations as it considers fit in respect of every loan, and in carrying

\* Includes £5,615 loans under Hawke's Bay Earthquake Act, 1931.

† Under the Hawke's Bay Earthquake Act, 1931.

out its inquiries those it has the full powers of a Commission of Inquiry<sup>(1)</sup>. The Board may sanction an application wholly or in part, or subject to such conditions as it thinks fit. Where the loan is for several purposes it may require that each purpose be submitted as a separate proposal to the ratepayers, or refer the application back to the local authority for amendment, or finally decline the application. Before its sanction is given, the Board must be satisfied with the provisions for repayment within such period as the Board deems reasonable, having regard to the probable duration and continuing utility of the works for which the loan is being raised<sup>(2)</sup>.

The procedure then is somewhat as follows when the local authority decides to proceed with a particular loan proposal: before a poll is taken it submits full details to the Loans Board of the proposed works, and the method of raising the loan, the interest payable, the methods of repayment, including payment to sinking fund, and the period for which the loan is to run. The Board must be satisfied not only of the necessity of the work, but within broad limits as to the technical methods of carrying out the work, and, in addition, it must be satisfied as to the rate of interest, payment to sinking funds, and the methods of repayment. If a loan is declined, a renewed application cannot be submitted within twelve months<sup>(3)</sup>. When the sanction of the Local Body Loans Board is given, and not before, the local authority is required to take a poll of the ratepayers<sup>(4)</sup>. Where no poll is required (as discussed earlier) the Board's sanction is, in effect, an approval to proceed with the loan proposal<sup>(5)</sup>.

Where the application is for the renewal of an existing loan the Board may not decline the proposal, but may impose conditions as to the repayment of the loan, in particular as to the creation of a sinking fund or otherwise.

That the operations of the Local Body Loans Board have achieved the purpose for which it was set up is evident from the steady reduction in local-body indebtedness over the period. The following table shows the applications made annually since the inception of the Board to the present day for all loans for local authorities, divided as between loans for new works and for redemption of existing loans. The table shows by deduction the amount of loans declined or referred back. Some of the loans referred back were granted in subsequent years, and consequently the column headed "Loans declined or referred back" must be read with care.

*Table showing the Amount dealt with and the Amount sanctioned both for New Works and for Redemption Loans by the Local Government Loans Board from 1927-28 to 1943-44*

Financial Year.	Total Applications.	Sanctioned.		Amount declined or referred back for further consideration <sup>(6)</sup> .
		New Works.	Redemptions.	
	£	£	£	£
1927-28 .. ..	4,636,649	3,212,185	1,048,796	375,668
1928-29 .. ..	6,007,045	3,866,551	809,221	1,331,373
1929-30 .. ..	4,218,730	3,563,842	967,875	(7)
1930-31 .. ..	3,840,505	1,766,256	838,901	1,235,348
1931-32 .. ..	3,412,365	781,195	2,483,810	147,360
1932-33 .. ..	2,951,645	406,521	2,348,231	197,093
1933-34 .. ..	3,884,132	917,560	2,744,245	222,427
1934-35 .. ..	3,859,363	1,585,440	2,379,955	(7)
1935-36 .. ..	4,061,076	1,550,690	2,051,790	458,896
1936-37 .. ..	2,804,308	2,411,358	430,313	(7)
1937-38 .. ..	3,362,173	3,098,445	122,758	140,970
1938-39 .. ..	5,138,917	3,013,872	1,188,525	(7)
1939-40 .. ..	2,674,450	1,701,460	355,800	617,190
1940-41 .. ..	5,336,640	2,709,505	1,602,670	1,024,475
1941-42 .. ..	4,589,653	1,898,096	1,391,728	1,299,829
1942-43 .. ..	3,336,770	1,497,120	1,121,000	718,650
1943-44 .. ..	3,999,665	1,349,335	2,359,755	290,575

(1) Local Government Loans Board Act, 1926, sections 3 and 5.

(2) Ibid section 6.

(3) Ibid section 7.

(4) Ibid section 9.

(5) Ibid sections 9 and 10.

(6) These figures are arrived at by subtracting the amount sanctioned from the total applications and are not comparable with officially published figures as these take into account amounts referred back and subsequently approved.

(7) The increase of the amount sanctioned is due to a carry over from the previous year.

A better picture of the operations of the Board can be seen from the next table, which shows a cumulative total of the amount of loans declined over the period that aggregate at the present time approximately £8,000,000 :—

*Table showing the Cumulative Amount declined and referred back for Further Consideration by the Local Government Loans Board from 1930-31 to 1943-44\**

£			£		
1930-31	..	2,629,302	1937-38	..	3,652,053†
1931-32	..	2,776,662	1938-39	..	4,588,573
1932-33	..	2,973,555	1939-40	..	5,205,763
1933-34	..	3,195,882	1940-41	..	6,230,228
1934-35	..	3,089,850	1941-42	..	7,530,057
1935-36	..	3,548,446	1942-43	..	8,248,707
1936-37	..	3,934,733	1943-44	..	8,539,282

The actual effect of the Board's operations, however, is more extensive than these figures would indicate, because the very existence of the Board has prevented the development of schemes which are fundamentally unsound.

Another very important function that the Board has performed has been the systematization of sinking funds. The actual financial stability of local bodies in relation to their loans is to-day much more satisfactory than in the past. Practically all loans now raised are liquidated within the life of the asset, and hence the local authorities are able to have a much sounder approach to the money market.

A further means by which the Local Government Loans Board has been of very great value to local authorities has been by the increased confidence which investors have in local-body securities, once the proposals have secured the approval of the Local Government Loans Board. Evidence of this is that to-day a large proportion of the local-authority loans are raised at  $\frac{1}{4}$  per cent. higher than is paid for many Government loans. Previous to the operation of the Board the rate was very much higher. The following table shows the general structure of interest rates in 1925-26, before the Loans Board commenced operations, and in 1941-42 :—

*Table showing Amounts of Loans held by Local Authorities at Rates of Interest under 4 per Cent., from 4 per Cent. to  $4\frac{3}{8}$  per Cent., from 5 per Cent. to 6 per Cent., and over 6 per Cent. for the Years 1925-26 and 1941-42*

Financial Year.	Rates of Interest.			
	Under 4 per Cent.	From 4 per Cent. to $4\frac{3}{8}$ per Cent.	From 5 per Cent. to 6 per Cent.	Over 6 per Cent.
	£	£	£	£
1925-26 .. ..	28,796	12,183,317	37,078,378	2,436,406
1941-42 .. ..	12,544,013	43,800,200	8,990,572	..

The table shows a heavy fall in interest rates in 1941-42; not all of this is, however, due to the operations of the Loans Board, but is in part due to a general fall in interest rates. The following table shows the same facts in a summarized manner. In 1925-26, 87 per cent. of the loan paid over  $4\frac{1}{4}$  per cent. interest; in 1941-42 only 18 per cent. paid over  $4\frac{1}{4}$  per cent. :—

*Table showing Amounts of Loans held by Local Authorities at Rates of Interest of  $4\frac{1}{4}$  per Cent. and under and over  $4\frac{1}{4}$  per Cent. in the Years 1925-26 and 1941-42*

Financial Year.	$4\frac{1}{4}$ per Cent. and Under.	Over $4\frac{1}{4}$ per Cent.
	£	£
1925-26 .. ..	6,438,436	45,288,461
1941-42 .. ..	53,420,764	11,912,021

Finally, in implementing the Government policy, the Local Government Loans Board has prevented local authorities from raising money outside New Zealand. This has a very important bearing on the economic stability of the country. In 1928-29, just after the commencement of the operation of the Local Government Loans Board, £18,000,000 of local-body debt was outstanding on the English market, approximately £7,000,000 on the Australian market, and £36,000,000 on the New Zealand market.

\* These figures are not necessarily comparable with previous tables, because of amounts referred back and subsequently approved.

† The decline in the cumulative amount shown in these years is due to reconsideration of applicants.

At the present time, with the debt at approximately the same figure, only £9,000,000 is outstanding on the English market, £2,000,000 on the Australian market, and £53,000,000 in New Zealand. The following table shows the details of this trend :—

*Table showing Amounts of Loans domiciled in the United Kingdom, New Zealand (excluding Inscribed\* Debt), and Australia for the Years from 1924-25 to 1943-44*

Financial Year.	Amount domiciled in			Total Amount.
	New Zealand.	Australia.	United Kingdom.	
	£	£	£	£
1924-25 .. ..	29,412,907	3,728,147	12,579,740	45,720,794
1925-26 .. ..	34,863,971	4,458,636	12,404,290	51,726,897
1926-27 .. ..	37,337,188	5,950,276	13,125,295	56,412,759
1927-28 .. ..	34,671,492	7,071,815	17,205,721	58,949,028
1928-29 .. ..	36,301,819	7,385,677	18,316,290	62,003,786
1929-30 .. ..	38,137,333	8,199,599	17,715,089	64,052,021
1930-31 .. ..	39,584,652	8,574,529	17,533,425	65,692,606
1931-32 .. ..	40,823,012	7,281,981	17,362,725	65,467,718
1932-33 .. ..	42,909,542	5,729,678	17,003,321	65,642,541
1933-34 .. ..	44,391,572	4,197,906	16,748,225	65,337,703
1934-35 .. ..	46,178,068	2,564,693	16,088,525	64,831,286
1935-36 .. ..	50,598,066	2,200,086	15,947,925	68,746,079
1936-37 .. ..	50,924,744	2,165,309	13,860,325	66,950,378
1937-38 .. ..	51,136,130	2,021,958	13,328,925	66,487,013
1938-39 .. ..	51,921,355	1,981,335	12,775,525	66,678,215
1939-40 .. ..	53,457,874	2,264,220	12,284,225	68,006,319
1940-41 .. ..	54,452,071	2,198,211	9,893,025	66,544,307
1941-42 .. ..	53,907,242	2,043,718	9,381,825	65,332,785
1942-43 .. ..	53,656,498	1,851,273	8,461,325	63,909,096
1943-44 .. ..	52,846,060	1,624,458	7,831,225	62,307,743

No adequate comparable figures are available since the inception of the Loans Board to show the purposes for which loans were approved. The following table gives some idea of the distributions over several recent years. The points to be noted in the table are the heavy increase in borrowing by Hospital Boards, the large amounts borrowed in pre-war days by Electric-power Boards, and the relatively small amounts borrowed by County Councils for roads and bridges :—

*Table showing Character of Work for which Sanctions for Loans from the Loan Board have been granted in certain Years*

	Electricity Supplies†.	Harbour-works.	Hospital Boards.	Housing.	Water.	Roads, Bridges, &c., in Counties	Other‡.	Total.
	£	£	£	£	£	£	£	£
1935-36 ..	428,000	17,000	108,450	..	99,600	53,795	638,970	1,550,690
1938-39 ..	923,800	340,000	171,200	204,875	99,170	276,625	998,112	3,013,872
1941-42 ..	107,000	200,000	867,600	150,500	487,566	6,250	80,980	1,898,096
1943-44 ..	261,600	200,000	629,325	111,000	56,700	15,000	75,710	1,349,335

\* All inscribed debt is held in New Zealand.

† Principally to Power Board.

‡ Principally to boroughs and cities.

## CHAPTER X.—VALUATIONS

Where a local authority rates on the capital or unimproved value the valuations are carried out by the Valuation Department, which produces a roll which shows the capital value, value of improvement, and, by deduction, the unimproved value. This roll is used not only by the local authorities for rating purposes, but also by the State for the purposes of the land-tax. Where the local authority, however, rates on the annual value, the valuation roll is prepared by valuers appointed by, and responsible to, the local authority. In every case where any valuation roll is produced, and before it is put into operation it is made available for public inspection, and a ratepayer who feels that his rateable value is incorrect may appeal to an Assessment Court for a correction of the value. When the Assessment Court has completed its findings, the valuation roll then becomes the basis on which the local authority levies its rates.

The unrestricted right to appeal against a valuation appearing on the valuation roll at times works unfairly to ratepayers generally. The right of appeal should subsist for only a limited time after the production of a new roll, and if no appeal is lodged, say, within six months of the production of the roll, the ratepayer should lose his right until the production of a new roll.

A number of witnesses made the point that because of the infrequency of valuations, serious inequities resulted. In a single territorial local authority the fact that a revaluation has not taken place for some time may not create great hardships, since relative values will probably not alter greatly. Even in this case, however, in an area which is rapidly developing, delay in revaluation may cause serious disequilibria in rate burdens. On the other hand, as between the local authority districts which are constituent districts of an *ad hoc* Board, such as a Hospital Board, the recency or otherwise of valuations is a serious factor, since levies on such constituent districts are proportioned to the relative rateable capital values, and where the valuations have been made at different dates there may, and frequently do, emerge serious inequities.

When the Valuation Department was first set up it was conceived that complete revaluations would be made at least once every three years, but at the present time some local authorities have not been revalued for fifteen years or more. The Valuer-General informed us that the bottle-neck at the present time is staff. Valuation is a highly technical profession, and he maintained that trained staff, to enable valuations to be kept reasonably up to date, was neither available nor in sight at the present time.

## CHAPTER XI.—RELATION BETWEEN CENTRAL AND LOCAL GOVERNMENT

### A. STATUTORY STRUCTURE OF CENTRAL-LOCAL RELATIONSHIPS

Every local governing authority in New Zealand owes its origin and legal status to some specific statutory provision. The power to set up any particular local authority is normally vested by various statutes in the Crown. Such action usually follows some local agitation, as evidenced by a petition to the Governor-General requesting the setting-up of the particular local authority.\*

There is one exception to this statement that all new local authorities are constituted by the Crown, and that is now only of historical interest. Road Boards, which are wholly internal to a county, are conceived as subordinate administrative bodies to a County Council, and the County Council may set up a Road Board, change its district, unite two or more Boards, and abolish Road Boards†. For each type of local authority the enabling statutes also set out in detail the constitution, the method of its election or appointment, the franchise of elections, and the general method of conducting elections‡. There are also more or less detailed provisions as to methods of carrying out formal business, including such questions as the election of a Chairman, a quorum, minute-books, calling of meetings, and resolutions. An important provision is that prohibiting a person from contracting—except for very small amounts—with the local authority of which he is a member§. No person may be elected to or remain a member of any local authority if he is concerned or interested in any contract made by the local authority if the payment to be made by the local authority exceeds £10 in the case of any contract, or £25 in any one year||.

In addition, no member may vote on a matter in which he has a pecuniary interest. For instance, a member of a Drainage Board could not vote on a question to provide better facilities for his own property, and, it would seem, an employee who is a member of the local authority could not vote on a question to raise his salary.

Apart from this machinery control, perhaps the most effective control is in regard to finance. While many local authorities have very wide powers, their powers are limited by the control over rating and borrowing. The central Government, having authorized an activity, can provide at will for the funds to carry out that work. A local authority, on the other hand, cannot undertake even an authorized activity unless its revenue from authorized sources will enable it to do so. Even where a territorial local authority is authorized to undertake trading activities it can only finance them from the revenue derived therefrom, plus such contributions from its general fund as it may think fit; but such contribution must not involve rating beyond the ordinary limit. Some *ad hoc* authorities specifically created for trading activities— for example, Electric-power Boards— however, have rating-powers which normally are used only in the initial developmental stages of their work.

\* See, for instance, Municipal Corporations Act, 1933, section 135; Counties Act, 1920, section 10; Town Boards Act, 1908, section 4; Fire Brigades Act, 1926, section 3; &c.

† Road Boards Act, 1908, section 4, *et seq.*

‡ See, for instance, Municipal Corporations Act, 1933, Counties Act, 1920, Land Drainage Act, 1908, &c.

§ Local Authorities (Members Contracts) Act, 1934.

|| *Ibid.*, section 3. The term "interest or concerned" is carefully defined and does not include mere membership of any incorporated company having over twenty members, nor employment by any local authority, including that to which he is elected or appointed (Local Elections and Polls Amendment Act, 1944, section 10), nor interest in a loan raised or a loan granted by a local authority.

While the specific fundamental powers of the local authority are laid down in various statutes, the responsibility to supervise the exercise of those powers is vested in the Audit Office<sup>(1)</sup>. A local authority for this purpose is defined as meaning "the governing body . . . of any corporation or institution maintained or supported in whole or in parts by grants of public moneys or by the proceeds of endowments of Crown lands, or out of rates, tolls, fees, or fines, which any such body is empowered by law to levy, claim, receive, or enforce . . ." <sup>(2)</sup>.

The responsibility of the Audit Office is not confined to seeing that rates are correctly levied, but also to ensure that the activities of a local authority involving finance are generally authorized by statute and specifically authorized by the local authority in a legal manner. This power to audit involves a power to "surcharge . . . every member of the local authority<sup>(3)</sup>" for any moneys unlawfully expended. The Audit Office is also responsible for the enforcement of the Local Authorities (Members' Contracts) Act, 1934.

Practically all the statutes governing local authorities require some form of publication of accounts. Fire Boards and Hospital Boards are required to submit their estimates for approval to the Minister responsible for the activity early in the financial year<sup>(4)</sup>. All local authorities are required to produce an annual statement of accounts. In the case of Borough Councils, County Councils, Harbour Boards, and Fire Boards these accounts must be forwarded to the Minister of Finance and laid on the table of the Houses of Parliament<sup>(5)</sup>. Catchment Boards, Domain Boards, and Hospital Boards must forward a copy of their accounts to the Minister charged with their supervision respectively<sup>(6)</sup>. The Minister is not charged to lay such accounts on the table of the House. Other local authorities are not required to send their balance-sheets to the central Government, except, of course, to the Audit Office. Many, but not all, local authorities are required to make their accounts publicly available. Borough Councils are required to publish their accounts<sup>(7)</sup>. Borough Councils are required to make a copy of the annual accounts available to ratepayers on request, free of charge<sup>(8)</sup>. County Chairmen are liable to a fine if accounts not published within two months<sup>(9)</sup>. Drainage Boards must publish an abstract of their accounts in a newspaper circulating in the district<sup>(10)</sup>. Hospital Boards are not required to publish their accounts, except to contributory local authorities<sup>(11)</sup>. Catchment Boards are not required to publish their accounts except to the Soil Conservation and River Control Council<sup>(12)</sup>. Electric-power Boards must make their accounts available to the public and may charge a fee of 1s. for inspection thereof<sup>(13)</sup>. Fire Boards are not required to publish their accounts except to contributory local authorities and contributory insurance companies<sup>(14)</sup>. Harbour Boards must publicly notify that their accounts are open for inspection for at least thirty days, and must supply a copy to debenture-holders free of charge<sup>(15)</sup>. Town Boards and River Boards may publish their accounts or make them available for inspection by ratepayers<sup>(16)</sup>. In the case of County Councils, Borough Councils, and Road Boards further publicity is provided for in that the accounts of the Treasurer may be inspected by any Councillor, ratepayer, or person holding a secured charge over property of the local authority<sup>(17)</sup>.

To summarize the above discussion in relation to control over finance, this takes several forms:—

- (i) Control over amount of rating-power :
- (ii) Control over direction of expenditure :
- (iii) Audit by Audit Office :
- (iv) Annual Accounts in some cases to be laid before Parliament, and in other cases to be sent to a Minister :
- (v) Full publicity as to accounts which are normally available to all ratepayers and creditors.

A further important and necessary control is over local authority borrowing. The specific details on this subject are given in the section dealing with loans, but may be noted here as illustrating further controls. They may be summarized as under :

- (i) Loans may be raised only for work for which the particular local authority is specifically authorized by statute :
- (ii) Normally all loans require authorization
  - (a) By a poll of ratepayers ; or
  - (b) By a general statutory authority exempting from such a poll ; or
  - (c) By a special Act of Parliament exempting from such a poll :
- (iii) All loans require the authorization of the Local Government Loans Board.
- (iv) Specific provisions for amortization, including the appointment of independent Sinking Fund Commissioners, are necessary.

(1) Public Revenues Act, 1926, Part XIV, sections 124 to 132.

(2) *Ibid.*, section 124.

(3) *Ibid.*, section 127.

(4) Fire Brigades Act, 1926, section 25; estimates to be submitted to the Minister of Internal Affairs. Hospital and Charitable Institutions Act, 1925, section 46; estimates to be submitted to the Minister of Health.

(5) Municipal Corporations Act, 1933, section 133; and regulations thereunder, dated 1st September, 1921, and 21st September, 1922; Counties Act, 1920, section 142; Harbours Act, 1927, section 100; Fire Brigades Act, 1926, section 59.

(6) Soil Conservation and Rivers Control Act, 1941, section 121; Public Reserves and Domains and National Parks Act, 1928, section 62; Hospital and Charitable Institutions Act, section 88.

(7) Municipal Corporations Act, 1933, section 131, regulations 1st September, 1921, clause 36; Counties Act, 1920, section 139; Town Boards Act, 1908, section 46.

(8) Regulations 1st September, 1921, clause 27.

(9) Counties Act, 1920, section 139.

(10) Land Drainage Act, 1908, section 47.

(11) Hospital and Charitable Institutions Act, 1926, section 88.

(12) Soil Conservation and Rivers Control Act, 1941, section 121.

(13) Electric-power Boards Act, 1925, section 75.

(14) Fire Brigades Act, 1926, section 59.

(15) Harbours Act, 1923, section 100.

(16) Town Boards Act, 1908, section 46; River Boards Act, 1908, section 115.

(17) Counties Act, 1920, section 143; Municipal Corporations Act, 1933, section 131; Road Boards Act, 1908, section 105.

In the town-planning field the proposals of the local body are subject to central approval before they can be enforced. The activities of the Town-planning Board are quasi-judicial, because, in addition to an approving power on the question of any town-planning scheme, it has an appellate jurisdiction as between the local authority and an aggrieved citizen. The reason for this supervision is not hard to seek. Town-planning may involve major restrictions on individual economic liberty, and for the protection of the subject the final appeal must be to an authority other than the administering body. As the subject is technical rather than legal, an appeal to the ordinary Courts will not be satisfactory, and hence the necessity for an *ad hoc* Town-planning Board.

A further and more detailed type of control is exercised over the activities of a local authority where subsidies are given for specific purposes. For instance, main-highways subsidies are given only on the understanding that the work conforms to given standards.\* Employment-promotion subsidies are given only for specific types of work. Other examples will occur to the reader.

Normally, however, State control does not involve the actual carrying-out of a given task or of the administrative set-up of the local authority. The supervision is procedural and financial rather than executive. In the executive field, however, the officers of the central Government are frequently approached for advice. The Audit Office, for instance, is very willing to advise on accounting and finance generally, and other Departments of State are also similarly called on.

## B. DEPARTMENTAL RELATIONSHIPS

### (1) INTERNAL AFFAIRS DEPARTMENT

Central supervision over local authorities is exercised through various Government Departments. The constitutional and administrative side of local-body activity is controlled by the Department of Internal Affairs, while the technical problems are normally supervised by the various technical Departments. While these Departments have numerous statutory functions, their relations with local authorities are by no means confined to their statutory duties. All Departments act in an advisory capacity to the local bodies with which they are associated.

The Internal Affairs Department is looked on as the parent Department of local government in the Dominion and exercises a general supervision over most constitutional and administrative functions of local authorities in the Dominion. The Department is responsible for the constitution of territorial local authorities, including changes in area and status. The Local Elections and Polls Act, 1925, and amendments, which provide the machinery for elections of all local bodies, is administered by the Department. Even in the case of those *ad hoc* bodies which are supervised by other Departments it is usual for the Internal Affairs Department to be consulted on questions of constitution, elections, and rating-powers.

Many local authorities, particularly territorial ones, require special legislation from time to time, either by way of local Act or a provision in the annual Local Legislation Act. The Department is responsible for the preparation of the Local Legislation Act, and is always consulted and heard in relations to local Bills which may be presented to the House.

Among the statutes for the administration of which the Department is particularly responsible are :—

By-laws Act, 1910 :  
 Counties Act, 1920 :  
 Designation of Districts Act, 1908 :  
 Dogs Registration Act, 1908 :  
 Fencing Act, 1908 :  
 Fire Brigades Act, 1926 :  
 Impounding Act, 1908 :  
 Land Drainage Act, 1908 :  
 Local Authorities (Members' Contracts) Act, 1934 :  
 Local Authorities Superannuation Act, 1908 :  
 Local Bodies' Finance Act, 1921-22 :  
 Local Elections and Polls Act, 1925 :  
 Section 10, Local Legislation Act, 1932-33 (administration of Matakaoa County) :  
 Municipal Association Act, 1932 :  
 Municipal Corporations Act, 1933 :  
 Physical Welfare and Recreation Act, 1937 :  
 Public Bodies' Leases Act, 1908 :  
 Public Contracts Act, 1908 :  
 Rating Act, 1925 :  
 River Boards Act, 1908 :  
 Road Boards Act, 1908 :  
 Thames Borough Commissioner Act, 1932 :  
 Thames Harbour Board Loans Adjustment Act, 1932-33 :  
 Town Boards Act, 1908 :  
 Urban Farm Land Rating Act, 1932 :  
 Water-supply Act, 1908.

All official relations of the bodies covered by these statutes are carried out through the Internal Affairs Department.

The Borough Commissioner in Thames and the County Commissioner in Matakaoa† are responsible to the Department.

\* In actual fact the work is usually carried out by the Main Highways Board.

† Thames Borough Commissioner Act, 1932; Local Legislation Act, 1932-33, section 10.

## (2) PUBLIC WORKS DEPARTMENT

The Public Works Department is directly interested in quite a number of local-body activities. A very large proportion of the electric power in New Zealand is generated by the Public Works Department, although, as stated earlier, a few local authorities and one or two private companies still operate generating-stations. No electricity distribution, however, can be undertaken without the express approval of the Public Works Department. As far as their electricity activities are concerned, those municipalities, counties, and other local bodies which do distribute electricity operate under the technical control of the Public Works Department. Electric-power Boards, however, are completely under the control of the Department, both as to their technical and administrative operations. For this purpose a separate branch of the Department—the Hydro-electric Branch—is the controlling authority.

The recently passed Soil Conservation and Rivers Control Act, 1941, vests the control of this activity, both administrative and technical, in the Public Works Department. The national Soil Conservation and Rivers Control Council actually operates within the administrative purview of the Department. The Department is responsible for the constitution of the various catchment districts throughout the Dominion, and the operations of the Catchment Boards are within its purview, the Department acting as technical and administrative advisers to the Boards.

The Main Highways Act, 1922, gives to the Department almost complete control of Main and State highways throughout the Dominion. The Main Highways Board is actually within the administrative set-up of the Department, and although there are quite a number of non-official members, some representing territorial local bodies, there are also a number of official members representing the Public Works Department and other interested Departments. The District Highways Councils act under the chairmanship of the District Engineers of the Public Works Department, and are to a large extent advisory to the Department, although the Councils actually make the recommendations and, through the local officers of the Public Works Department, supervises the expenditure of approved moneys within the district.

The Local Railways Act, 1908, vested the control of local and district railways in the Public Works Department. This at the present time is not very important.

The construction of tramways is under the general technical control of the Public Works Department. Usually approval must be obtained before operations in this direction are undertaken. In quite a number of specific matters technical control is also vested in the Public Works Department. Among the matters which may be mentioned in this connection are the problems of the expropriation of land for local bodies, a function which cannot be undertaken without the approval and administrative operation of the Department. As far as road and street legislation is concerned, the Public Works Department supervises the operations of the municipal and county authorities. In certain aspects of constructional work the Public Works Department is responsible for seeing that the interests of the people generally are conserved. The Department also has control of a number of other general matters, including the construction of aerodromes, irrigation, apportionment of cost of road and bridge construction and maintenance, water-supply, river control, and drainage.

On a different plane, the Housing Construction Division of the Public Works Department is in intimate contact with the local bodies, principally in relation to the development of residential areas within the territorial local districts. Here there must be close collaboration, and although in the early stages of this work there was some criticism of the activities of this Division, local authorities now admit that there is very close co-operation between the central and the local governments.

## (3) LANDS AND SURVEY DEPARTMENT

The Lands and Survey Department has control of the utilization and disposal of all Crown lands in the Dominion, and for a number of their functions they must work in very close harmony with the local authorities. From the earliest times it has been the policy of this Department to reserve Crown lands for various local-government purposes under section 9 of the Public Reserves and National Parks Act, 1928. The Governor-General may, by Order in Council, vest any public reserve in any local authority for the particular purpose for which the land concerned was reserved or set apart. This provision is used to vest in City, Borough, and County Councils, and in Harbour and Hospital Boards, reserves set apart for purposes closely connected with the work of these local bodies. Thus it is the rule to vest under section 9 areas such as municipal reserves, gravel reserves, water-supply reserves, reserves for county buildings, and so on. When a reserve has been so vested the local body concerned can obtain a title to the land on application to the District Land Registrar. When a reserve is not for the time required for the purpose for which it is set apart or vested the local body may lease it for any term not exceeding twenty-one years, with the right of renewal for one further term, but the terms and conditions of the lease must be prescribed or approved by the Governor-General. Applications for approval are carefully scrutinized by the Department, which endeavours to give local authorities every assistance possible in this matter.

At 31st March, 1944, there were 812 public domains in the Dominion. Of these, no less than 299 were controlled by local authorities acting as Domain Boards under the provisions of Part II of the Public Reserves and Domains and National Parks Act, 1928. They therefore play a very important part in the administration of public domains in New Zealand. Public domains remain vested in the Crown, which, however, grants fullest powers of control and management to local authorities and, at times, to special Boards. Where a local authority is a Domain Board it may apply any part of its ordinary funds towards the management, improvement, and maintenance of the domain.

The policy of the Department has always been to make ample provision for recreation reserves when land is sub-divided, and when funds are available financial assistance is also provided to help in the purchase of suitable areas in cases where no Crown land is available. The Department is also closely associated with the acquiring and setting aside of scenic reserves, in which it receives very valuable advice and assistance from various local authorities throughout the Dominion. The control of 50 of these scenic reserves has been vested in local authorities under section 13 of the Scenery Preservation Act, 1908. They are also permitted by this Act to contribute towards the cost of scenic reserves, and in many cases have done so.

Areas designated as reserves in blocks to be developed by the Housing Construction Division of the Public Works Department are dealt with by the Lands Department, which arranges to reserve them for their proper use and for their vesting in local bodies, or for control as public domains.

In opening up blocks of rural and town land for settlement, the legalization of roads and streets to give the necessary access is undertaken by the Lands Department. Where action is taken to legalize roads and streets giving access to Crown land, or subdivisions thereof, arrangements are usually made with the local authority under which the Crown carries out their formation and the former accepts responsibility for future maintenance. Under the Native Land Act, 1931, the Native Land Court is empowered to lay off road lines, and it is then the responsibility of the Department to arrange for the formal Proclamation of the road.

A very important function of the Department is the control of residential subdivisions in counties. The Municipal Corporations Act gives adequate power to boroughs to control such subdivisions in urban areas, but no such power is vested in County Councils, and hence, under section 16 of the Land Act, 1924, plans of land subdivided for sale or other disposition require the approval of the Minister of Lands. When the land is in a county area such plans are first submitted to the Council, and, provided that their own requirements are met, the Department, being satisfied that it is in the interests of the general public, may approve of subdivisions. From evidence received it would appear that there is still not sufficient authority to control these extra-urban subdivisions. In quite a number of cases evidence was produced to show that undesirable developments were taking place, particularly on the periphery of growing boroughs. The difficulty here seems to be a matter of the authority of County Councils to issue effective by-laws, and in the Department of Lands and Survey to require that the urban amenities should be provided for these county areas. It is not suggested that there should be excessive and unnecessary control over purely rural development, but where in rural areas residential subdivisions of an urban character are proposed it is suggested, both from the health and amenity point of view, there should be much stricter control than is at present possible under section 16 of the Land Act, 1924.

The Department is also, through its Survey Branch, under the Surveyor-General, closely associated with town, extra-urban and regional planning in the Dominion. A great deal of the basic data required by local authorities is in the hands of the Department, who, in a large number of cases, co-operate with them and assist them in the preparation of the surveys preparatory to the development of a formal plan for the area under consideration. There is a very close liaison between this branch of the Department and the Town-planning Branch of the Organization for National Development, the Surveyor-General being a member of the Town-planning Board.

Since the Department is responsible for all Crown lands in the Dominion it is natural that it is closely concerned with the problems of drainage not merely in the opening-up of new areas for settlement, but also in the maintenance in certain areas of effective settlement. The Department occupies a dual position in this regard. In the first place it is itself a rating authority, having under its jurisdiction five rating areas in which rates are struck for the capital cost of drainage operations and for maintenance of completed works. These rating areas, which are not Drainage Boards under the Land Drainage Act, 1908, are situated mainly in the Auckland Province, the administration being under the Collector of Rates, Land Drainage Branch, Auckland City. These areas are Rangitaiki, Hauraki Plains, Kaitiaki, Waihi, and Poukawa.

The amount of rates levied for the year ended 31st March, 1944, was £27,325. The Department in these cases is responsible for both drainage-work and the maintenance of drains when completed. In certain other cases the land for which the Department is responsible is within a drainage area, and naturally it is closely associated with the activities of the Drainage Board in that area.

Because of its close connection with land in the Dominion, the Department itself is a ratepayer. When land is purchased and held by the Crown for development and settlement in the future by individual occupiers, then because it is Crown Land, it becomes non-rateable as far as general rates are concerned, but the Crown is liable for, and pays, special rates which were made before the land was acquired. For weekly, monthly, or quarterly tenancies in boroughs or towns, and in respect of residential properties in counties—that is, where the Crown is the owner of land and where the land is under the control of the Lands and Survey Department—the Department meets all special rates for which it is liable, and, in addition, pays in respect of other rates levied during the year an amount which bears the same proportion to those rates as the amount of rent received during the year bears to the total rent for that area, subject, however, to the proviso that the total liability of the Crown is not to exceed one half of the total rent received.\*

Since the development of land for settlement, particularly in relation to returned soldiers, is a major undertaking of the Department at the present day, and one in which a large expenditure is involved, the general problem of rates payable to local authorities is of considerable importance.

Where action is taken under the Counties Act to alter the boundaries of counties, a Commissioner of Crown Lands must be a member of the Commission appointed by the Governor-General to inquire into and report on the matter†.

Many local Bills presented to the House involve dealings in land, and in all these cases the Department is asked for a report on the proposal, and frequently appears before the Local Bills Committee and the Lands Committee to which all Bills involving dealings in Crown lands are referred.

\* See page 118.

† Counties Act, 1920, section 14.

## (4) ORGANIZATION FOR NATIONAL DEVELOPMENT

The Organization for National Development was set up in 1944, principally to co-ordinate governmental activity in regard to post-war reconstruction. The major part of the work of the Organization does not directly affect local-body administration, but one section of the Department is in very close contact therewith. That is the section dealing with regional and town planning. Dealing first with town-planning, the Organization is responsible for the administration of the Town-planning Act, 1926, and amendments thereto. This work was, prior to 1944, carried out by the Department of Internal Affairs, but, consequent on the transfer of the Town-planning Officer from the Department of Internal Affairs to the Organization for National Development, the administration of town-planning was also transferred. The Town planning Act, in addition to giving municipalities and counties, under certain circumstances, power to draw up town planning and extra-urban schemes, makes provision for the setting-up of a Town-planning Board, under the chairmanship of the Minister of Internal Affairs, and having as members a number of departmental officers, including the Surveyor-General, the Engineer-in-Chief of the Public Works Department, and the Under-Secretary of Internal Affairs, and representatives of the Municipal Association and several other bodies. It is essentially a quasi-judicial body, which has the responsibility not only to approve of the plans drawn up by local bodies, but also to act as an appellate body when any town-planning scheme or any operation thereof is objected to. Town-planning administration as carried on by the Organization for National Development is essentially the same as when it was under the control of the Internal Affairs Department.

Regional planning, however, as a practical proposition is essentially new. The Town-planning Amendment Act, 1929, made provision for the setting-up of Regional Councils throughout New Zealand, the area over which these Councils were to have jurisdiction being determined by the economic and social community of interest. An attempt was made in 1931 to set up these Regional Councils, and for that purpose the Town-planning Board divided New Zealand into some twenty-four or twenty-five regions. However, for various reasons, discussed earlier, the move was abortive. When the Organization for National Development was set up it became evident that local authorities would be intimately concerned in post-war reconstruction, particularly as it affected their districts from the economic and social point of view. Many of the questions which were likely to arise overpassed the boundaries of any individual territorial or *ad hoc* local authority, and, further, many of the problems were likely to impinge upon the activities not only of a particular territorial local body or, for that matter, of a particular *ad hoc* local body, but also closely affected the interests of the general public and of the general government. Hence, quite apart from the Town-planning Amendment Act, 1929, a system of regionalism was devised. New Zealand is divided for this purpose into twenty-five regions closely resembling the regions as defined by the Town-planning Board in 1931. In each region a Regional Conference has been held, at which were represented the various local authorities in the district, the Government Departments operating in the district, and also other institutions interested in the economic and social development of the area. In each region a Regional Council has been set up by the conference, and generally these Regional Councils are composed of representatives of each territorial local government and of the Government Departments operating in the area. The functions of these Councils is generally to survey and plan the development of their area. As autonomous, if voluntary bodies, the movement has no statutory backing. This section is concerned solely with the functions of the Organization for National Development, and these may be defined as advisory to the Regional Councils, as well as seeking generally to co-ordinate the work of those Regional Councils through the Dominion so that when their work is completed there will be something resembling a logical plan for the physical development of the Dominion. There is no Central Council for Regional Planning, and the general co-ordinating work is carried out by departmental officers, under the general supervision of the Minister in Charge—in this case the Right Honourable the Prime Minister.

## (5) THE TREASURY

The Treasury is, in general, responsible for the financial control of government in New Zealand, and, naturally, as will be evident from a survey of the financial operations of local authorities throughout the Dominion, Treasury cannot be disinterested in the financial operations of local bodies. This general supervision of the Treasury over finance frequently takes the form of advice to the Minister of Finance on financial provisions, and also advice to parliamentary Committees on financial provisions, including, of course, problems of taxation, rating, Government subsidies, and generally the expenditure of public moneys. In these matters the Treasury is always consulted by the authorities.

More specifically the Treasury has an important responsibility in connection with local-body loans. Since 1926 there has been in existence a Local Government Loans Board, consisting of representatives of the Treasury and other Government Departments such as the Internal Affairs Department, together with certain representatives appointed by the Government who have had wide experience in local-body affairs. Of recent years, at least, one nominated member of the Board has always been a local-body officer with wide experience in local-body finance. The responsibility of this Board, which is under the administrative control of the Treasury, is generally to supervise the borrowing activities of local bodies. Every body desirous of raising a loan must submit its application to the Treasury for ultimate submission to the Local Government Loans Board, who may examine not only the financial, but also the technical provisions (for which purpose, of course, it would seek technical advice) of every proposal for a loan. It can lay down conditions as to the raising of the loan, rate of interest, rate of repayment, sinking fund, and suchlike activities. Its function is of immense importance, and the Board has done a great deal to prevent not only undue borrowing, but also unwise borrowing or unwise conditions attached to local-body loans. It is of interest to notice that it is through the Local Government Loans Board that local authorities have been, to all intents and purposes, prohibited from raising loans outside of New Zealand, and our internal economy has been protected from external fluctuations which caused such havoc during the early part of the last decade.

## (6) AUDIT OFFICE

The accounts and financial procedure of all local authorities in the Dominion are subject to audit by the staff of the Controller and Auditor-General. There is no provision in New Zealand law, as in English law, for the local authority to appoint its own auditor. This provision as to audit by the Audit Office goes considerably further than the usual statutory definitions of a local body, and includes also all bodies depending on Government subsidy. Naturally, the Controller and Auditor-General has the power to surcharge when expenditure unauthorized by law is made by a local body.

## (7) VALUATION DEPARTMENT

The main function of the Valuation Department is to prepare valuation rolls of all landed property in the Dominion, and to maintain such rolls by periodic revaluations. Rolls are prepared for each district over which the jurisdiction of a local authority extends. A district valuation roll sets forth in respect of each separate property the following particulars:—

- (a) Name of the owner of the land and the nature of the estate or interest therein, together with the names of the beneficial owner in the case of land held in trust :
- (b) Name of the occupier within the meaning of the Rating Act, 1925 :
- (c) Situation, description, and area of the land :
- (d) Nature and value of the land :
- (e) Unimproved value of the land :
- (f) Capital value of the land.

Where the system of rating on the capital value or on the unimproved value is in force, the valuation roll from time to time supplied by the Valuer-General under the Valuation of Land Act, 1925, is the valuation roll for the district, and such roll is used by the local authority for the purpose of rating. The only case in which it may prepare its own roll is where it rates on the annual value, but, as seen earlier, the annual value must have a definite statutory relation to the capital value as defined by the Rating Act.

Closely related to this use of the valuation roll for rating purposes by local authorities is the fact that the rating rolls are used as the basis of the apportionment of Hospital Boards' and other similar levies over the contributory local authorities.

The work of the Valuation Department is vital to the effective functioning of local authorities in the Dominion, and particularly vital to the maintenance of an equitable system of local taxation. It is therefore to be regretted that, owing to staff deficiencies, the Valuation Department is unable to cope effectively with the work for which it is responsible. In many cases the rolls have not been revised for many years.

The cost of preparation, revision, and correction of valuation rolls, where authorities are supplied with rolls by the Department, is shared equally by the Land and Income Tax Department, the Valuation Department, and the local authority respectively. In districts where local authorities are not supplied with rolls—that is, in the case of districts rating on the annual value—the local authority is not charged with the cost of the preparation.

One minor function of the valuation Department is in connection with those areas where there is no contributing local authority for a hospital district. In such areas as Waiheke Island, over parts of which there is no contributing local authority, the Valuer-General is deemed to be the contributing local authority, and in such cases he levies the rates and pays the proceeds to the Hospital Board, less the amount expended on making and collecting the levy, which is paid to the Public Account.

One of its most important functions, as laid down by the Appropriation Act, 1916, section 9, is to compute the subsidies payable to local authorities on general rates actually collected, as provided in that Act.

It can thus be seen that the effective working of the Valuation Department is basic to the effective financial planning of every local authority in the Dominion.

## (8) MARINE DEPARTMENT

The Marine Department is generally responsible for the control of harbours in the Dominion, and Harbour Boards generally are under the administrative supervision of the Marine Department. Besides the usual function of an administrative Department, the Marine Department has the responsibility of advising the Government on problems associated with harbours and to appear before and advise the Local Government Committees of the House of Representatives and the Legislative Council on local Bills and other matters which come within the jurisdiction of those bodies.

## (9) TRANSPORT DEPARTMENT

The general responsibility of the Transport Department may be summed up in the words that it is responsible generally for traffic and transport control in the Dominion.

Prior to 1936\* each local authority could make its own traffic by-laws, with resulting chaos throughout the Dominion. There are now general traffic regulations, and, although in certain minor matters local authorities still have certain powers in relation to traffic by-laws, the general supervision of traffic control in the Dominion, although not always the actual administration of that control, is vested in the Transport Department. The scale of heavy traffic license fees is drawn up by, and generally controlled by, the Department, although the actual collection may be in the hands of the local authority. In the case of counties and of urban areas with under 6,000 population, the Transport Department itself is responsible for the enforcement of the traffic regulations ; in the larger urban areas however, the local authorities maintain their own traffic control although in some cases, by mutual agreement, the Transport Department itself actually administers the traffic control even in some of these larger areas.

\* Regulations 1936/86, issued under Transport Act, 1924.

## (10) HEALTH DEPARTMENT

The Health Department is in general responsible for the efficiency of hospitals throughout the Dominion. In addition to its responsibilities of professional and technical supervision, it also has the responsibility for administrative supervision of hospitals. Hospital Board estimates require the approval of the Health Department before they become operative and that Department is required by law to undertake the calculation and the payment of the statutory subsidy. Some of the senior appointments to Hospital Boards require the approval of the Health Department, and capital works in general are subject to its technical supervision.

## (11) DEPARTMENT OF AGRICULTURE

The Department of Agriculture is responsible for the general control of Rabbit Boards throughout the country, and a nominee of this Department sits on the various Rabbit Boards. The Department has also certain responsibilities for the effectiveness of the operations of Rabbit Boards.

## (12) GENERAL

It can thus be seen that a large number of Government Departments are closely associated with the work of local authorities in the Dominion. While there has been no direct evidence to suggest that there was overlapping of control, there is some indication of duplication, and we have in the latter part of this report made some suggestions to guarantee further co-ordination of activities, a step which seems to be highly desirable if local-body government is to continue to work smoothly.

**CHAPTER XII.—PROVISIONS AND PROPOSALS FOR REFORM****A. HISTORY OF PROPOSALS FOR REFORM OF LOCAL GOVERNMENT**

In an era of rapid economic and social development it is inevitable that there is a lag between the recognition of the need for administrative reform and the actual achievement of that reform. Sir Robert Stout, then the Honourable R. Stout, addressing the House of Representatives on the presentation of the Counties Amendment Bill, 1885, stated: “. . . . At the same time I believe that in any measure of reform dealing with local government or anything else, we must proceed tentatively and cautiously, and ought not to overturn existing institutions. In making this statement, I am not making it for the first time. When I addressed the House in 1875 I then pointed out that there was great danger in Parliament revolutionizing any institution, but that it ought to reform it and alter it and make it suitable to the wants of the country.”\* The principle thus enunciated still holds good. The local-government system should be “suitable to the wants of the country.” At the time Mr. Stout made this statement there were in existence County Councils, Borough Councils, Town Boards, and Road Boards, as well as a number of *ad hoc* authorities, and the speaker went on to say: “I think it is to be regretted that we should not have had simply two local areas—namely, boroughs and counties.”

The Counties Amendment Bill was, along with other measures in 1885, aimed to prevent undue extension of the number of counties by requiring that all proposals for new counties should go before Parliament. Even at this early stage after the passing of the 1876 Acts it was evident that there was a fear that too many local governing institutions were being set up in the Colony.

From time to time this question was raised in Parliament, and in 1895 the Honourable R. Seddon introduced a “Local Government Bill” which contemplated complete reorganization of local government in the Colony. The Colony was to be divided into eight provincial districts. There were to be only twelve boroughs—Auckland, Wellington, Christchurch, Dunedin, Thames, Wanganui, Napier, Palmerston North, Lyttelton, Oamaru, Timaru, Invercargill—and such road districts as a Commission shall decide. All other local authorities were to be dissolved. A Commission to be set up under the Bill was to divide the Colony into counties to have the power of the dissolved bodies, and existing boroughs, other than the twelve mentioned above, were to be ridings of counties as territorial districts. In the 1895 Bill the proposed Commission was instructed specifically that there were not to be more than forty counties, and that the minimum population of a county was to be the minimum population required to constitute an electorate for the election of Members of the House of Representatives. River and drainage districts were to be under the control of the County Council, or of a combined committee of County Councils and Borough Councils if the area of jurisdiction was overlapping. The franchise was to be given to occupiers of three months standing, and to residents of twelve months. On the financial side considerable changes were proposed. Counties were to receive the same amount of goldfields revenue they were at the moment receiving; subsidies were to be abolished and to be replaced by capitation charges. Certain main arterial roads were to be managed by the Government; hospitals and charitable aid were to be controlled by the territorial Councils; ratepayers' rolls should be prepared for voting on loan proposals. It is also interesting to note that boroughs were given power to establish technical schools. The Bill was read a first time and ordered to be distributed widely. It was again introduced in 1896, but was not proceeded with. In 1897 another Local Authorities Bill was introduced, modelled much along the lines of the 1895 Bill, except that it did not deal with boroughs. There was no suggestion that there should be only twelve boroughs, and existing boroughs were left as then existing. This Bill also was not proceeded with, but it is mentioned here as indicating that there was a feeling that at that early date, when conditions were much simpler than they are at the present time, reorganization was necessary.

No other statutory action was contemplated until 1912, when Sir Joseph Ward introduced a Local Government Bill, which was described in the Governor's Speech as a “new and comprehensive scheme for local government.” In introducing the Bill, Sir Joseph stated that it was proposed to set up a Local Government Board, comprising the Minister of Internal Affairs, three Permanent Heads of Government Departments, and three nominated members, representing the Municipal and Counties

\* N.Z. Parliamentary Debates, Vol. 51-85, pages 198-9.

Associations, to have certain powers of "supervision, control, and administration." It was also proposed to set up a certain number of provinces, the controlling bodies of which were to be elected by electors in boroughs and counties on the same date as the ordinary elections for boroughs and counties; Borough, County, and Provincial Councils were to have biennial elections on the same day. The representation on the Provincial Councils was to be in proportion to the value of the rateable property within the constituent districts. The Provincial Councils were given power to strike a general rate or a rate over a special district. They were to control charitable aid, public health, education, harbours, main roads and bridges, river protection, drainage, and water-supply. For instance, all the powers of Hospital and Charitable-aid Boards were to be transferred to Provincial Councils. Education Boards were to be abolished, and the province was to be the education district. Some Harbour Boards were to be abolished, the powers to be vested in the Provincial Council. The Governor in Council was given power to declare a road to be a provincial road, and its construction and maintenance would then be under the control of the Provincial Council. Where a river district covered an area of more than one territorial local authority the work was to be carried out by the Provincial Council, but County Councils would be authorized to exercise river control where the district was wholly within its boundaries. Similar provisions were made regarding drainage districts. All Road Boards and districts were to be merged in the counties, and only the more important town districts were to remain. There was also an interesting provision regarding a sliding scale of subsidies varying from 2s. 6d. in the pound on rates collected in the richer and well developed, up to 20s. in the pound for the poorer and undeveloped counties. The Bill was not proceeded with.

There was a change in Government in the early part of the year, and the Honourable G. W. Russell became Minister of Internal Affairs. Shortly after he took over the portfolio he redrafted the Ward Bill and submitted it to a very representative conference of local authorities. He had dropped the Provincial Council idea, but had stated that the only local governing authorities were to be counties in rural districts and boroughs in urban districts. He enunciated six principles as the basis of his reform. These six principles are worth repeating in full:—

- (a) Simplicity of form and method :
- (b) Efficiency as regards local and district needs :
- (c) Economy of administration :
- (d) Capacity for promoting development :
- (e) Sound and assured finance :
- (f) Power to group contiguous districts for local purposes.

He retained the idea of a Local Government Board. This idea obviously had its origin in the Local Government Board in England. The Local Government Board was to be presided over by the Minister of Internal Affairs, and was to have as members the Under-Secretaries for Internal Affairs, Crown Lands, and Public Works respectively, the Valuer-General, and three others appointed by the Government, one nominated by the Municipal Association and one nominated by the Counties Association.

The provisions of the Russell Bill included one for reducing the number of counties by half. A Commission was to be set up to recommend which counties should cease to exist and where the new boundaries should be. Parliament was required to ratify the proposals. The Commission was also required to recommend the merger of some town districts with counties. County finance on roads and bridges was to be subsidized by a set amount, about £500,000 to be set aside each year, in addition to the ordinary statutory subsidies, this special subsidy to be allotted by the Local Government Board in accordance with areas and roads under construction and maintenance. Government roads were to be constructed through areas of small rateable value. A very important section of the Bill provided that clerks and engineers must pass a qualifying examination before appointment. County Councils were to take over river-works and harbour-works in small harbours, but the larger harbours were to continue under existing control. The Bill also contained certain provisions regarding town-planning, and gave the Governor power to declare an area a town-planning area. Any scheme for subdivision had to be submitted to a conference consisting of the Mayor of the city and the local bodies concerned. Town-planning schemes were to be submitted to a poll of the ratepayers, and if passed, sent to the Local Government Board, and if passed by them, passed on to the Governor in Council for ultimate execution. In respect of town districts, local committees could be established for special areas on petition to the County Council or the Local Government Board, these committees to act as advisory bodies and to have no rating-powers. Cemetery and Domain Boards were to be abolished, and replaced by local advisory committees.

The Bill was submitted to a conference of local authorities, who, after three days deliberations, adopted some of the principles of the Bill and materially altered some others. Generally, the conference was against the setting-up of Provincial Councils as suggested by Ward. It did not approve of the proposed system of subsidy, but suggested that there should be increased subsidies on a definite principle—namely, that such subsidies should be regulated by the needs of the district, as well as by the amount of rates collected. The conference stated "that it is desirable that increased facilities be granted for obtaining from State-guaranteed Advances Department all loan-moneys authorized to be raised by the ratepayers, but that, failing the advance of any such loan by this Department, it be admissible for the local body concerned to obtain the required loan elsewhere."

On the question of the amalgamation of suburban boroughs with the larger cities it was decided that this should be left to the voluntary action of the burgesses in the suburban boroughs. On the question of smaller rural boroughs and those Road Boards adjoining the cities or forming part of the suburban area, the conference suggested that a Commission should be set up to report "as to which of those bodies can in the public interest be amalgamated with the counties or adjacent boroughs, as the case may be. This Committee expressed the view that such amalgamation in many cases is

desirable and should, if necessary, be compulsorily effected." A very interesting resolution by the conference, particularly in view of the subsequent laxity of municipalities in regard to town-planning, is that which states:—

"(a) That special legislation to provide for town-planning is urgently required.

"(b) That in particular it is necessary in the public interest that the subdivision of suburban areas for settlement should be more strictly supervised than hitherto.

"(c) Any town-planning authority should be representative of the local authorities affected or likely to be affected, with the addition of special experts on the subject."

The conference also suggested that Domain and Cemetery Boards should be vested in County Councils or municipalities; that town districts with a population of over 500 be formed into boroughs, and that those under 500 should be merged into counties or adjacent boroughs. This in effect meant that Town Boards should be abolished. In view of recent developments, it is interesting to notice that the conference expressed its opinion against the county or borough acting as a Harbour Board, but stated that it should do the work as a county or a borough, and not as a Harbour Board—that is, in those smaller cases where no special Harbour Board was appointed, the functions of harbour control should be vested in the territorial local authority. The conference also stated that "this committee is of opinion that the multiplicity of small counties is a mistake; that the number of counties should be materially reduced, and that a Commission should be set up to inquire as to whether amalgamation should be made, keeping in view the size, population, valuation, and community of interest of such counties."

No further action was taken about this Bill, largely owing to a change in Government. In the meantime the war intervened, and although in the "twenties" the matter was mentioned on one or two occasions, nothing was done. The problem came to the fore again at the onset of the depression, and both in Parliament and throughout the country there was a fairly general consensus that there were too many local authorities in the Dominion, that there was overlapping, and that the consequent expenditure could be reduced if some form of reorganization was carried out. In 1931, following on recommendations from the Cabinet Economy Committee, Cabinet set up a departmental committee, consisting of representatives of the Treasury, Internal Affairs, and Public Works Departments, to collect data with regard to the question of merging or combining local organizations. The Cabinet also indicated that it was proposed to set up a Commission to inquire into this subject, and the departmental committee mentioned previously drew up an order of reference for the guidance of this committee. Until 1934 the Government continued to indicate that it intended to set up a Commission. In response to a deputation of farmers, the Prime Minister stated in November, 1933, that "the time had come for a complete overhaul of our system of local government, rating, and everything else." In this period, however, nothing was done, although the importance of the problem was fully recognized by all the parties concerned.

At the Municipal Conference in 1936, the first after the present Minister of Internal Affairs took office, he indicated that he proposed to draft legislation to deal with the admitted problem of local government in the Dominion, and later in the same year introduced into Parliament the "Local Government (Amalgamation Schemes) Bill." After its first reading it was distributed widely among local authorities and others interested. Subsequently the Minister visited most of the areas in the Dominion and discussed his proposals, which were, briefly, to the effect that the number of counties in the Dominion should be reduced to practically one-third of the present number, and that many of the internal local bodies should be merged with the territorial local authority. He also suggested that where there were a number of boroughs adjacent to one another, as in Auckland, they should be amalgamated to form one strong centralized local body. In the course of his discussions on the most satisfactory size for a county, he put forward the cases of Southland and Hawke's Bay, which are the largest and the most financial counties in the Dominion. Generally, his proposals were that any group of local bodies or any one local body in an area could make proposals for amalgamation, in which case the Minister undertook to set up a Commission of Inquiry to inquire into and report on the proposals. If the Commission considered that some reorganization either of area or of function should take place, it was to draw up a scheme for such reorganization. If in the opinion of the Minister some reorganization in a particular area was necessary, and no local authority in that area was prepared to make proposals as to reconstruction, the Minister himself was given authority to submit proposals to a Commission which he would set up. This Commission, after full investigations and public hearings, would be required to report back to the Minister as to the desirability of proceeding along the lines suggested. There would be no value in this report of reiterating the full proposals of the Bill. It is enough to say at this stage that the Minister explained his proposals in person to a large number of local authorities from one end of New Zealand to the other.

The Bill, slightly amended, but in general with the same provisions, was reintroduced into the House in 1937, and immediately submitted to a Select Committee of the House. This Committee sat for some time in Wellington hearing evidence from interested parties. One question which was debated at some length before the 1938 Committee was the necessity for a poll of the ratepayers before the findings of the Commission were put into operation. The Committee in their findings stated: "We are of opinion that the insertion of a clause requiring a poll of ratepayers before the Commission's report is put into force would completely nullify the effects of the Bill, and therefore we cannot recommend such a provision." The report in general endorsed the proposals and agreed that the problem of reorganization of local government in the Dominion was a matter of urgency. One clause in the report is particularly relevant to our own findings, and expresses our own opinion: "It is clear that whatever may be the machinery provided for local government reform, no amalgamation or readjustments can be hastily made; they can be carried out only methodically and after careful consideration of each case."

The report was not debated in the House. It was the intention of the Minister to reintroduce the Bill in the 1939 session of parliament, but the onset of the war prevented any further developments along these lines.

## B. STATUTORY PROVISIONS FOR AMALGAMATION OR REORGANIZATION OF TERRITORIES OF EXISTING LOCAL AUTHORITIES

Practically all the general local government Acts at present in force contain provisions for the amalgamation of local bodies of similar types, and for the readjustment of their boundaries. The provisions of the Municipal Corporations Act are illustrative of the provisions of other statutes. If an alteration of boundaries is proposed, 25 per cent. of the persons entitled to vote in the area proposed to be included in the borough may petition the local authority, which is required to notify the Governor-General of the petition. The proposal is then gazetted and objections called for. The Governor-General may approve the alteration, or (what generally happens) set up a Commission consisting of a Magistrate, a Commissioner of Crown Lands, and a District Valuer, to hear evidence for and against the proposal and to report as to the suitability of the area for municipal government. After the receipt of the recommendation the Governor-General may, in certain cases, call for a poll of the electors of the area. On the other hand, a Borough Council itself may request that an area be included in the borough, when the procedure is somewhat similar.

Where it is proposed to amalgamate two boroughs or two adjacent local authorities a petition by 10 per cent. of the electors in one of these boroughs may be presented to the local authority, which is required to pass a special order and take a poll of the ratepayers. If the poll is favourable, a petition is forwarded to the Governor-General in Council, and steps then can be taken to amalgamate the local authorities.

The Counties Act contains similar provisions. Under the Hospital and Charitable Institutions Act, 1926, two Hospital Boards may be amalgamated if each of those Boards passes resolutions to that effect. This provision was availed of in 1930. Under the Hospital and Charitable Institutions Amendment Act, 1932, provision was made for the appointment of a Commission to inquire into and report whether two or more contiguous districts should be reconstituted to form a smaller number of districts. Two amalgamations were effected under this procedure. By the Finance Act No. 3, 1944, hospital districts may be amalgamated by Order in Council if it is considered expedient, without the preliminary either of agreement on the part of the Boards concerned, or the recommendation of a Commission.

Under the Soil Conservation and Rivers Control Act, 1941, the Governor-General may, on the recommendation of the Soil Conservation Council, if he thinks fit, alter or redefine the boundaries of any land drainage or river district by the inclusion or the exclusion of any area, and may likewise abolish any district. Under the Electric-power Boards Act, 1925, the Governor-General may declare any two or more districts to be united and to form one district, but only on a petition from each of the districts proposed to be united, signed by not less than a majority of the ratepayers in each such district, and only after public notice of such petition has been given in each of the districts before its presentation to the Governor-General. There is also similar power in relation to the alteration of the boundaries of a district. Since Harbour Boards can be constituted only by Act of Parliament, any amalgamation or alteration of the boundaries of a district requires the approval of Parliament, and no specific provisions are included in that Act as to amalgamation. Under the Land Drainage Act the Governor-General may declare any two or more adjoining districts to be one united district, but only after a petition of the Boards of the districts, or if such Boards do not agree, then on the recommendation of a Commission of Inquiry. Similar provisions are included in the River Boards Act, 1908, with regard to the amalgamation of River Boards, or the alterations or abolition of districts.

In answer to questions put by us it was maintained, on a number of occasions, that since most local government Acts do include a provision for the amalgamation and redrawing of boundaries, no further action was required, and that if amalgamations have not taken place under these Acts this was a proof that no further action was necessary. We disagree categorically with this suggestion. It is true that quite a number of amalgamations and alterations of boundaries have taken place under the provisions at present in operation. In the Auckland area, for instance, some smaller boroughs have been amalgamated with the City of Auckland. Quite a number of boroughs were amalgamated to form the City of Wellington. Similar amalgamations have occurred in quite a number of other areas, but our investigations have shown that in quite a number of other districts action should have been taken. The difficulties of collecting the requisite number of signatures are very great, and a poll always calls forth parochial and vested interests. In fact, in many cases the number of ratepayers voting on such a poll has been very small, and not really representative of the feelings of the district.

Practically no action has been taken under the relevant provisions of the Counties Act, although it is obvious to us, and was admitted frankly by the Counties Association in evidence, that some of the smaller counties could, with advantage to the country as a whole, be amalgamated to form counties of an adequate size, both territorially and financially. As we have stated elsewhere, there has been, particularly in the Auckland Province, some amalgamation of Drainage Boards, but from the evidence adduced before us, and from our own investigations into the finance of Drainage Boards, it is obvious that many of the smaller Drainage Boards could be amalgamated with advantage not only to the land-owners concerned, but with considerable saving.

There is, however, a more fundamental reason why some thorough-going reorganization of local government than can be provided under the existing provisions is necessary. Actually the existing legislation merely makes provision for local reorganization. We think conditions are such as to call for more than the patching-up of existing inequities. The whole system needs a complete reorganization and this cannot be carried out under existing legislation. In any case, if existing legislation only is used, it is obvious that personal vested interests in various quarters will prevent any effective work being done. The fact that existing legislation has not enabled the necessary changes to be made is in itself sufficient evidence that it is unsatisfactory.

## CHAPTER XIII.—THE SCOPE OF THE PRESENT INQUIRY

### A. ORIGIN OF THE PRESENT INQUIRY

The problem of local government has been before the country for at least sixty years. Practically every Government in power has at some stage of its term of office made some proposals for reform, or at least indicated that reform was necessary.

Since the present system of local government was devised, New Zealand, in keeping with the rest of the world, has witnessed great technological changes, not the least of which has been the development of transport. We are without doubt on the verge of still greater developments. The period on which we are about to enter will demand, if we are to maintain the rate of progress of the past, that local authorities shall be sufficiently strong and able to cope with the new problems. Steps are being taken, we understand, to modernize the administrative machinery of the central government. Local government in the Dominion should also be reconstructed to minister more effectively than at present to the needs of the Dominion. Practically every local body that appeared before us throughout the Dominion agreed that reform was necessary. Each of the major local governing organizations in the Dominion stated that some changes were vital if progress was to be maintained. There is therefore a consensus that reform is necessary.

There was, however, some criticism of embarking on this inquiry at the present time, the suggestion being that it would be more appropriate if reforms were delayed until conditions had reverted to some form of normalcy. We are of opinion, however, that the decision to proceed with the inquiry at the present time was the right one. If the inquiry were delayed, there will, in all probability, be less likelihood of providing for effective reconstruction than if we prepare now for the problems which will face us.

A number of institutions and individual local authorities suggested that the inquiry should have been carried out by a Royal Commission. We desire to point out, however, that every member of the Committee has had extensive experience in local government in the Dominion, and a number are at the present time on one or more local authorities, both urban and rural. There was also a suggestion that with a parliamentary Committee the decisions of members would tend to be coloured by party politics. We desire to state categorically that throughout this inquiry there has been no suggestion whatever of party politics, and that, practically without exception, our decisions have been unanimous.

Any fundamental change in the structure of local government in the Dominion would ultimately have to receive the approval of Parliament, and hence any report of a Royal Commission which would be received by the Government would ultimately have to be debated in the House and be implemented by legislation. By adopting the present procedure, fourteen Members of Parliament have been able to obtain personal knowledge not only of the general problems facing local government in the Dominion, but of the particular problems facing many of the districts, and consequently are able to appreciate much more effectively these problems than they would have done if the inquiry had been carried out by an extra-parliamentary body.

### B. THE EXTENT OF THE INQUIRY

Because of the very wide nature of our order of reference it will be obvious that we have not been able to deal with the detailed problems of specific areas—not that these problems are unimportant, and will not have to be ultimately solved, but rather that we deemed it our function to arrive at general principles, and to devise general machinery which will enable the specific problems to be solved within the framework of a general plan. For instance, it is obvious that in certain areas there are too many territorial local authorities; quite a number of small *ad hoc* authorities could, with advantage, we think, be absorbed by the territorial local authority; in some areas a redrawing of boundaries could, with advantage, be carried out. These specific problems, however, we have not attempted to deal with. To have done so would have involved much more extensive inquiries than we were able to carry out in the time allotted to us. In the course of our investigations certain problems of a general character have emerged, and it is with these problems that we have attempted to deal, and in the course of our findings we make suggestions as to the most satisfactory method of dealing individually with the specific problems which are likely to emerge.

### C. CONCLUSIONS AS TO REFORM

We have no hesitation in saying that our investigations have proved conclusively to us that reform is urgently necessary. This is not to say that local authorities have not in general performed their work most satisfactorily in the past, but rather that greater efficiency and greater service to the community as a whole will be possible if certain reforms are undertaken. Local government has been weakened by the tendency which has been apparent over the years to set up special Boards for every special problem which emerges. Therefore, within any given area there is a diffusion of effort and consequent wastage which has produced in the Dominion a series of unco-ordinated local authorities. This tendency has not been to the advantage of New Zealand. Road Boards, for instance, performed a useful function at a time when transport facilities were bad. They made important contributions to the opening-up and development of New Zealand. The time came, however, when they were no longer necessary, and now that the last of the Road Boards properly-so-called has disappeared, no one would suggest that New Zealand has lost anything by their disappearance. On the contrary, the possibility of co-ordinated development by the counties has increased. Similarly, certain other bodies are anachronistic at the present time. The mere fact that they have performed a useful function in the past is no justification for the continuance at the present time. New Zealand would not suffer if many of the minor local authorities were to disappear.

## PART II.—RECOMMENDATIONS

### CHAPTER I.—THE FUNCTIONS OF TERRITORIAL LOCAL AUTHORITIES

The territorial local authorities—Borough Councils, County Councils, and Town Boards—are the basis of local government in the Dominion. Their function is to provide the general social and economic environment for the people, and because of this fact they should be given every encouragement not merely to carry out their statutory functions, but also to broaden their outlook and to assume all the responsibilities which are embraced in the expression “civic development.” There has been a tendency of recent years gradually to encroach upon their powers, and this gradual filching of the powers of these territorial local authorities has lessened their sense of responsibility and made them less effective than they could be. This is particularly true of rural local authorities. They have been deprived of their control of State and Main highways; very few now accept any responsibility for river-control or drainage; practically none accept responsibility for such social amenities as libraries, rest-rooms, and parks or reserves; only a few are prepared to deal with noxious weeds. They have become to all intents and purposes concerned solely with the minor roads of their areas.

With boroughs the position is rather different. For instance, the City of Wellington controls its own electricity distribution, its own trams and drainage, and is responsible for practically the whole of the civic services. In the Auckland metropolitan area, on the other hand, separate authorities have been set up to deal with electricity, drainage, and transport. In Wellington there are 16 Councillors. In the Auckland metropolitan area we were informed that to carry out similar services in the metropolitan area there were some 284 Councillors, some 20 offices, some 20 clerks or secretaries, and very much larger staffs than are necessary to carry out similar functions in the Wellington area. There is a similar diversity of control in Christchurch. We are convinced that given the requisite powers, territorial local authorities can, and will, respond to the added responsibilities, and will provide services at least as efficient, and certainly less costly, than is provided at the present time. We do not in any sense make a plea for uniformity solely for uniformity's sake. Obviously there must be a certain elasticity so that areas may develop that form of control which is most suitable to their environment. If the general tendency to take away from local authorities further responsibility continues, there is little doubt that the type of person who will be attracted to those bodies will tend to fall in calibre and the people will not get the services to which they are justly entitled. The general approach, therefore, should be rather to strengthen the territorial local authority by giving them further responsibilities and by restoring to them many which have in recent years been taken away. There was some evidence, for instance, that counties would be prepared to accept the responsibility for the actual maintenance of Main highways, and that if such responsibility were given to them, and they were suitably reimbursed, they could carry out the work as cheaply and as effectively as it is being done at the present time by the Public Works Department. This particular problem, however, is one which would require considerable technical investigation such as we were not able to give to it, but it is illustrative of the general tendency in this direction.

Apart altogether from the necessity of promoting some uniformity in the actual functions of territorial local authorities, there is a very great necessity to delimit more adequately the general local responsibility for many of the services provided. The distribution of electricity, for instance, is in some places the responsibility of the territorial local Authority, and in other places of an Electric-power Board. Public transport in Wellington is under the control of the Wellington City Council, but in Auckland and Christchurch a separate *ad hoc* local authority is required to carry out this function. We could also mention the problem of drainage and river-control. Certain counties do accept responsibility for interior drainage; in other cases counties do not accept the responsibility. Noxious weeds are in some areas a problem of major economic importance. It is rather surprising that many rural local bodies refuse to accept their statutory responsibility to control noxious weeds in their areas. Just this year we understand that a local body in the Wanganui area refused to accept any responsibility for the control of noxious weeds in its district. Some steps should obviously be taken in important matters of this character to see that local authorities accept their responsibilities. It is useless for counties to request further responsibilities and greater powers if they are not prepared to accept those which are already imposed on them by statute. It is felt that there is a necessity for a greater uniformity and co-ordination in regard to the distribution of function. Later in this report we make a recommendation for the setting-up of a Local Government Commission, charged with a general review of area and functions of local bodies. One of the primary responsibilities of this Commission should be so to redistribute the functions of local authorities as to guarantee that the people are served efficiently at a minimum cost and without the necessity for the very great duplication of local authorities that there is at the present time.

### CHAPTER II.—THE PROBLEM OF AREA OF LOCAL GOVERNMENT

#### A. MUNICIPAL GOVERNMENT

To attempt to define the most suitable area for a borough in terms of acres or square miles, or indeed of population, is, we think, entirely useless. The guiding principle should be community of interest. To divide an area which for social and economic purposes is one into several municipalities is merely to create chaos and inefficiency. In many cases, the continuance of these subdivisions can be accounted for only in terms of personal selfishness. Areas which should be planned and developed as a single unit are frequently under the control of two or more separate local authorities, and although there is at times some *de facto* co-ordination, yet in the actual development of these areas there is frequently an element which tends to hinder the most effective utilization of the general resources. Many of these subdivisions have an historical origin, and their continuance cannot be justified in terms of the present day outlook.

The question of the most effective size for an urban local authority has been the subject of debate in many parts of the world. The Municipal Corporations Act and the Town Boards Act lay down a maximum physical area in terms of square miles and also in terms of maximum distance between boundaries. This restriction, however, does not apply when two contiguous municipalities amalgamate. The Acts also lay down a minimum population, but no maximum population. At any given moment it may be possible to lay down minimum areas and/or populations, but with the developments which

take place in the course of time, adherence to these definitions may be quite impracticable. The only satisfactory approach, therefore, would seem to be one determined by community of interest. It is obvious that there should be one territorial local authority only responsible for the government of an area which is for all practical purposes an entity. In many cases throughout the Dominion where there are several local authorities governing a particular area the explanation seems to be found in the history of that area. Frequently in the earlier stages of development small residential areas have tended to develop in the most suitable districts. In some of these cases relatively long distances have separated the two urban developments. In the course of time, however, with the growth of population, the previously undeveloped areas separating these two districts have tended to become urbanized, and consequently, there is to-day frequently one continuous urbanized area with a community of social and economic interest. Despite this fact, the original local authorities have tended to continue, with the result that in what is to-day a single economic unit there are at times several territorial local governing authorities. We do not wish to make any comment on the efficiency or lack of it of the particular officers who are responsible for these separate areas. It is natural that each should desire to retain his identity, but from the point of view of the community as a whole this lack of concentration of authority must necessarily result in inefficiency. When this problem was discussed with witnesses who were before us they immediately replied by stating that in the smaller urban authorities the level of administrative expenditure tended to be lower than in the larger districts. We do not think that this is an effective reply to the contention that in general the needs of the community are better served in such areas by a single local authority.

Another problem closely allied to the one discussed in the previous paragraph is the tendency for residential development to "spill over" into adjacent county areas. This is particularly true in the growing secondary towns of the Dominion. For instance, the Hamilton Borough is now almost completely developed. There is relatively little land left for residential development. Consequently the newer residential development is taking place just over the boundary of the borough, in the territory of the adjacent counties. There was evidence that this was creating some problems. In the first place, counties were not in general constitutionally equipped to control residential development. No adequate provisions were available for sanitary and other services which are essential. There was little effective control over the general subdivision and planning of these residential areas. Ribbon development, with all the added costs which such a movement entails, was emerging, and as a consequence the problem was a real one in these areas. The Hamilton district is cited as an illustration, but similar problems are emerging in many other places. In fact, what is happening is that some of the population which in reality belongs to the Hamilton Borough is finding its way into county areas, and because rates in these county areas in general tend to be lower than rates in urban areas, there is some resistance to the amalgamation of these areas with the adjacent boroughs.

A similar problem is emerging in the Wellington area, where a part of the Makara County is becoming highly urbanized, and the population is such that on any vote on such questions as rating on unimproved value the population of the urbanized areas are able to carry the poll against the whole of the rural community of the county.

Closely allied to this problem is the question of the services to these extra-urban residential entities. Certain types of services cannot, without needless expenditure, be duplicated in an area which is a single unit for economic and social purposes. Library facilities, parking facilities, the provision of recreation reserves, and particularly the problem of town planning, all require single and unified control. A number of instances were mentioned to us to show that particularly in the field of town planning it was impossible to provide effectively for the development of an area as a whole, because of practical impossibility of getting uniformity from a number of independent and autonomous local authorities.

It is apparent that there is a need for the redrawing of boundaries. We do not propose to express an opinion on particular local problems. As we have stated before, in the time at our disposal it has been impossible to spend sufficient time in any one area to examine the problems in such a detailed manner as would enable us to express a definite opinion as to the advisability or otherwise of particular amalgamations or the redrawing of boundaries. We are convinced, however, that it must be investigated in a detailed manner.

## B. AUCKLAND

We think it is necessary, however, to say something specific about the problems of Auckland and Christchurch.

In the Auckland metropolitan area, for instance, there are fourteen territorial local authorities. In addition, there are at least six *ad hoc* bodies dealing with specific problems. At one of our hearings we were informed that there are some 284 members in these local authorities. In addition, there will be twenty separate administrative staffs, twenty offices and necessary appointments, and series of elections. Four of the *ad hoc* boards have been called into existence solely because of this division of territorial control. These are the Auckland Transport Board, the Auckland Milk Board, the Auckland Metropolitan Drainage Board, and probably the Auckland Power Board.

We do not think it is a legitimate argument for the continuance of these bodies that their actual administrative costs are lower than those of the Auckland City Council. As we stated right at the beginning of this report, government has no justification as such, and there is no virtue in the multiplicity of governing authorities. If simplicity can be obtained with as close a relationship as possible with the people served then it is better that there should be as few as possible local governing authorities in existence.

The question of the amenities provided by suburban local authorities in the Auckland area was discussed at some length, and some of these authorities maintained that they did actually provide certain of the amenities necessary for their citizens, but the fact remains that many of these amenities are supplied and paid for by the citizens of the Auckland City territory, and are used generally by the people of the Auckland metropolitan area. For instance, Auckland City is responsible for the water-supply for the whole area. The fact that the suburban local authorities have at times suggested the setting-up of a Water Board is merely another illustration of the fact that the Auckland metropolitan area is a single economic unit. There would be no value at this stage in reiterating all the evidence which has been adduced. We are, however, firmly of the opinion that the Auckland problem requires immediate attention.

## C. CHRISTCHURCH

Similar questions arise as far as Christchurch is concerned. In this area quite a number of the suburban boroughs have from time to time amalgamated with the City of Christchurch. The only borough at the moment not so amalgamated is Riccarton. There are, however, a number of county areas, wholly or in part within the Christchurch metropolitan area. Similar questions have arisen here as in Auckland. A Tramways Board and a Drainage Board have been necessary. The problem of the distribution of electric power is at the present time very much to the fore, and the rather ludicrous situation of a small area moving for the setting-up of a separate Power Board has been witnessed. This area could be quite adequately served by the Christchurch City Council.

In both Christchurch and Auckland the main argument which has been put forward for the retention of this multiplicity of local authorities has been that they have worked efficiently in the past, and that, therefore, they should be satisfactory for the future. The result of this argument is, of course, that no change should be made, irrespective of the fact that change might be for the betterment of the community as a whole.

## D. COUNTIES

The problem of county area, however, is essentially different from that of borough areas. When county government was first systematized in 1876 there were interior to most of the counties a series of Road Boards. These Road Boards gradually disappeared when their work of opening up the country had been completed. To-day there are no Road Boards properly so called. From time to time, however, new counties have been established, generally by the splitting-up of existing counties into two or more. The motivating factor for these changes has been the system of subsidies. Owing to the fact that the maximum subsidy payable is £2,500, based on a subsidy of 5s. in the pound on rates collected, the amount of subsidy payable to the larger counties has been very much restricted. By splitting up a county into two or more, each of these new counties has been frequently able to receive the maximum subsidy. At the present time, therefore, in many areas there are more County Councils than are necessary for the carrying-out of the work. Here, again, there is duplication of administrative and technical staffs, as well as of administrative officers and general administrative procedure. This is particularly the case in the North Canterbury area, where there are a number of diminutive counties. As was mentioned earlier, the primary function of these counties to-day is the maintenance of roads, somewhere about 87 per cent. of their revenue being spent thereon. There was a strong plea from the Counties Association and from a number of individual counties for greater responsibilities to be allocated to County Councils. We are wholeheartedly in accord with this proposal. The territorial local governing authorities should be the basis of local government, and their responsibilities should be enlarged, but it must be obvious that if responsibilities are to be enlarged, then the area of their jurisdiction must coincide with the area of the services which they are required to perform. It is obvious that as at present constituted, County Councils could not carry out the work of Catchment Boards, because the catchment area normally extends over a much wider area than that of a single county.

Without going into specific details, we are convinced that there is a necessity for some redrawing of county boundaries, and definitely that some of the smaller and less effective counties should be eliminated. We were informed that in some counties no qualified engineers, for instance, were employed. If local government is to be effective, it must be able to command and pay for the best technical and administrative services as are available. But if the number of counties is to be reduced, then the subsidy system should be reconsidered, so that the subsidy bears some relation to the financial responsibilities of the Councils.

## E. HOSPITAL BOARDS

We have been impressed with the evidence of the Health Department to the effect that a more effective hospital service could be rendered to the public if, instead of the forty-two hospital districts at present in existence, there was a considerably smaller number. The outstanding case is the North Auckland District, where there are six small hospital districts, practically none of which can provide a full service, and all of which are dependent on the Auckland Hospital (and in some cases, the Whangarei Hospital) for technical and other services. Similar problems arise in a number of other small hospital districts.

On the general question of reorganization of hospital districts throughout New Zealand, we recommend that this be one of the very early tasks to be undertaken by the Local Government Commission, the setting-up of which is discussed later. As to the six northern Boards mentioned above, we recommend that they be amalgamated at the earliest possible moment on the basis of the rate per pound of capital value ruling in the average of the years 1935-36 to 1938-39. (For a fuller discussion of the financial provisions see page 161.)

Admittedly in Hospital Boards, as in all local government, there is a necessity to retain local interest, but the proposition has been put forward in several quarters that this local interest could be retained by a system of local Hospital Committees. The amalgamation of hospital districts will not, in general, mean the disappearance of local hospitals, but rather that they will function as part of a scheme for a larger district. For each such hospital a local Committee would form a liaison between the local residents and the Hospital Board for the district as a whole. This was actually suggested as far back as 1895 by the Right Honourable R. J. Seddon in a Bill for the re-organization of local government.

One final question as to the operation of Hospital Boards needs to be mentioned. In the Hokianga Hospital District the development of domiciliary nursing services has been of great benefit to the community. Minor cases which, given adequate nursing attention and medical advice, can be effectively treated in the home, are well cared for, and the hospitals are reserved for the more serious cases. We recommend that Hospital Boards be required to develop this type of domiciliary service. Such a development will give some relief to the already overtaxed hospitals throughout the Dominion.

### F. ELECTRIC-POWER BOARDS

The problems of electric-power distribution present some aspects which are slightly different from those of other local authorities. In the first place, some electric-power districts are obviously too small for efficient operation. Evidence was adduced to show that the Banks Peninsula and the Malvern Electric-power Boards were quite incapable of carrying on as at present. There was also a suggestion that perhaps in the Nelson area some of the smaller Boards were not operating as effectively as they might.

Another important question in regard to electric-power distribution is the advisability of retaining the system whereby a number of small boroughs are able to continue to operate independently of the electric-power districts which completely surround them, although they depend for their bulk supply of electricity on the power districts in the environs. There are a number of technical questions involved in this discussion, but most of the technical evidence which was placed before us was to the effect that electric-power distribution in New Zealand as a whole would be more effective if these very small distributing authorities were combined with the larger distributing authorities. There is obviously a case for some redrawing of boundaries and some simplification of the distribution system.

### G. DRAINAGE AND RIVER BOARDS

The problem of land drainage is in a greater degree than others concerning local bodies, one of definitely local importance. Many of these Drainage Boards have carried out their functions with very great success in the past, and in many areas farming was made possible only through the operations of these Drainage Boards. In many other cases, however, there are several adjacent Drainage Boards operating separately where one satisfactory Drainage Board could do the work more effectively. We were impressed by the fact that in the Thames Valley, and also in the Taupiri district, there had been some considerable amalgamation of small Drainage Boards, with the result that much more effective work was carried out than had been done by the smaller Drainage Boards which had operated in the past. We think this programme could be carried out in other districts. It seemed to us rather anomalous that in the Palmerston North area there are six Drainage Boards, practically all of which operate in an area which could be covered more effectively by one Drainage Board. We were informed, for instance, that one of these Drainage Boards actually drains into the territory covered by another Drainage Board, and that the necessity for the second Drainage Board was actually created by the fact that the first Drainage Board was draining into its territory. Similar problems arise with regard to River Boards. It is true, of course, that the new Catchment Boards have the responsibility of surveying the operations of the Drainage and River Boards within their territories, and for suggesting such amalgamations and eliminations as might be desirable. The question naturally arises as to the speed with which this will be done, and as to the machinery which will operate. In this connection we think there is a good case for review also.

### H. HARBOUR BOARDS

The problem of harbour districts is rather different from any of the problems discussed above. In this case it is not so much the size of the district which determines the effective technical operations of the Board, but rather the question as to the area over which taxation should be levied for the maintenance of the harbours. Before any effective work can be done in this field, it seems necessary that some definition as to future policy in regard to coastal shipping should be laid down. This should be done at a very early date, because many of the small Harbour Boards are in serious financial difficulties at the present time, and quite a number are able to carry on solely because of the subsidy which is being paid to them from the War Expenses Account.

### I. FIRE BOARDS

As discussed in the previous section of this report, fire protection is under the control of several types of local bodies, including Fire Boards, Borough Councils, and, in some few cases, County Councils. Apart from such unofficial co-ordination as was brought about by the United Fire Brigades' Association and the New Zealand Fire Boards' Association, and through the operations of the Government Inspector of Fire Brigades, there is little direction to fire protection in the Dominion. We are given to understand that this problem has occupied the attention of the various local authorities and the Government for some considerable time, and the Inspector of Fire Brigades placed before us what was in most of its recommendations an agreed scheme for the reorganization of fire control in the Dominion.

At the present time fire brigades are required to submit their estimates to the Government for approval, and certain of their operations are subject to inspection and report by the Inspector of Fire Brigades. When the Emergency Precautions Scheme was in active operation the problem of fire protection assumed major proportions, and the Government supplied to many fire brigades throughout the Dominion a considerable quantity of the emergency equipment necessary to cope with such fires as might occur as the result of enemy action. With the passing of the danger through enemy action, the problem of the disposal of this emergency fire equipment came to the fore, and the Government agreed to give freely to fire brigades through New Zealand a considerable portion of this emergency equipment. The present, therefore, seems to be an opportune moment to consider the reorganization of fire control in the Dominion.

The proposals as submitted by the Inspector of Fire Brigades were somewhat as follows: first, there should be set up in Wellington a National Fire Council, on which should be represented the Government, fire-insurance companies, the municipal associations, the United Fire Brigades' Association, and the New Zealand Fire-brigadesmen Union. The function of this Council would be generally to co-ordinate the fire-protection services in the Dominion, and supervise the activities of the various fire brigades. It was suggested that this Fire Council should have the responsibility for approving all the estimates of fire brigades and for the distribution of Government subsidies and of the contributions of fire-insurance companies. At the present time where a Fire Board is established, and where, consequently, insurance companies are liable to pay contributions for fire protection,

each insurance company is required annually to submit to the secretary of the local Fire Board a list of the risks covered in that fire district. With the exception of very small Government contributions, the expenses of the Fire Boards are divided equally between the insurance companies and the local authorities. Each insurance company is required to pay that proportion of the fire-insurance company's levy which the risks it covers in that district bears to the total risk covered in the district. The calculations of levies are made by each Fire Board secretary throughout the Dominion, and levies are collected by him quarterly. We were informed that this calculation and collection of the levies occupies a major portion of the time of the Fire Board secretaries. The present proposal is that these levies should be calculated and collected by the National Fire Council, and that the Council distribute levies and subsidies to the Fire Boards throughout the Dominion. This seems to be a much more efficient way of dealing with what, after all, is a national problem than of leaving the actual calculation and collection to a large number of independent Fire Board secretaries, and will probably result in considerable saving. In addition, the establishment of the Fire Council will bring to bear on the national fire control minds specially trained in this field, and should guarantee that in the future fire control is more effectively organized and co-ordinated than has been the case in the past.

Fire Boards had their origin largely because insurance companies were, after 1906, required to pay a share of the fire-protection costs of the Dominion, and it was felt that because this was the case, the fire-insurance companies should have some say in this direction. The consensus of the people who appeared before us was that Fire Boards should be allowed to continue because they were performing a useful service. We are not entirely convinced that the work could not be as efficiently carried out by the local authorities as by the Fire Boards. The argument put forward was that if the local authorities did control fire brigades, the insurance companies would not have the right to be heard, but the Municipal Corporations Act makes ample provision for the co-option of persons other than Councillors on a number of committees. There would appear no reason why a specific statutory provision should not be made requiring local authorities to set up a fire committee, and specifically stating that the fire-insurance companies should have a definite right of representation on those fire committees. The power for the appointment of committees is very wide under the Municipal Corporations Act, and states that "The Council . . . may relegate to any such committee any matter for consideration or inquiry or amendment or regulation; and may delegate to any such committee any of the powers and duties by this Act conferred or imposed upon the Council, except the power to borrow money, to make a rate, to make a by-law, to enter into a contract or institute an action . . . It shall not be necessary that any person appointed to be a member of this committee under this section shall be a member of the Council." It would probably be necessary to provide specifically for the setting-up of a fire committee and perhaps to state specifically in the legislation the actual duties of the fire committee. Such a fire committee could then work within the orbit of the Borough Council, and undoubtedly administrative expenses would be lower, without in any way prejudicing the efficiency of the fire brigade. The submissions which were made to us appear to recognize this fact, because it was agreed that no new Fire Boards should be set up, but that existing Fire Boards should be allowed to continue. We are therefore inclined to feel that, in general, Fire Boards do impose an unnecessary expense on the ratepayers, and, for that matter, on the insurance companies. It is true that where the Fire Board covers the territory of more than one local authority it may be necessary to continue the Fire Board in the meantime, but, generally, we feel that the responsibilities of the territorial local authority should be strengthened, particularly as they have the responsibility for building by-laws, and, generally, for the control of matters closely concerned with fire protection.

In an earlier part of this report we have pointed out that the actual income of a fair proportion of the Fire Boards is infinitesimal, and there would appear to be no justification for the continuance of such institutions. We therefore recommend that legislation be provided to enable municipalities to take over fire protection, and that in that legislation provision be made for the setting-up of a fire committee, on which fire and marine underwriters would have adequate representation. Whether or not any particular Fire Board is amalgamated with the territorial local authority is a matter which should be left to the Local Government Commission subsequently suggested.

#### J. RABBIT BOARDS

A number of the larger Rabbit Boards are doing most effective work, but we are convinced that many of the smaller Boards are not carrying out their work effectively. Further, the administrative costs involved are very much greater than necessary. While there may be a case for the retention of some of the larger Boards, we think that, in general, the problem of rabbit-destruction should be entrusted to counties. There is no justification for separate *ad hoc* rabbit authorities in quite a number of cases. Further, if the problem of rabbit-destruction was made a statutory responsibility of counties, in many cases where there are no Rabbit Boards the work would become a normal part of the routine activity of that local body.

We therefore recommend that, in general, rabbit-destruction be made a function of the County Council, and that Rabbit Boards, in general, be disbanded. The actual carrying-out of this policy should be left to the proposed Local Government Commission.

#### K. NOXIOUS WEEDS

Although the control of noxious weeds is a definite responsibility of counties, only forty counties at the present time are operating in this matter. It is admitted that the problem is not acute in a number of counties, but evidence was forthcoming to show that in some counties where noxious weeds were a serious problem the County Councils were not measuring up to their responsibilities.

We are of the opinion that some means should be taken to force these recalcitrant bodies to accept their responsibilities. Their failure to do so is resulting in serious economic loss.

## CHAPTER III.—PROPOSALS FOR REORGANIZATION OF FUNCTION AND AREA

### A. LOCAL GOVERNMENT (AMALGAMATION SCHEMES) BILL

The proposals of the Local Government (Amalgamation Schemes) Bill, 1937, have been carefully considered to see if the machinery there devised was the most satisfactory for the solution of the problems which are admitted on every side to be important.

The Bill suggested machinery which would enable these problems to be solved. With very few exceptions the Bill was opposed, largely because it was supposed to place in the hands of the Minister of Internal Affairs a power, in the first place, to initiate amalgamations schemes, and, in the second place, to alter the findings of the Commission, if he so desired. While we do not think the Minister would have used the power proposed to be so vested in him unwisely or with a view to propagating his own ideas, we do think that the problem of local government should be taken right outside the controversial sphere and as far as possible vested in an independent body. The Bill, although a definite contribution to the solution of the problem, does not appear to give that continuity of procedure which would appear to be necessary. We therefore think the Bill should not be proceeded with, but that the proposals in the next section should be given legislative effect.

### B. RECOMMENDATIONS

From the above discussions, therefore, it will be apparent that there is a case for a detailed review of local-body boundaries and functions within the Dominion. We have considered it our function to decide if a case exists for such redrawing of boundaries and redistribution of functions, and we have no hesitation at all in saying that this problem is of extreme urgency if local government is to minister effectively to the development of the Dominion in the future. There remains, therefore, the question as to the most satisfactory method by which this can be done.

A brief survey of the above discussions, however, will show that the problem is one of major dimensions. Further, it must obviously be a continuing problem. We do not for one moment suggest, however, that the local-body boundaries should be altered summarily or frequently. There should be a stability about local government if it is to be effective. We therefore recommend that a permanent Commission be established, charged with the duty of reviewing in general local-body boundaries and functions in the Dominion. We are given to understand that such a Commission has been this year set up in England to perform a similar survey.

When during the depression it became necessary to redraw the boundaries of supply for dairy factories, as well as for other purposes, the Executive Commission of Agriculture was established. This body was able over the course of several years to zone completely the dairy areas of the Dominion in such a way as not only to reduce expenditure, but to create greater efficiency. With very few exceptions, its work proceeded smoothly and has had the endorsement of practically the whole of the dairy farming community. The Executive Commission of Agriculture was completely divorced from politics and also divorced from departmental control. In effect, it acted as a judicial body, and gave satisfaction to all parties concerned.

We think that a body somewhat similarly constituted should be set up for the purpose of redefining the boundaries and functions of local government in the Dominion. In order that the body might inspire confidence, it is obvious that its members should be drawn only from those who are able not only to inspire the confidence of Parliament and of the local bodies concerned, but also to be able to bring to bear trained minds on an admittedly urgent national problem. We think that such a Commission should have not more than three members. The Chairman of such a body should obviously be a person of very high standing, and he should have the status of a Judge of the Supreme Court. The second member should be appointed from a panel nominated to the Government by the various national local government associations, such as the Counties Association, the Municipal Association, Electric-power Boards Association, Hospitals Association, Harbours Association, and so on. The third member should be appointed by the Government. The body should be essentially independent, reporting only to Parliament.

Since a detailed review of all areas in the Dominion will occupy a very considerable time, we think that, in the first place, members should be appointed for at least five years, and adequately remunerated.

A question which naturally emerges is as to the responsibilities of this particular body. Its primary function should be to review from time to time the areas of all local governing authorities in the Dominion, and to redistribute the functions in such a way as will minister most effectively to the community welfare. A question which arises is one concerning the order in which the Commission will undertake its work. The Local Government (Amalgamation Schemes) Bill, 1937, made it possible for the local authorities themselves, or for the Minister of Internal Affairs, to institute proceedings. We think it undesirable that the Minister should be given this responsibility. It is important that the Commission should be a completely judicial body, and if the Minister should call on the Commission to operate in any area it would involve him in a number of detailed local questions which may tend to embarrass him. Generally, we think the Commission should be given the responsibility to survey the whole of New Zealand, leaving that body to determine the order with which it attacks the problems. It is obvious that certain areas must be dealt with at a fairly early stage. We are convinced, for instance, that the problems of Auckland and Christchurch are so urgent as to demand almost immediate attention, and we would therefore recommend that the Commission should attack these problems at a very early date. Other questions which are urgent are the problem of Hospital Boards in the far North, and electric-power distribution, particularly in Canterbury, but, apart from these general recommendations, the Commission should have the responsibility to survey the whole of New Zealand, and draw plans for the redistribution of boundaries and functions.

The next question which arises is the implementing of the findings of the Commission. Practically all bodies which appeared before us stated categorically that they would be satisfied with, and would abide by, the findings of such an independent judicial body. It is obvious that before any definitive proposals are put forward by such a Commission exhaustive investigations would have to be made on the subject, public hearings would be held, and, generally, the problem thoroughly investigated. All

interested parties would have the opportunity to put forward their points of view. The ultimate findings of the Commission would be based not only on its own personal investigations, but also on the evidence put forward by interested parties.

Parliament in the long run has the ultimate responsibility for the structure of local government in the Dominion, but if it is suggested that the findings of the Commission should in every case be the subject of parliamentary action, the amount of work involved for Parliament would be such as to make it impossible for it to carry out its ordinary work. Furthermore, as the Commission suggested is a judicial body, we do not think it necessary in many cases for the work to be reviewed by Parliament. We therefore suggest that in general, subject to such reservations as are made hereafter, that the findings of the Commission should lie on the table of the House for, say, thirty days, and if there is no objection by one of the local authorities concerned through Members of Parliament, that the findings will thereafter become law, and will be put into operation. If an objection is raised in Parliament, then that particular question which is raised should be submitted to a Select Committee of Parliament, which would be required to report to the House on it, and that subsequently the plan should be put into operation, subject to such amendments as the Select Committee may make. This method is used in certain cases in Great Britain, and works very satisfactorily.

It is obvious, however, that in certain cases the findings of the Commission will involve legislative action, but this should be necessary only in special circumstances, and not as a general rule.

We have interpreted our function as being the determination of general principles, rather than the provision of solutions for individual problems. Much of the criticism that was levelled against the Committee by the local authorities was because it was thought that the Committee proposed to recommend specific amalgamations. If we had attempted that task, it would be obvious that our findings would have been the result of very little evidence, and without having had any opportunity for a detailed investigation of the many problems which face the Dominion in this field. If we had brought down detailed recommendations the criticism mentioned above would have been justified. Most of those who criticized us suggested that the work should be done by a Royal Commission, and stated quite frankly that the findings of an independent Royal Commission would be accepted without question. We do not think that a parliamentary Committee could undertake this task, but that if it did so it would need to be a semi-permanent Committee, sitting over a number of years. Our suggestion above for the setting-up of a Local Government Commission should, to all intents and purposes, meet the claims which have been put to us for an independent Commission of Inquiry. The Mayor of Auckland, for instance, stated that he felt the problems of Auckland should be adjudicated upon by a Royal Commission, and if that was done he thought that the findings would be accepted by the citizens of Auckland. The Local Government Commission which we are now recommending would provide the machinery which the Mayor of Auckland requests.

It may be suggested that it would be better if a separate Commission were set up for each area; for two reasons we think this is undesirable. In the first place, there are so many problems at issue at the present time that a large number of Commissions would be necessary. Secondly, the very important problem of local government must be looked at as a whole, and problems of particular districts as part of a general problem. Therefore, some uniformity about the solutions of problems in various districts would appear to be necessary, and although a single Local Government Commission would have to work for a number of years before it solved all the outstanding problems, yet the experience of those problems which it would gain would be available generally, and with an advantageous result for the local government system.

One further question concerning the work of the Commission needs to be commented upon. In some quarters it was maintained that the provisions of present legislation for amalgamation are adequate, that if the people of a particular locality desire to be amalgamated with an adjacent borough, they can by their vote bring the desired result to fruition. The very fact that the present legislation has not brought to pass what is generally recognized to be necessary is in itself an indication that the present legislation is inadequate. In quite a number of cases amalgamation polls have been decided on purely selfish issues. The interests of New Zealand as a whole must be paramount, and we are convinced that if the proposed Commission carries out its work effectively and gives all sections of the community an opportunity to put forward their views before them that the community will be adequately protected, in which case there will be no necessity for a poll. We recommend that if the proposed Local Government Commission is set up, then to submit their findings to a poll of the ratepayers would render the whole work of the Commission nugatory, and would merely perpetuate the parochial divisions which are at present in existence.

Finally, since the problems facing the Commission are of such an urgent character we recommend that legislation be introduced into and passed by Parliament during the 1945 session to enable the Commission to be set up and to commence its work at as early a date as possible.

## CHAPTER IV.—PRESENT PROBLEMS OF FINANCE

### A. RATING SYSTEMS

The question of the basis on which rates should be levied was, in the latter part of the last century and early part of this century, the subject of general interest and public debate in New Zealand. There was a very strong body of opinion in favour of a universal system of rating on unimproved values both before and after the passing of the Rating on Unimproved Values Act, 1896. There can be no question that the incidence of rating as far as the individual taxpayer is concerned is entirely different in the case of unimproved value rating from that under the capital and annual value systems. Within broad limits it can be said that the incidence of rating on capital and annual value rating is identical, since there is a statutory relation between the annual value and the capital value. There is no doubt if it were possible to start afresh it would be wise to have a uniform system for the whole of New Zealand. We do not think this is possible at the present time.

Some idea of the differences in the incidence of taxation is illustrated from figures submitted to us from the New Zealand League for the Taxation of Land Values concerning State houses, which

shows that in sixteen boroughs where the system is on the annual value, the average amount of rates per house is £12 11s. 11d. ; in twenty-one boroughs which rate on the capital value the average rates are £15 1s. 4d. ; in sixty-seven boroughs which rate on the unimproved value the average rates are £6 7s. 1d. ; in eleven counties which are on the capital value the average rates are £9 14s. 11d. ; in three counties on the unimproved value the average rates are £2 18s. 3d. The above figures are indicative of the general trend of rating on residential properties in areas with different types of rates. On the other hand, if figures were available to show rates payable on business premises in the centre of cities, the result would be exactly the converse. In other words, in districts rating on the unimproved value the rates on business premises in the heart of urban areas would be very much higher relatively than where rates were on capital or annual value. Although we recognize the inequities which are in existence, we are not completely convinced as to the arguments for complete unimproved value rating. Rates must bear some relation to the services which the local authority renders to the community, and a hypothetical case will illustrate our point of view. On a given area of land there might be erected either two residences or a block of flats containing, say, twelve units. The service which the local authority has to render to the twelve units in relation to water, sanitary services, and refuse collection are obviously many times greater than if two single unit residences were erected on the same site. The above illustration could be elaborated, but the principles will be sufficiently clear from this statement. In rating on unimproved value the same rates would be paid whether the site was used for two residences or twelve flats, and in terms of the services which the local authorities are required to render, this is obviously inequitable. We therefore do not recommend any statutory enforcement of rating either on unimproved value or on capital or annual value. The present optional system should be allowed to continue.

There are, however, certain serious questions which should be attacked immediately. Evidence was forthcoming to show that the present position whereby the system can be changed once every three years does not provide for stability in local-body budgeting. At the present time the question of principle has very little real weight in determining whether the local body should change from capital to unimproved, or *vice versa*. The matter is discussed purely in terms of individual liability. It is frequently forgotten that, whatever system is used, the same amount of rates has to be collected over the area as a whole, and that a change in the system merely means a redistribution of the burden amongst the ratepayers of the local authority. People who would tend to gain if the system was changed from capital to unimproved are usually active protagonists for the change. Polls usually attract relatively little attention, and in general the number of ratepayers voting is relatively small compared with the number of ratepayers on the roll. When the change has occurred, however, the people who suffer are stirred to action to have the system reverted to its original state. At the end of the three-year period there is frequently another poll demanded, and in quite a number of cases there has been a reversion to the original system. We think that the period as between polls should be extended to six years, and not remain at three years as at present. This would give more stability to local authority finance, and would prevent many of the inequities due to frequent change which are in existence at the present time. We further think that there should not be the necessity to call for separate voting on this subject, but that all polls on questions of rating systems should coincide with the triennial elections for Councillors.

While we think that local residents should have the democratic right to determine methods by which they will be rated, yet there are certain obvious inequities which should be rectified. The Makara County is an example. That portion of the Makara County bordering on Wellington City is highly urbanized, while the remainder of the county is essentially rural. The majority of the population of the Makara County live in this urbanized area, and in any vote are able, if they act as a group, to determine the policy of the county. In 1944 Makara County rated on the capital value. In that year the basis was changed from capital to unimproved value. The effect of this change can be illustrated from the following figures. A farm which under the capital value system paid £61, under the unimproved value system pays £74. Another farm paying £54 under the capital value system, pays £79 under the unimproved system. Another paying £98 under the capital value system, pays £161 under the unimproved system. On the other hand, a residence which previously paid £4, now pays £1. Another residence paying £9 under the previous system, now pays £4 11s. Another paying £9 now pays £4. In the case of land used for industrial purposes the situation is more extreme still. One industry which previously paid £902, now pays £268. Another previously paying £173 now pays £24. The net effect is that those people occupying purely residential sites in the county have been relieved of practically 50 per cent. of their rates, while the farming community have to bear the extra burden. In view of the population structure of the county, there is little doubt that no poll to revert to the capital value system would be carried. In a county where the population was wholly rural these questions would not arise. There would be some change in the incidence of the taxation, but it would not transfer the burden from one section of the community to another. The obvious solution to the difficulty in this case of Makara County—and there are other counties in the same situation—would be for the urbanized sections of the county adjacent to boroughs to be amalgamated therewith, but under the present statutory provisions there would be little incentive for these people to move for such amalgamation, as doubtless their rates would increase owing to the necessity to bear their share of the cost of the services provided by the adjacent borough. This question should obviously be considered by the proposed Local Government Commission. In the case of the Makara County, however, to unite the urban areas with the City of Wellington would, we are told, cut the county completely in two, and would make it impossible for it to continue as a separate local authority. There may be a case for uniting the residential areas of this county with the City of Wellington, and the rural areas with the Hutt County Council, but we are unable to pass judgment on this question, and think it should be submitted to the proposed Local Government Commission.

Apart altogether from the special case of Makara, however, as a general principle we think that the power of Counties to create special rating areas should be considerably extended. The residential areas require relatively greater services, and therefore expenditure, by County Councils than the rural parts of counties, and we think it only just that these residential areas should be required to bear a greater proportion of the expenditure than they bear at the present time. It is admitted quite frankly that the creation of these special rating areas will frequently tend to force amalgamation of these residential areas with adjacent urban bodies. This, however, is a move in the right direction and will obviate many of the difficulties which are in existence at the present time.

Closely related to this problem is the problem of control of residential subdivisions in counties. County Councils should have a very much greater control over residential buildings than they have at the present time. Residential subdivisions in counties have frequently arisen because of the fact that there is no such control over these buildings as there exists in adjacent boroughs. If counties were given greater power to make effective building by-laws, the net effect would be advantageous to all concerned, and would obviate many of the difficulties which are at present in existence.

It was suggested to us in one or two instances that the Urban Farm Land Rating Act required substantial amendment. Our investigations have shown that the Act is working to the satisfaction of all concerned, and the only amendment which we suggest is that the assessors should be appointed for the life of the Urban Farm land Rating Roll, and not for life, as at present.

## B. COUNTY RATING

From numerous quarters evidence was tendered to show that the burden of rates on rural lands was at present excessive. This was altogether apart from the question of hospital rating, which will be discussed separately. Suggestions which were put before us varied from a plea for complete derating to a suggestion that larger subsidies should be paid from the Main Highways Fund for roads other than Main or State highways. The claim for complete derating was based on the fact that in England agricultural land was completely derated. Many of these claims were made under a misapprehension as to the English provisions. In the first place, the derating in England refers only to the agricultural land and does not refer to farm residences and the land immediately surrounding. The farmer in England has to pay rates on his residence. Secondly, it was not generally recognized that industrial property is also derated up to 75 per cent. so that industrial property only pays one-quarter of the rates paid by residential property. Admittedly in England there is a substantial subsidy to cover some proportion of the loss to counties of rates on agricultural land, but it must be remembered that a proportion of these rates remitted have to be borne by the ratepayers of the local authority as a whole, so that in actual fact the farmer still has to pay rates on his residence, although he is exempted from rates on his land.

The Counties Association was not in favour of complete derating, but felt that further assistance should be given to County Councils for the maintenance of their roads. In a previous section of this report it was pointed out that, as far as County Councils are concerned, somewhere about 87 per cent. of their expenditure is concerned with roading, and generally the claim for rate relief was associated with the claim for further assistance in the maintenance and construction of county roads. This really means that the Main Highways Fund should be used to provide further relief to County Councils. The present subsidies to counties from the Main Highways Fund take the form of

- (a) The statutory subsidy with a maximum of £2,500 :
- (b) Complete responsibility for the maintenance and construction of State highways :
- (c) A subsidy of £3 for £1 for the maintenance and construction of main highways\* :
- (d) Assistance to some counties from the Public Works Fund.

After a thorough survey of the present situation we suggest that the present statutory subsidy for £2,500 maximum be cancelled, and that in future County Councils be paid a subsidy of pound for pound, as funds permit, for the maintenance and construction of all county roads. It is admitted that at the present time the Main Highways Fund may not be able to face up to this added expenditure, but with the restoration of normal economic conditions there should be a considerable increase in the amount of funds available to the Main Highways Board.

There is one further important question regarding county expenditure on which we desire to make some comments. Several counties and boroughs with under 6,000 population prior to the introduction of the Main Highways system had raised considerable loans to construct roads which were subsequently taken over as Main highways. These loans are still in existence, and interest and sinking fund is all paid out of county or borough revenue, with no assistance from the Main Highways Board. Other local authorities, on the other hand, had paid very considerable sums out of revenue to provide Main highways, frequently to the detriment of other roads, which still suffer because of the inadequacy of the finance available. Still other local authorities made no attempt to provide effectively for main highways, and when the Main Highways Board took over it was faced with heavy expenditure to construct the State or Main highway in that area. The net result was that some local authorities actually provided the highways and have paid or are paying for it. Some local authorities are paying excessive amounts on county roads at the present time, because they were hard pressed in previous years to provide Main highways. The local authorities which did nothing are in a very advantageous position to-day, because all the expenses of their main and State highways have been borne by the Main Highways Fund. We therefore think that, as a matter of equity, the unexpired liability in connection with roads taken over for State and Main highways should be immediately taken over by the Main Highways Board. This will not completely correct the injustice which was done in the past, but it will at least be a move in the right direction.

This really raised another important question—namely, as to the methods of construction and maintenance of Main and State highways. It is important that the national highways system should be constructed to a very high standard, and that this should obviously be laid down by the Main Highways Board. We are not convinced, however, that the most efficient method of actual maintenance and construction is for the Main Highways Board itself to carry out the works. Many counties have the machinery and facilities available for major construction works. In some cases this machinery is not fully occupied at the present time. Despite this fact, the Main Highways Board frequently brings in its own plant and equipment to construct and maintain roads which could very well be constructed and maintained by the county as the agent of the Main Highways Board. We therefore think that the co-operation which occasionally obtains between the counties and the Main Highways Board should be further extended. This is a matter where some research will be necessary. In some cases counties are quite unable to undertake the work. In some cases this inability is due to the

\* A greater subsidy is paid in some cases.

smallness of the size of the county, but, as we have suggested elsewhere, there should be some reconstruction of counties so that each is able to marshal sufficient finance to maintain effective staff and plant and machinery. Then, in that case, there should be no reason why counties as a whole could not be responsible for the actual work under the general supervision of the Main Highways Board.

One further point needs to be noted. We do not wish it to be thought that we advocate the abolition of the grants which are made from time to time from the Public Works Fund for the construction and/or maintenance of back-county roads within counties. This is an important phase of developmental work for which the State must accept some responsibility. The principle at present in existence should continue.

### C. HOSPITAL RATING

#### (1) THE SYSTEM

Although the responsibility for patients' payments has been taken over by the State, there has been a major increase in hospital levies on local authorities, particularly over the past five years. This increase has resulted in an increasing burden on ratepayers. The burden has not been equally distributed throughout New Zealand. In certain districts, particularly smaller districts, the increase has been excessive, and has resulted in some serious hardship to ratepayers. We think that a certain amount of saving could be effected by an amalgamation of Hospital Boards, as suggested elsewhere in this report, thus cutting out a good deal of the overlapping of administrative and other expenditure. Further, we think that in some areas which are particularly hard hit more frequent revaluations of the land in constituent districts of Hospital Boards would result in the distribution of the levy corresponding more to present-day conditions.

Much of the increase in expenditure has been due to the increasing hospitalization of patients. This, in turn, is closely related to the institution of the social security system which made it possible for all patients to have their ills attended to in hospitals. We do not wish it to be thought that we think that there should be any restrictions on necessary hospitalization. It is important for the health of the community that adequate hospital facilities should be available, but the State must bear much of this responsibility from national fund.

#### (2) THE BURDEN ON RURAL AND URBAN AREAS

One important problem which emerged in the course of the evidence was the fact that the burden of hospital rates on rural areas was considerably greater than on urban areas. The reason for this is not hard to seek. Hospital levies are calculated on a capital-value basis. The average capital value in rural areas is considerably higher per ratepayer than in urban areas where population is more concentrated, and where the value of the property of the average homeowner is considerably less than of the average farmer. The hospital rate paid per head of the rural population is considerably greater than the rate paid per head of the urban population. Hospital facilities, however, are a function of population, and not a function of capital value.

#### (3) THE SOCIAL SECURITY ACT

Relief in terms of the Social Security Act was conceived as a relief to the individual as an individual and not to the ratepayer. It is probably true that the amount of bad debts of Hospital Boards is to-day practically nil, because of the operation of the Social Security Act, whereas in previous times it was probably relatively heavy, but the absolute amount of relief on this account must be relatively small. The amount of 9s. per day is, of course, insufficient to meet the cost of patients' maintenance in hospital.\* The net effect, therefore, of the Social Security Act is in general not to relieve the ratepayer of any of his financial responsibility. This is borne out by the increasing levies which have been necessary over the past few years.

#### (4) RECOMMENDATIONS

From the above discussion it is evident that some relief must be provided to ratepayers. We have been impressed by the evidence of a number of local authorities who maintained that the burden of the hospital levy prior to the introduction of the Social Security Act was not excessive. Some witnesses advocated that the State should take over the complete responsibility for the finance of Hospital Boards. We are not convinced as to the wisdom of this at the present time. Ratepayers should have some financial responsibility if they are to accept the administrative responsibility of Hospital Boards.

We therefore recommend that the hospital levy as at present calculated be abolished, and that in future each constituent local authority of a hospital district shall pay to the Hospital Board the product of the average rate per pound of capital value of the years 1935-36 to 1938-39. This will mean a reduction in the levies in all districts. Some will benefit in this respect more than others, but the aggregate reduction would represent approximately 40 per cent. of the levies for 1944-45. The product of this average rate per pound of capital value for the years 1935-36 to 1938-39 will not be a fixed amount, but will tend to vary with variations in the capital value. Where population is increasing, capital values tend to increase, and, consequently, although the rate per pound of capital value is stabilized, the actual product of the rate will tend to increase in areas which are increasing in population. This is equitable since the amount of hospital facilities necessary is closely related to the size of the population. Conversely, in districts where the population is falling, and where because of this, or other causes, the total rateable value is tending to fall, the product of this stabilized rate per pound of capital value will also tend to fall.

We further recommend that, in addition to stabilizing the rate per pound of capital value on the average of the years from 1935-36 to 1938-39, further relief should be given to those districts with a relatively high hospital rate by fixing a maximum rate of, say, 0.7d. per pound of rateable capital value. This would mean immediate further relief to four districts.

\* On the average, however, this is considerably more per patient per day than was collected prior to 1939.

Finally, we recommend that the Government should examine the possibility of lowering this maximum amount in succeeding years, with a view to the ultimate extinction of the levy for hospital purposes from rates.

Our recommendations involve a complete redrawing of the levy and subsidy provisions of the Hospital and Charitable Institutions Act, 1926. What will be required will be a provision somewhat similar to other provisions in the Municipal Corporations and the Counties Acts, fixing the maximum rate for hospital purposes, and stating that the product of this maximum rate shall be paid to the Hospital Board. There will be no necessity to provide for the computation of the subsidy by the Government, because the Government will then accept the responsibility for all hospital expenditure over and above the product of this stabilized rate per pound of capital value.

We recommend that the Government subsidy should be paid from the Consolidated Fund, because we think that the method of collection of taxation by income-tax is more equitable in general for hospital purposes than collection from the Social Security Fund.

This increase in subsidy by the Government should not necessitate any further centralization of control other than is required under the present system. From evidence which was produced from a number of sources it appears that the relations between the Health Department and the Hospital Boards at the present time are quite satisfactory, and a change in the source of income of Hospital Boards should not necessitate a change in control. At the same time it is obvious that many Hospital Boards are too small to be run effectively, and the suggestion of the Health Department that the present districts should be substantially reduced should be implemented at the earliest possible moment by the processes which have been recommended previously.

#### (5) CAPITAL EXPENDITURE

If our recommendations above are carried out, there will be no necessity to distinguish between revenue and capital expenditure for the purposes of collection of levy and subsidy.

#### (6) ALLOCATION OF THE LEVIES

We have given considerable thought to the question of the allocation of the levies to see if some other system than allocating on a capital-value basis between the contributing local authorities would be more equitable, particularly to the rural community. We are convinced that allocation on a population basis is not satisfactory. We also had a number of sample figures taken out to ascertain the effect of an allocation of the levies on a basis of the mean between the population and the capital value. The results do not indicate that this basis would be satisfactory. For instance, under the present method Auckland City in 1938-39 paid £87,578, whereas under the suggested basis it would have paid £76,110; on the other hand, Waitemata County paid £7,755 under the present basis, but would have to pay £8,297 under the suggested basis. Waitomo County Council paid in 1938-39 under the present basis £2,649, whereas under the suggested basis it would pay £2,719. Kawhia, a relatively poor county, pays £578 under the present basis, and would be required to pay £698 under the proposed basis. The other counties in these hospital districts would obtain some relief. It would appear, therefore, that the majority of the rural areas would obtain some relief, usually slight, at the expense of the urban areas. Some rural areas would be worse off—Waitemata, Rodney, Rotorua, Otorohanga, Kawhia, and Waitomo Counties. Some urban areas would be better off—for example, Auckland City. There would be a wide range of rate within any hospital district, even among rural areas. A notable instance is that the hospital rate in the Taupo County would be more than double that in the Waikato County. The principle underlying the present method of apportionment is that all rateable property within a hospital district should contribute an equal proportion of the cost of services provided by the Hospital Board for the residents of the hospital district as a whole. Summing the matter up in relation to Auckland and Waikato Hospital Boards, under the present method rural areas paid £34,217, and urban areas £133,654 in 1938-39 in the Auckland area, whereas under the suggested method rural areas would pay £34,002 and urban areas £133,869. In the Waikato Hospital District, under the present method, rural areas paid £32,180 and urban areas £12,058. Under the proposed method rural areas would pay £30,617, and urban areas would pay £13,621. In other words, relief would be practically nil. On the other hand, if an additional proportion of the expenditure is borne by the State out of the Consolidated Fund, as suggested above, the net result will be to give relief to all areas throughout New Zealand and place the burden on the community at a rate which is agreed as not being too burdensome.

#### D. NATIVE RATING

As stated earlier, the problem of non-payment of Native rates is a matter of serious moment, particularly in some of the northern counties. There are a number of factors involved. In the first place, it is probably true to say that where a revaluation of counties or boroughs is made, the Maoris are not acquainted with the procedure. The Native never appeals against the revaluation, hence it is suggested that in order to give Maoris notice and to protect their interest the Native Land Court be appointed the Assessment Court for Maori land, to advise them that their land is under review so that they can come to Court and discuss the new valuation. The decisions of the Native Land Court should be subject to confirmation by the Assessment Court. This would be a logical commencement. The Native, through his own Land Court, should be made aware of his responsibilities, and his privileges in relation to appeal.

The next step is in the issuing of the rate-demand. The local authority should be required to issue the rate-demand in the normal form and make its claims on the Native owners as usual, but where these steps have been taken and the local authority has failed to collect the rate the obligation shall then be on the Native Land Court to undertake the duty of such collection. The finance required for this administrative work of the Native Land Court should be provided by the Crown. The Native Land Court is in very close touch with most Maori problems, and it should be given power to act as the agent of the local authorities in the matter of the collection of rates. This would probably require legislative provisions to enlarge the powers of the Native Land Court, but since the Court has the goodwill

of the Maori population it would probably carry out this task much better than any other new institution. The present proceedings by way of charging-order and the appointment of a receiver are quite unsatisfactory.

Where, after these steps have been taken, it is still impossible to collect the rates, power should be given to the local authority to apply for the land to be leased on renewable leases for such periods as the Government may consider desirable in order that the rates may be recovered from the lessees. Quite a proportion of Native Land to-day is not being utilized effectively, and from some of it no returns are being derived at all. In fact, some first-class land, which is urgently wanted, is not being used. Subject to safeguarding the proprietary interests of the Maori population, the opportunity of leasing this land to approved tenants would not only guarantee that the land would be put to effective use, but would also enable rates to be collected. A further important point is that this unused Native land is frequently a breeding-ground for a great quantity of noxious weeds which are a menace to surrounding properties. If the above system were put into operation, the effect would be to reduce this menace to some extent.

Finally, if Maori rates are still uncollected after the utilization of the previous two procedures, the State should guarantee to the local authorities a total revenue of not less than 50 per cent. of the total general and special rates levied on Native Land. In the case of hospital rates this guarantee should be 100 per cent.

Summarizing the above recommendations :—

- (1) The Native Land Court should sit as an Assessment Court for Native lands (subject to final review by the ordinary Assessment Court), and have the responsibility to inform Natives that their land is being revalued :
- (2) The local authority should issue rate-demands in the usual way and do its best to collect the rates :
- (3) If the rates are not collected, the Native Land Court should be required to endeavour to collect them on behalf of the local authority :
- (4) If the rates are still uncollected, provision should be made for leasing on renewable leases the Native land to approved occupiers, who would be liable for the rates. The proprietary rights of the Maoris in the land should be preserved :
- (5) The State should guarantee to all local authorities 50 per cent. of general and special rates, and 100 per cent. of hospital rates, the guarantee to apply only to the amount not collected by the methods suggested previously.

Admittedly the above recommendations will not in the short run solve the problem of Maori rates, but it will be more equitable than the present situation, and should do something towards an education of the Maori people as to their civic responsibilities.

#### E. RATING ON CROWN PROPERTY

Some of the witnesses who appeared before us argued that all Crown property should pay rates. We are not prepared to agree to this proposition. The witnesses who made these submissions omitted to take into account that although the Crown does not in certain cases pay rates, local authorities do not pay stamp duty on their receipts, and have various other privileges of a financial character which are not enjoyed by the private citizen. There is therefore no case for the paying of rates on ordinary departmental buildings, schools, and suchlike public institutions.

On the other hand, there seems to be a very good case for requiring trading Departments to pay full rates. Trading Departments do, at the present moment, pay normal taxation to the central Government, and we think they should be required to pay rates to the local authorities in which their property is situated. In addition, we think that all local-body trading activities should pay rates. As far as possible it is desirable that these trading activities should be conducted on a proper financial basis, and if these rates were taken into account in determining the prices charged for the services the result would be some relief to the ratepayers.

We understand that at the present time the Government does pay full rates on State housing property, at least in so far as was discussed previously. One question which we think requires some alteration of administrative policy is in regard to houses under the control of the State Advances Corporation as administrator of the loans of the late State Advances Office. Reverted property should pay normal rates, and the State Advances Corporation should be liable for rates as an ordinary lessor or mortgagee, and should not be entitled to shelter under its prerogative as a Department of the Crown.\*

On the question of other Crown lands, a large amount of Crown land in New Zealand is undeveloped, and some of it at the moment not capable of being developed. No services are rendered by the local authority to a great deal of this area, and there is no case for such land being required to pay rates. Where, however, Crown land which has not previously paid rates has been brought into production, we understand that the State does provide access roads and other amenities during its development. During the period the local authority is under no obligations in relation to the area there is no case for the payment of rates. Where, however, land becomes revenue-producing, rates should be paid. During the last few years, however, the Crown has taken over a number of private properties for development and settlement, particularly by returned soldiers. Previously this land had paid full rates. When it has come into the possession of the Crown, the principle as enunciated earlier that no rates are paid unless a profit is made operates, and in some cases this has created serious hardship in the area because other ratepayers have had to carry the rate burden of these properties (since the gross amount of rates raised in the area remains the same). We therefore recommend that where private property which has previously paid rates is taken over by the Crown for developmental purposes full rates should continue to be paid, even during the developmental period. The above argument holds under the same conditions for Native development property. We think the principle in these cases of paying rates only when a profit is made on farming operations is entirely inequitable, and should be stopped immediately.

\* As stated previously, the Corporation does not enjoy the prerogatives of the Crown except for loans made by the previous State Advances Office.

## F. HARBOUR BOARDS

In at least one area—namely, the Bay of Islands—it was suggested that the harbour district should be extended so as to give a larger rating area for the maintenance of the harbour. This argument was on the basis that Opua would be the overseas port for North Auckland. Without entering into the technicalities involved as to whether Opua or Whangarei should be the North Auckland port—this is a question for the proposed Local Government Commission—we think that the proposal to increase the rating area requires very considerable thought. The argument proceeded somewhat along the following lines. The approach of is universal application, and not applicable only to this area. It was suggested that if such ports as Rawene were closed down, all the produce could be shipped overland to Opua, and any expenditure on such ports as Rawene would be unnecessary. Under these circumstances the Hokianga County and other counties would be brought into the Bay of Islands Harbour District. As against that, it was pointed out that practically the whole of the produce coming into and going out from Hokianga was shipped by scow to Onehunga at a relatively small cost. Transport costs would be increased considerably if it was necessary to transport this produce by road to Opua, and it would involve the county in very considerable costs in construction and maintenance of roads. In actual fact, Hokianga and other counties would not be served so well as at present. The whole problem, therefore, cannot be solved on a purely theoretical basis. The questions at issue are very much wider than of merely local importance. In the first place, it is necessary for the Government to determine its policy for the development of overseas ports in New Zealand. It is admitted that a number of smaller overseas ports during the war found themselves in very considerable financial difficulties owing to the fact that overseas vessels have not for some considerable time called at these smaller ports. It would also appear that the subsidies which have been made available out of the War Expenses Account have been insufficient in some cases to maintain these ports in efficient condition. We think there is a pressing need for a thorough overhaul of the whole position of harbours and harbour facilities throughout the whole of New Zealand, particularly in smaller ports. Hence we cannot suggest any extension of rating areas for Harbour Boards at the present time. The whole question of the area of harbour districts should be discussed by the Local Government Commission, to determine the exact limits of the benefits accruing from the operation of a harbour, and the rating area should be delimited in terms of that area of benefit.

## G. ELECTRIC POWER

### (1) ELECTRICITY PROFITS FOR THE RELIEF OF RATES

This present section must be read in the light of our previous recommendations that, in general, Power Boards should control the whole of the retail distribution of electricity within the Dominion. In the present section we propose to discuss the question of electricity charges.

No distributing authorities, with the exception of two small Power Boards in the Christchurch area (concerning which we have made recommendations earlier), have at the present time any necessity for recourse to rates to supplement their revenue. In the present state of the electricity industry we think there should be no necessity for established electric-power undertakings to resort to rates at all. The institution should be run as a business concern, and should be completely self-supporting, as, in fact, it is in practically the whole of the Dominion. This, however, immediately raises another most important question. Over the years most Power Boards have been able to make substantial profits which in most cases have been used to reduce charges to consumers. On the other hand, where territorial local authorities, particularly boroughs, run electricity concerns, profits are not always used for the benefit of the consumer, but are frequently used for the reduction of rates. We think that the principle of utilizing electricity or other trading undertakings' profits for the relief of rates is essentially a bad one. This principle has been in recent years prohibited in England, and we think that it should be stopped in New Zealand. If territorial local authorities are statutorily prevented from using profits for the relief of rates, this will automatically facilitate in many cases the taking-over of the electricity undertaking by the surrounding Power Boards. On the other hand, if profits of such undertakings are not available for the reduction of rates, then we think that the undertakings themselves should be rateable. This would include not merely the undertakings run by the territorial local authorities themselves, but undertakings run by Power Boards. The consumer is entitled to electricity at the lowest possible rate consistent with the economic operation of the undertaking. The argument that because ratepayers are responsible for any loans that have been, or may be, raised, and for any losses that have been, or may be, incurred, they are therefore entitled to any profits accruing is a fallacious one, because in actual fact the rates have seldom been called on, and in the future are very unlikely to be called on. Electricity-supply in New Zealand is essentially on a very sound basis, and no mere legal arguments should prevent the consumer from deriving the benefit of cheap electricity. After all, it is the consumer who uses the electricity, and he pays for it, and therefore he should get the advantage of such reduction of charges as are available.

In some boroughs street lighting is not charged for, and there is some suggestion that power for public transport services in boroughs which maintain their own electricity undertakings is not charged for on an economic rate. This is merely an underhand method of subsidizing rates at the expense of the consumer. In conclusion, it should be noted that Electric-power Boards have no means of subsidizing the ratepayer. Their profits must be used for the reduction of consumer charges—that is, after all legitimate expenses, including the provision of adequate reserves, have been allowed for.

### (2) ELECTRICITY CHARGES

We have been concerned at the wide differences in retail charges for electricity in different parts of the Dominion. We are not at this stage discussing the different charges for rural as opposed to urban communities, but, generally, the variations in different parts of the Dominion. Practically the whole

of the electricity used in the Dominion is produced by the State, and we think that there should be some means to control electricity retail charges in such a way as to provide electricity at reasonable rates to the various sections of the community. It is admitted quite frankly that the cost of supplying electricity in a concentrated area is much cheaper than the cost of supplying electricity in a more sparsely populated district. Electricity is a national undertaking. Its utilization is an important factor in the social welfare of the community. The mere fact that a person lives at a distance from a town should not necessarily mean that he has to pay a higher price. This really means that a person is penalized by the accidental factor of his location at a particular time. Butter, for instance, is sold at a single price throughout the Dominion. If butter were sold on a similar basis to that on which electricity is sold, then butter would be cheaper in Palmerston North than in Kaitaia, because the distribution charges would be less. In actual fact, the people in Palmerston North, as a matter of national policy, are required to pay a little more than they would otherwise have to in order that the people in, say, Kaitaia can receive butter at a little less than the actual economic cost. This raises no public protest, and is generally recognized to be equitable. Similar techniques could be adopted with electricity. This may mean, of course, a system of pooling of the resources of various Power Boards. It may mean a subsidizing of smaller Power Boards by the State and by the richer Power Boards, but it would seem to be an equitable procedure, taking New Zealand as a whole.

We are not suggesting that every type of consumer of electricity should be charged the same price, because a manufacturer using power in bulk should be encouraged to use the electricity, and should be charged probably a lesser price than the domestic consumer who is using only a few lights. It is probable that the farmer should be given power at a lower rate for farming purposes than the domestic consumer, but we think, however, that there is no argument for charging the domestic consumer in, say, Kaitaia on a different schedule from what he is charged in Lower Hutt, for example.

### (3) CHARGES TO RURAL CONSUMERS

Closely allied with the problem discussed in the previous section is the fact that rural consumers as a whole are penalized because of their relative geographical isolation. The more closely settled areas have not much to complain of on this score, but in the more sparsely settled rural areas the "guarantee system" operates very disadvantageously. One witness suggested that there was no necessity for people to go into the back country, and that if they did go into the back country they should expect to put up with certain hardships, but as the future of New Zealand is closely bound up with the development of its territory every encouragement should be given to people to settle in the back-country areas. At the present time the operation of the "guarantee system" is bearing very hardly on some rural consumers. The general principle is that the revenue from a line must produce at least 15 per cent. of the capital outlay on that line, and where there is a doubt, the consumers are required to give a guarantee that their annual payments will amount to 15 per cent. of the capital outlay. It is true that a number of Power Boards do not use the guarantee system. Some other Boards actually allocate portion of their annual profits as a subsidy for rural lines in remote areas; but, in general, the urbanized areas in the community do not in any way accept their true responsibilities for the development of the back country areas.

We understand that a rural reticulation subsidy scheme has been put forward by the Electric-power Boards and Supply Authorities Association with a view to expanding electric lines into sparsely occupied areas. The basis of the scheme, which has been provisionally accepted by the Hydro-electricity Department, is that an annual levy up to, but not exceeding, one-quarter of 1 per cent. be made on the revenue of all electric-supply authorities, including the Hydro-electric Branch of the Public Works Department. On present figures this would produce £20,000 a year. On new lines of very low consumer density the consumer would be assessed for guarantees, and where these guarantees fell short of the total annual cost of operating the lines, the deficiency would be met by a subsidy from the central fund. The annual subsidy would be limited to 50 per cent. of the total annual costs of operating the lines, with a maximum of  $7\frac{1}{2}$  per cent. of the capital cost of the lines. The period of assistance by subsidy would be limited to fifteen years. As the percentage of the capital value of the line required by the various Power Boards in order to cover total annual costs varies over quite a large range—say, from 14 per cent. up to 25 per cent.—the cash assistance by subsidy to the Boards, and so to consumers, would also vary over wide limits. The subsidy would be contributed to not only by the supply authorities, but also by the Hydro-electric Branch of the Public Works Department. The fund of £20,000 is an annual one, and if it were expended on new line construction in the first year the annual levy would be earmarked for the next fifteen years, and so no further extensions could be made. If the maximum subsidy were paid on all new lines, probably no more than 500 miles to 600 miles of line could be built. The annual fund of £20,000 would be sufficient to ensure a supply being given to some 500 to 1,000 consumers. Until an adequate survey is made it is not possible to say exactly whether the fund would be sufficient or how short it would be of the actual amount necessary to ensure the scheme providing the means of completing the reticulation of sparsely occupied areas. It is, however, probable that an annual fund very much greater than that proposed, and involving a levy of 2 or 3 per cent. of the revenue of all supply authorities, would be required for the scheme to be fully effective. We think this proposal is on the right lines. The primary object of the Electric-power Boards Act is to see that every person has made available to him the amenities of electric power, and it is the function particularly of rural Boards, to carry that object into effect by supplying to those not only in the more densely populated areas, but to those in the outlying areas who are deserving of more consideration. It is only just that persons in the thickly populated areas who at the present time are able to receive power on a relatively low rate should bear some of the burden of supplying to their fellows in the more sparsely settled parts of New Zealand one of the amenities of modern life.

We strongly endorse this proposal and feel that it is the Government's responsibility, seeing that it operates the power-supply on behalf of the citizens of New Zealand, to see that electric power is made

available at as cheap a rate as possible to all parts of the Dominion within reasonable distance of the distribution system. Our general proposal is that a maximum consumer rate be fixed, and that in approved cases where costs exceed the maximum rate a subsidy be paid, which should be found within the electrical industry as discussed above.

#### (4) ELECTRICITY VERSUS GAS

Evidence was forthcoming to show that in certain areas—Masterton, for example—municipally-owned gasworks were being financially embarrassed because of the growing extension of the use of electric power. The electric-supply in Masterton is provided by a Power Board. The gas-supply is operated by the municipality. It will be admitted that for domestic purposes electricity is ousting gas; on the other hand, quite a number of consumers still have equipment for gas and use gas quite extensively. Any suggestion that gasworks should be closed down will mean that these consumers will be financially embarrassed, and, therefore, the municipality is in duty bound to carry on the gas-supply. However, in some of these areas the gas-supply is being run at a loss, and hence is a charge on the rates, and in Masterton, for instance, there is no opportunity to recoup this amount from any profit which may be made for electricity. In such cases, therefore, we think that electric supply authorities should be encouraged to take over and maintain the gas-supply. Although we quote the case of Masterton, we understand that there are a number of other boroughs in the same situation. The supply of this commodity, which is essentially a power-supply, is of the same character as the supply of electricity, and there seems no reason why electric supply authorities should not be required to take over the gas-supply, not with a view to closing down the gas-supply, but with a view to its maintenance at least during the life of present equipment. This would not only relieve the ratepayers of the burden which is at present being borne by them, but would guarantee some element of order in the general supply of power and light to domestic and other consumers.

Whether municipally-owned gasworks in any district should be taken over by a Power Board should be left to the proposed Local Government Commission, which would be able to make detailed inquiries and to draw up a scheme which would be fair to all interests.

#### H. FIRE BOARDS

The basis of the finance of Fire Boards was included in the submissions which were made to us by the Inspector of Fire Brigades and also by the various institutions concerned with fire-fighting. Within limits it can be said that the scheme was agreed to, at least to the necessity for an increase in the Government subsidy for fire-fighting. Reasons for this have been set out earlier, and with these reasons we agree.\* Briefly, the reasons are as follows:—

There are at present 20,000 State houses, either completed or in the course of construction. About 90 per cent. of these are in areas protected by fire brigades. Until this year no contribution has been made towards the cost of fire protection, but we understand that as from this year the Government is contributing at the rate of 5s. per unit, this being 12½ per cent of an assumed premium of £2 per house. The Government has now underwritten the earthquake risk, and while it is agreed that the distribution of emergency fire-fighting equipment was in part a reinsurance of this risk, part of the proposed increase in the annual Government contribution could also properly be written off against this liability. Further, the Government now controls practically all primary produce from farmer to consumer. The produce is insured under an overseas comprehensive policy which makes no contribution to fire-protection risks. Finally, there has been a very great increase in Government property in recent years. Its protection from fire should be proportionately a charge on the national revenue.

At the moment the Government maintains an inspector and certain clerical officers concerned with fire inspection. The total costs approximate £1,300. The average annual subsidy to the United Fire Brigades Association is £1,250. Under the Fire Brigades Act the maximum annual subsidy of £400 is paid to two Fire Boards, and the amount varies from this down to very small amounts in the case of the smaller Boards. The aggregate amount paid out in 1944-45 under this heading was £4,500. The above subsidies are paid only to Fire Boards—Municipal fire brigades do not receive any subsidy and do not receive any contribution from insurance companies. The estimate for the expenditure of these municipal brigades for the year 1944-45 was approximately £20,000. For Fire Boards, insurance companies, and local authorities pay equal amounts—in the year 1944-45, £132,750 each. On the above basis, the Government pays 2·5 per cent., the underwriters 45·5 per cent., and the local authorities 52 per cent. of fire-protection charges in New Zealand†.

We are convinced that the claim that the Government should bear a larger proportion of the expenditure on fire protection in New Zealand is a legitimate one. It is estimated that the payments on behalf of State houses will bring approximately £6,000 per annum. It was suggested that the Government statutory contribution should be approximately 10 per cent. of the total fire cost in fire districts. A special subsidy it was suggested should also be given by the Government to cover towns with an undue proportion of Government property. The amount suggested under this heading is £2,500. In view of the fact that witnesses agreed that no new fire districts should be established, and of the fact that it is necessary to guarantee that the fire-protection services of municipally-owned fire brigades are kept up to standard, it was suggested by the witness that, while leaving the local authority contribution for municipal Fire Brigades as at present—namely, £20,000—the Government and the underwriters should share excess costs over £20,000 necessary to bring these brigades up to an efficient standard in the relation of 1 to 3. In the current year this would involve a subsidy of £3,000. The suggestion was, therefore, that the Government subsidy should be increased from approximately £7,000 to £14,000, which would bring the total Government contributions for fire protection up to approximately 14 per cent. of the total costs.

\* See page 167.

† See page 101.

On the above basis, insurance companies would contribute £9,000 towards the expenditure of municipal brigades, in addition to subsidies to Fire Boards. The following two tables show the distribution, first as at present, and secondly as proposed by the witnesses:—

*Table showing Distribution of Costs of the Fire Service for the Financial Year 1914-15*

	Underwriters.	Government.	Local Authorities.
	£	£	£
Municipal brigades .. .. .	..	..	20,000
Fire Board levies .. .. .	132,750	4,500	132,750
Administration .. .. .	1,000	2,650	..
Total .. .. .	133,750	7,150	152,750
Percentage of total .. .. .	45·5	2·5	52·0

*Table showing Distribution suggested by Witness of the Costs of Fire Service under the Reorganization Scheme*

	Underwriters.	Government.	Local Authorities.
	£	£	£
Municipal brigades .. .. .	9,000	3,000	20,000
Fire Board levies .. .. .	123,700	44,100	123,700
Administration .. .. .	1,000	5,000	..
Special grants .. .. .	..	2,500	..
Government Housing .. .. .	..	6,000	..
	133,700	60,600	143,700
Percentage to total .. .. .	39·6	17·9	42·5

The second of these two tables shows that the proposed distribution would be—Government, 17·9 per cent. ; underwriters, 39·6 per cent. ; and local authorities, 42·5 per cent. In actual fact this represents a reduction in the proportion of costs borne by insurance companies. We are *not* prepared to agree to this proposal. Our recommendations are as follows:—

- (1) We think that the Government contribution should be increased in the proportions set out in the above figures—namely, to include the present special grants for inspectorial services, for statutory subsidies, for Government housing, and should also include extra subsidies for the administration of the Fire Council, and to municipal brigades, bringing the total Government contribution up to, but not exceeding, 20 per cent. of the total costs. We think, in view of the Government risks involved, as well as the Government's responsibility for the protection of the property of its nationals, this increase is warranted.
- (2) The fact must be emphasized that the insurance companies have a major responsibility in regard to fire protection. They stand to gain more heavily than any other section of the community from fire protection, hence the suggestion that their proportionate contribution should be reduced is completely unacceptable. We therefore recommend that 50 per cent. of all fire costs should be borne by the insurance companies:
- (3) The outcome of the above proposals is that only 30 per cent. of the total charges should be borne by the local authorities, whether they be Fire Boards or municipalities. We think that the difference in treatment between Fire Boards and municipally-owned brigades is entirely unwarranted. Admittedly, at the present time there is a difference in the standard of efficiency, and the insurance companies have not, at the present time, representation on the Fire Committees of those local authorities running their own brigades, but we have suggested that this should be altered so that for all fire brigades a statutory committee of the local authority should be set up on which, by statute, insurance companies will be represented. If this proposal is carried out, then there is no justification for the different treatment of municipally-owned brigades from those of Fire Boards. This, of course, involves the municipally-owned brigades being subject to the same standards of efficiency, including a reticulated water system, and the same inspections as the brigades operated by Fire Boards. The whole system at the moment we think is unjust and should be altered. We further think that the 30 per cent. which we propose is the maximum contribution by the local authority is fair and equitable under all circumstances.

## CHAPTER V.—LOANS

It was suggested to us in some quarters that all local-body loans should be provided by the State at a very low rate of interest. We are not prepared to recommend that no local body should be allowed to go on to the ordinary money market when it has to raise a loan, but we do think that further facilities should be provided by the Government for making loans to local authorities. Many of the larger local authorities can borrow at reasonable rates, but some of the smaller ones find it difficult to raise money at a sufficiently low rate not to impose a burden on their inhabitants. We are convinced that the operations of the Local Government Loans Board is of immense advantage in preventing undesirable projects from being undertaken, and after such investigations as the Loans Board makes before it sanctions a proposal, local authorities should be able to borrow at a rate of interest very little in excess of that charged for loans for central Government purposes.

Our recommendation probably means that the facilities of the State Advances Corporation should be extended in regard to local-body loans, and we recommend accordingly.

The question as to whether all local-body securities should be made trustee investments was represented to us, particularly in regard to Harbour Board securities. We are not, however, able to recommend that the securities of a body without rating-powers\* should be classified as trustee securities. This is not in any way intended to reflect upon the financial soundness of any such Harbour Boards, or, in fact, of any local authority, but as a matter of principle we think that for trustee securities the power to levy a rate is of vital importance.

## CHAPTER VI.—VALUATIONS

We have set out previously our general views as to the efficiency of the present valuation system. We think that the system of valuations for capital and unimproved value purposes by the Valuer-General and his staff should be continued. We are not prepared to recommend that this responsibility should be given to local-body officers, nor, on the other hand, are we prepared to recommend that where the annual system is in operation the valuations should at the present time be made by the Valuer-General.

It is important to point out that the staff of the Valuer-General at the present time is inadequate to maintain a reasonably up-to-date series of valuations. We think that every endeavour should be made to provide a larger fully trained staff, because much of the efficiency and effect of the present rating system depends upon up-to-date valuations.

The right of the individual property-owner to apply for a revaluation of his property at any time leads to some serious problems. We recommend, therefore, that after a revaluation of the territory of a local authority has been completed the right to apply for a revaluation should subsist for six months only, and that thereafter it should lapse until the next complete revaluation of that district.

Finally, where revaluations are undertaken, they should include the whole of the constituent districts of *ad hoc* local authorities. The system of revaluing one such local authority at one time and another constituent local authority of the same *ad hoc* district at another time leads to serious inequities, which would be prevented if valuations of such constituent districts were made at reasonably close intervals.

## CHAPTER VII.—STAFF PROBLEMS

### A. RECRUITMENT

We have suggested that there should be a material reorganization of local government in the Dominion not only of territory, but of finance; that local authorities should be given wider responsibilities and more extensive powers; and that they should, therefore, play a larger part than at present in the promotion of the social welfare of the community. Merely to alter their constitutional responsibilities, however, does not guarantee that the local authorities themselves will either be willing or fitted to undertake these new functions.

Apart altogether from the necessity to attract on to the Councils of these local authorities the very best of the local citizens, there is a necessity that greater attention be paid in the future than in the past to provision of staff. Governments the world over have recognized that much of the efficiency of their operations is determined by the calibre of the people they employ. Public service is a profession, and demands from those occupied therein special qualifications if the work of the community is to be adequately carried out. It is true that many of the aptitudes which make a man successful in business will make him a successful administrator, but, on the other hand, there are qualities demanded of a Government servant which are different from those required in ordinary commercial or professional life.

For most branches of non-Government work at the present time there are various schemes of training, the qualifications arising from which enable people engaging in either commerce or a profession to fit themselves adequately for their life work. This training is provided for in the Accountancy Diploma, Insurance Officers' Diploma, Shipping Officers' Diploma, Cost Accountants' Diploma, and the Bachelor of Commerce Degree of the New Zealand University. While the knowledge which a person receives from the study for these diplomas will generally be an advantage as far as mental training is concerned, yet as a specific training for Government responsibilities none of them really are satisfactory. Perhaps more fundamental than even this formal training is the recognition that in these particular spheres the really efficient person is the one who makes a life work of a particular profession. Similar concepts are arising in relation to the training for Government service. Practically all Governments to-day are providing training courses for their junior officers. It is in this particular

\* Some Harbour Boards do not have a rating-power.

respect that the local government service of the Dominion is perhaps most lacking. It is true that in some of the larger centres adequate schooling, particularly secondary schooling, is demanded of juniors entrants to the service, but, by and large, there is no personnel policy applicable to local government in the Dominion. And particularly is it true that there is no training available at the present time to fit those people who propose to make local government a career. In fact, it can almost be said that in some of the smaller local authorities, local government service is a blind alley employment for the younger members of the service. While it is true that there is no satisfactory recruitment policy for younger members of the service, it is also true in some cases that even senior officers have been appointed to posts of responsibility for which they have little real qualification. When it is realized that the clerks of local authorities are advisory to a body of laymen on the Council on matters involving frequently considerable expenditure of public moneys, it is obvious that the public well-being demands that such men should be fully qualified not merely to carry out the routine work of keeping minutes of meetings, and accounts of local authorities, but should be able to take a much wider view of the community welfare. This comment is not designed to cast any reflection on the ability of the majority of local government officers in the Dominion. Many of these men are exceptionally able and have been able to carry out their administrative duties not only with great credit to themselves, but also for the good of the communities which they serve. The future, however, holds new problems. The modern era is an age of specialization. Local government is to-day playing a very large part in the welfare of the community, and it is necessary, if such an expansion of activity as we hope will take place, for local administrators to be fully qualified for the tasks which they will have to undertake in the future. Over the past few years the total expenditure of local authorities has been approximately £25,000,000 per annum. Local taxation has been over £8,000,000 per annum. The community as a whole must be satisfied that the expenditure of these large sums—and the amount will probably increase in the future—shall be such as will minister in a maximum degree to the well-being of the people as a whole.

We therefore recommend that the problem of a personnel policy, including recruitment and training, be considered at a very early date by the Government, and that some steps be taken not merely to attract into the local government service some of the best of our potential talent, but also to see that when young people do enter this service that they are trained for the important work of administering public affairs.

#### B. SALARIES

Closely allied with the question discussed in the previous paragraph is the question of salary. The salaries of most junior officers of the clerical division and most manual workers in local authorities are at the present time governed by Arbitration Court awards, and for that reason there is some uniformity in the salary scales throughout the Dominion. In the higher ranks, however, there is a lack of uniformity in the general salary scales. We do not suggest for one moment that the Government should interfere with the undoubted right of local authorities to determine the salaries which they pay to their senior and responsible officers, but the salaries they are paid should bear some relationship to the responsibilities which these officers carry. Generally, in the territorial local authorities the salary scales of senior officers tend to be much lower than the salaries of the senior officers in *ad hoc* bodies. We have been impressed with the fact that in Electric-power Boards and Catchment Boards particularly the salaries paid to senior officers, both on the technical and the administrative side, tend to be much higher than those paid to county clerks, whose general responsibilities are much wider. In fact, there is some evidence of competition between the local authorities for able officers, to the detriment of the territorial local authorities themselves. This is a question to which local authorities should pay considerable attention. After all, they are not dealing with their own finance; they are trustees of public moneys, and should, therefore, be required to give adequate attention to the scales of their salaries. We are not suggesting that the salaries of these *ad hoc* officials should be reduced, but we think there is a case for the raising of the salaries of the senior administrative officers, particularly in county government, but also in other forms of territorial local governments. There should be some incentive for looking on the service as a profession, and if the potential salaries of the younger and also the more able men are not sufficient to retain them in the service, then the community will frequently lose considerably, as these men will tend to drift from the service because of inadequate salary.

#### C. EDUCATION

From what has been said above it is evident that we consider that special facilities should be available to provide professional training for local-body officers. Very little has been done in this respect in New Zealand compared with what has been done overseas. It is true that last year the Engineers Registration Act was passed which required that in certain circumstances local authorities had to employ an engineer qualified by examination before they could embark on public works or expend loan-moneys. This was definitely a step in the right direction. There is, however, no training at the present time available for those who propose to specialize on the administrative side of local government. In New South Wales, for instance, before a person can be appointed as administrative head of any local authority he must have passed an examination set by the State, covering the field of his activities. This provision has been in operation in New South Wales for many years. The standard required is at least as high, and probably higher, than that required for admission to accountants' societies and such institutions. It is interesting to notice that in the proposals put forward by the Honourable G. W. Russell in 1912 it was suggested that clerks and engineers must pass some examination before appointment to senior executive posts. It is to be regretted that no action was taken under this provision.

Certain attempts have been made in the past to institute some formal training for local-body officers in the administrative field. For instance, in the later years of the third decade of this century the Auckland City Council provided the finance for the Auckland University College to institute a series of lectures on local government leading to a Diploma of Public Administration in Local Government. The course was relatively well supported, and quite a number of the senior officers in the Auckland metropolitan area to-day took advantage of that course. This course, however, was one of the casualties of the depression, and has never been resumed.

In 1931 the Town Clerks Institute promoted a Bill providing for the holding of examinations in local government and for the certification of those who passed the examination. After considerable debate and a hearing by the Local Government Committee of the House the Bill was not proceeded with, although negotiations continued for some years. It was at least an indication that the local government senior officers themselves recognized that special educational training was necessary if they were to fulfil their tasks adequately.

More recently still Victoria University College has undertaken training in public administration, but the course is at the present time specifically designed for employees of the central Government. The course was temporarily abandoned in 1942 due to causes connected with the war. This course was open to specially selected Government officers who had already high educational qualifications. Scholarships were given, and the officers concerned attended the course for two years. While there was no reason why local government officers should not attend the course, no provision was made for scholarships for local government officers, and no local government officers attended. The question of making the course available to local government officers has been under consideration from time to time.

Local government officers themselves, however, feel that the centralization of this course in Wellington would prevent an adequate number of their younger officers from undertaking the concentrated work which is necessary.

Perhaps the most encouraging development in recent years has been the joint decision of the Town Clerks Institute, the County Clerks Institute, and the Electric-power Boards Secretaries' Association to combine for the purpose of providing training in local government work and for the certification of those who qualify in examinations. We were given full details of the proposed Local Government Administrative Officers' Institute, in which these three associations will combine for educational purposes. After a very full discussion of the problems at issue, and of the proposals which this new institute has put forward, we are convinced that it is a move in the right direction. The officers themselves are anxious to set a very high standard for the future. They feel that the younger officers coming forward are entitled to be given an adequate training for the field of their endeavour, and this voluntary effort on the part of the present senior officers is to be very highly commended. We would go so far as to say if this new institute asks for legislative incorporation it should be granted without question.

This, however, immediately raises another question—namely, the facilities for training which are available. Those who appeared before us informed us that they proposed to work along the lines of the English Institute of Municipal Treasurers, which itself arranges, either directly or through other institutions, for the actual educational part of its programme, and itself conducts examinations. We think there is a good deal to be said for this procedure, but consideration should also be given to making it possible for the universities throughout the Dominion to co-operate in the provision for certain of the courses. We are not convinced that a purely academic course undertaken by academic lecturers who have little experience in day-to-day administration will in itself be all that is necessary. It is obvious that experienced local-body administrators must play a very large part. Education, if divorced from practical experience, tends to be barren and to give to the trainee a completely unreal view of his ultimate responsibilities. Some co-ordination between the educational institutions and the active administrators is vitally necessary. This may, of course, mean some change in university outlook. Our education institutions are not ends in themselves, but should minister as effectively as possible to the community welfare, even though it means some change in their approach to the problem of education. The Government should give every encouragement to the training of local-body officers. It may be that when proper training facilities are available that some such provision as is made in New South Wales, whereby no person can be appointed as a clerk of a local body unless he has fully qualified, will be possible in the Dominion.

#### D. SUPERANNUATION

Many local authorities to-day have a superannuation scheme, but there is no all-embracing superannuation scheme for local-body officers in the Dominion. The Local Authorities Superannuation Act, 1908, which gave local authorities power to institute their own schemes, has to all intents and purposes not been used. Most local bodies that have superannuation schemes provide for them either through the National Provident Fund or through life-insurance companies. Both the National Provident Fund and the representatives of the life-insurance companies appeared before us in evidence. The present position is that before a local authority can institute a superannuation fund it has to have the permission of the Governor-General in Council.\* Until recent years it has been the practice to approve of superannuation schemes arranged either through insurance companies or through the National Provident Fund. Recently, however, we are given to understand, that the Minister has not approved of superannuation schemes arranged through insurance companies, and the insurance companies came before us to protest against this refusal to permit the schemes.

\* Finance Act (No. 2) 1942, section 25.

We have given much consideration to this question, and while we are not prepared completely to agree that superannuation schemes arranged through insurance companies are merely life-insurance policies, yet we are inclined to think that the benefits derived from these schemes are not as satisfactory to the local-body employees as those arranged through the National Provident Fund. It should be pointed out that the National Provident Fund is fairly heavily subsidized by the Government, and consequently local-body officers tend to get a better return from the National Provident Fund than from insurance companies.

The major question, however, is the desirability of a national local-body superannuation scheme. After considerable debate, such a scheme has been instituted in England, and all local authorities are required to conduct their schemes on a basis as laid down by statute. As a result, there is, to all intents and purposes, one scheme for the whole of local-body officers in England. This has very desirable results. An officer desiring to transfer on promotion or otherwise from one local authority to another is enabled to transfer his superannuation benefits, including the provision of the local authority, to the new authority with which he proposes to work. Most local-body officers must look for promotion outside of the body with which they are at the time working. Promotion comes by way of transfer from one local authority to another, and this not only gives experience, but enables the more promising officers to improve their positions and enlarge their sense of responsibility. We think that there is a strong case for the institution of a unified local-body officers' superannuation scheme for the Dominion. At the present time, for instance, an officer in a local authority which has a superannuation scheme under the National Provident Fund may transfer to another which also has a superannuation scheme under this Fund without the loss of any of his superannuation rights. Similar provisions do not occur where the local authority has its superannuation scheme with an insurance company. We express the opinion that local authorities should be encouraged to take out superannuation schemes, and that there should be some uniformity about the schemes, so as to enable transfers from one local authority to another. The National Provident Fund's provisions do allow for this transferability, and the question as to whether all local authorities in the future proposing to set up superannuation schemes should be required to take them out under the National Provident Fund is one which we commend to the Government's most favourable consideration.

It should be pointed out that local-body officers and their associations have approached us with a view to the setting-up of superannuation schemes. On the other hand, we have had evidence from representatives of the manual workers in local bodies protesting against the institution of anything approaching a compulsory superannuation scheme. These representatives maintained that the workers were adequately protected by the Social Security Act, and should not be asked to contribute further towards a superannuation scheme. With this point of view we agree, and we suggest that any superannuation scheme should apply only to the clerical and professional divisions, and that existing employees should have the right to come in or stay out as they wish. Our recommendation is that local authorities be encouraged to institute superannuation schemes for their officers, such schemes to be arranged with the National Provident Fund.

The position of fire-brigadesmen, however, is rather different from that of other local-authority employees. Fire-brigadesmen are normally unfit for active duty beyond the age of fifty, and are then required to retire. The retiring-age for officers is somewhat higher. Because of the strenuous nature of their work, they are normally unfitted for further manual work after they retire from active service, and are untrained for lighter occupations. As a consequence many men leave the service at an early age before they are unfitted for other employment, and the brigades, therefore, lose valuable, trained men. We therefore recommend that Fire Boards be required to institute superannuation schemes for all permanent staff, the extra cost involved because of earlier leaving-age being borne by the Boards and not the men. It is probable that a national scheme could be organized by the proposed Fire Council, and hence prevent the emergence of many small schemes. Here again the National Provident Fund should be used.

## CHAPTER VIII.—ELECTIONS AND MEMBERSHIP OF LOCAL AUTHORITIES

### A. ELECTIONS

#### (1) ADDITIONAL VOTING FACILITIES

Some facilities to vote should be made available to persons who are unable to attend at polling-booths on voting-day. The system of absentee and invalid voting in connection with the national elections could not be put into operation for local-body elections in view of the very large number of separate electorates which are involved. While not fully convinced of its administrative feasibility, the possibility of some form of voting similar to that used for national elections and described as "postal voting" should be investigated, and we recommend accordingly.

#### (2) MULTIPLE BALLOT-PAPERS

Some witnesses recommended that all the questions at issue in the triennial elections of one local authority should be placed on one ballot-paper. Other witnesses maintained that this would materially slow up the work of counting the votes, and although they admitted the difficulties at the present time with so many separate issues at stake on one day, they thought that the administrative difficulties of a multiple ballot-paper would aggravate rather than solve the problems at issue.

In some of the smaller local authorities, however, a multiple ballot-paper may be advantageous. We therefore recommend that the use of multiple ballot-papers be made optional.

## (3) DATE OF ELECTIONS

We are unable to recommend any change in the dates of elections. Some witnesses maintained that elections should be held in October or November, but it was pointed out to us that in general the May elections were most satisfactory to the majority of the people.

## (4) RETURNING OFFICERS

In some cases returning officers of territorial local authorities are required to act as returning officers for certain *ad hoc* bodies. For certain of these *ad hoc* bodies special remuneration is granted to these returning officers, but in other cases no separate remuneration is given.

We think that, in general, a reasonable remuneration should be paid to officers of territorial local governments who are required to perform extra duties when acting as returning officers for *ad hoc* bodies.

## (5) PARTY AFFILIATIONS ON BALLOT-PAPERS

In view of the large number of candidates in many local-body elections it frequently happens that the public are quite unable to identify the candidates, and hence are unable to vote intelligently. In one of the cities at a recent election there were some sixty candidates for twenty-one seats on the City Council. The proposition was, therefore, put forward to us that party affiliations should be shown on ballot-papers. We are unable to agree to this suggestion, but we do think that provision should be made for the use of simple "party tickets," which could be handed to voters at the door of polling-booths if they so desire. This is at present done in many places, but there is some doubt as to its legality. This doubt should be cleared up as indicated above.

## (6) PARLIAMENTARY ROLLS

The recent amendment to the Local Elections and Polls Act passed in 1944 gives the vote in local-body elections to practically the same persons as are entitled to a vote in parliamentary elections, and it was suggested in some quarters that since that was the case parliamentary rolls could be used in local-body elections with savings in administrative and printing costs. On the other hand, the boundaries of local districts are entirely different from those of parliamentary electorates, and as a consequence the administrative difficulties in using parliamentary rolls would be very serious. In actual fact there would be no saving in printing costs, and probably further expenditure in extracting from the parliamentary rolls a roll for the particular local authority. However, we think that, if administratively possible, some means should be found to enable one enrolment for both parliamentary and local-government elections. If this were done, then in making up their electoral rolls the local authorities could use the enrolment forms (or at least copies of them) which are used in the compilation of the parliamentary rolls.

## (7) RESIDENTIAL QUALIFICATIONS

Some witnesses maintained that the residential qualification as provided for in the Local Elections and Polls Amendment Act, 1944—namely, three months' residence—should be extended to twelve months' residence. The argument was that many merely seasonal workers who had no real interest in the county would have a vote, frequently on major issues, and consequently those whose permanent interests were in that county district could possibly be out-voted. It was therefore suggested that the residential qualification in a county should be twelve months, and not three months.

We are, however, unable to agree to this suggestion, and think that the present legislation should stand.

## (8) VOTING ON LOAN POLLS

In cities and boroughs we think that voting on loan polls should not be confined to ratepayers. In actual fact the ordinary resident, even though not a ratepayer, does actually pay rates either through rent or in his charges for board and residence, and he should be entitled to have some say on loan polls, particularly in cities and boroughs. We do not recommend any alteration in the present system in counties, whereby the ratepayers alone are entitled to vote on loan polls.

## (9) PLURAL VOTING

We do not recommend any change in the system of voting in counties, whereby the ratepayer is entitled to a maximum of three votes under certain circumstances.\* On the other hand, we think that the occupiers' vote, and the vote for ratepayers' wives should be eliminated. This latter suggestion will be fairly obvious from an illustration. Where the ratepayer lives in a district, his wife has a vote as a resident. Where he is an absentee owner, it is inequitable that his wife should be entitled to vote as an absentee as well as the ratepayer.

## B. REMUNERATION OF MAYOR AND COUNCILLORS

## (1) HONORARIA OF MAYOR AND CHAIRMEN

In general, we think that the provisions regarding the honoraria of Mayors and Chairmen is satisfactory, except in the case of counties, where the Chairman is entitled to only £100 per annum in lieu of travelling-expenses, but if he accepts the grant he is not entitled to claim expenses for travelling on behalf of the county. The county Chairman is seriously penalized when compared with the Chairmen or Mayor of other local authorities. Further, the amount payable to county Chairmen is very much

\* See page 36.

smaller than in the case of other local authorities, particularly *ad hoc* bodies, the Chairmen of which are entitled to an honorarium and travelling-expenses. We therefore recommend that an honorarium of a maximum amount of £200 be paid to county Chairmen, and that, in addition, they be entitled to be paid travelling-expenses when travelling on county business.

#### (2) REMUNERATION OF COUNCILLORS

We recommend that members of a local body may be paid a maximum of £1 per meeting, but with a maximum of £52 for any one year. We think that this should apply to all local bodies, including Electric-power Boards. It may be that the maximum will need to be reduced in the case of some of the smaller *ad hoc* Boards so that there will not be an encouragement to hold unnecessary meetings.

#### (3) TRAVELLING-EXPENSES

As pointed out earlier\* the rates of travelling-expenses payable to members of different types of local bodies vary very widely. This is inequitable, and we therefore recommend that power be taken to issue regulations covering travelling-expenses for all local bodies, so that there will be a uniform rate throughout the local-body world.

### C. MEMBERSHIP OF LOCAL AUTHORITIES

#### (1) GOVERNMENT NOMINEES ON HARBOUR BOARDS

The present system of appointing Government nominees on Harbour Boards has no justification. These nominees are unable to express Government policy and perform no democratic function. This must not be read as a criticism of any or all of the present nominees, but it is intended to be a criticism of a system. The system might be warranted if the appointee were technically qualified in harbour matters, or were able to express the point of view of the Minister of Marine. We therefore recommend that the provision regarding Government nominees on Harbour Boards be repealed.

#### (2) REPRESENTATIVES OF SHIPOWNERS AND OTHER PAYERS OF DUES ON HARBOUR BOARDS

The principle of allowing special interests to be represented on a Harbour Board is not one that we are prepared to endorse. Shipowners and payers of dues merely pass their charges on to the general public, and to allow them to dictate policy is quite undemocratic. If such interests are represented, then farmers whose produce is shipped, and wharf labourers who work on the wharf, are entitled as such to be represented. The principle is entirely wrong. For the technical tasks engineers and other technicians are employed. The principle of democratic elections should be instituted for all seats on Harbour Boards, and representation of shipowners and payers of dues cancelled.

#### (3) REPRESENTATION OF DOCTORS AND NURSES ON HOSPITAL BOARDS

For the same reasons as we think special representation on Harbour Boards should be cancelled, we are unable to agree to the suggestion that doctors and nurses should be represented on Hospital Boards. On technical committees these professional groups might well have a seat, but when the Board meets, the functions of doctors and nurses are advisory and not legislative. In fact, we are advised that the medical superintendent and matron, as a general rule, attend all Board meetings and take a deliberative (but not legislative) part.

#### (4) GOVERNMENT NOMINEES ON HOSPITAL BOARDS

Some witnesses argued that increased Government contribution to Hospital Boards would involve increased Government control. Some suggested that the State should administer hospitals. We have already stated that we do not agree with this suggestion. Others suggested that the Government should be represented on the Hospital Boards. We do not agree to this suggestion. In any case, such supervision as is necessary can be exercised by the Health Department through the normal administrative channels.

#### (5) GOVERNMENT NOMINEES ON FIRE BOARDS

The Fire Brigades Act, 1926, provides that the Government shall nominate one member on all Fire Boards. For reasons similar to those discussed above, in connection with Harbour Boards, we consider that these appointments are wrong in principle and unnecessary in fact. We therefore recommend that the principle of nominating Government members to Fire Boards or Government members on Fire Committees of boroughs should be dropped.

#### (6) GOVERNMENT NOMINEES ON RABBIT BOARDS

Government representation on Rabbit Boards is different from Government representation on most other bodies, in that it is specifically provided in section 37 of the Rabbit Nuisance Act, 1928, that the Government nominee shall be a Rabbit Inspector. This officer, although a Government nominee, is able to bring to bear on the discussions of the Rabbit Board technical knowledge, and hence is not subject to the same criticism as Government nominees on other Boards. We have recommended that, in general, the function of rabbit-destruction should be transferred to counties, and if this is done this Inspector should have a seat on the Rabbit Destruction Committee of the local authority.

\* See page 37.

## CHAPTER IX.—TOWN AND REGIONAL PLANNING

### A. TOWN-PLANNING

#### (1) DESIRABILITY FOR PROGRESS

The view has been previously expressed that an extension of town-planning activity is very desirable in New Zealand. In the immediate future there will be a very large extension of housing activity, and also a major extension of industrial activity. If we are to avoid many of the mistakes of the past, and if we are to provide the most satisfactory conditions for people to work and live in, then it is obvious that steps must be taken to prevent the emergence of potentially undesirable conditions.

Town-planning activity is a feature of the post-war reconstruction problems in practically all parts of the British Commonwealth and America. England has a very forward policy, and has recently appointed a Minister of Town and Country Planning. Canada has just recently had an extensive Royal Commission on the subject of town-planning and housing. Victoria and New South Wales have just this year appointed Directors of Town-planning. If in New Zealand we are to avoid in this era of rapid expansion the perpetuation of the sprawling unco-ordinated towns which have been a feature of most developing countries, it is obvious that local authorities, on whom the primary responsibility must rest, must be compelled to provide for this development in a planned and co-ordinated fashion. Until quite recently it is true to say that, on the whole, local authorities have not appreciated the value of town-planning. It has been looked upon as an unnecessary frill. Within the last two years, however, we are informed that there has been a growing appreciation of the absolute necessity for planned development, particularly of the urban areas. In evidence it transpired that the Town Planning Branch of the Organization for National Development is almost overwhelmed with requests for assistance and advice, and local authorities desiring to prepare town plans are quite unable to obtain the requisite technical assistance. In fact, the technical assistance does not exist. We think that it is the responsibility of the Government not merely to encourage this renewed interest, but to give it every assistance, and to see that the conditions under which the people of New Zealand work and live in the future will be the most satisfactory possible.

There was some suggestion put before us that the Town-planning Act should be completely remodelled on the lines of the recent English Town-planning Act. It was further suggested that it was because of the unsatisfactory nature of the existing legislation in New Zealand (the Town-planning Act, 1926 and Amendment, 1929) that local authorities had been unwilling to proceed. Our investigations have shown that, with one exception, which will be mentioned later, there was little feeling by the local authorities that the Act itself was unsatisfactory. We therefore do not recommend any fundamental change to the Town-planning Acts, but rather an insistence that their provisions be carried out.

The exceptions which we think should be adjusted are those in connection with section 34 of the Act, details of which are given earlier. A local authority preparing a town-planning scheme and having issued a provisional zoning plan should be able to regulate the use of buildings in an area even before the formal approval of the plan. The effect of the present legislation is that, though a local authority can prevent new buildings which do not conform to the proposed zoning plan, they cannot prevent the conversion of existing buildings and the creation of a vested interest in an area quite unsuitable for it.

The problem of compensation and betterment requires considerably more investigation than we have been able to give it. We were informed, for instance, that in Dannevirke a town-planning scheme was prepared and approved, but that, because it might in years to come involve the taking-over of some private land, the local authority would be liable for heavy compensation. It would appear that the general attitude of those who opposed the Dannevirke scheme was one of complete ignorance of the proposals. Civic betterment cannot take place without cost, and if progress is to be achieved the community must be prepared to pay the price for that progress.

One further question is of major importance. Some witnesses suggested that while it was proper to provide a plan for new developments, there was no value in providing for the replanning of existing areas. Wellington was cited as an example. What value, it was said, is there in preparing a plan for the redevelopment of Wellington, because Wellington is at the present time almost completely built up, at least in central areas, and therefore a plan for the redevelopment of the city would be merely needless expense. This attitude is the result of a complete misconception of town-planning. Town-planning is not something which it is proposed to put into operation in the course of a year or two, or within a decade. It is a proposal for the future development of the area. Wellington has, for instance, at the present time a proposal for the widening of Taranaki Street. This proposal will not come to full fruition for quite a number of years, yet nevertheless, taking a long view, the general plan can be carried into effect. Similarly, in the replanning of a built-up area there is no suggestion that existing structures or existing layouts will be altered overnight or even in the course of the next two or three years. The general approach is that when an area is being rebuilt that it shall conform to the plan.

#### (2) CONTROL

From evidence placed before us it would appear that as far as the control of town-planning in New Zealand is concerned, there is some confusion. For certain purposes the Internal Affairs Department is the responsible body. Recently the Town-planning Section of the Department has been transferred to the Organization for National Development, and we are informed that the Town-planning Board now operates within the orbit of this new Department. For the purposes of residential subdivisions in county areas the Lands and Survey Department is the responsible body. In connection

with the laying-out of roads and streets, reference has to be made to the Public Works Department and under the recent Housing Improvement Bill it would appear that the Minister of Works—that is, the Housing Construction Branch—is the responsible Department. This wide distribution of responsibility places unnecessary difficulties in the way of the local authorities, who are of opinion that all problems involving town-planning and subdivision should be placed under the Internal Affairs Department, in view of its close relationship with local government in the Dominion. We are given to understand that there are certain unofficial relations between the various Departments, but from the point of view of the local bodies there should be a single line of responsibility. All town-planning activity should be under a unified jurisdiction, and we recommend that the central body should be the Town-planning Board operating under the jurisdiction of the Department of Internal Affairs.

One particular question is worthy of further consideration. The control over residential subdivisions in counties is inadequate. There was some evidence that uncontrolled and unco-ordinated development was taking place in county areas, usually just beyond the borders of some borough. It would appear that the powers of counties to control this subdivision and to control the actual building activities on the subdivisions is not satisfactory. We therefore suggest that the powers at present possessed by the Lands and Survey Department to control residential subdivisions in counties should be transferred to the Town-planning Board, who could then exercise control in rural areas as in town areas, over the general problem of residential development.

We would like to comment on the tendency for ribbon development to take place in some county areas, with all the consequent problems of costs and services which that ribbon development involves. Such development can be controlled only if there is some uniformity in governmental policy in relation thereto, and hence we strongly suggest that the Town-planning Board should be given statutory authority to control all town-planning activity in the Dominion. This, of course, would include such town-planning activity as is carried out by the Housing Construction Division. While we are given to understand that there is now a very close and intimate relationship between the Housing Construction Division and the local authorities, we think that general town-planning activity is a different problem from that of housing construction, and while the general layout of specific subdivisions should still remain with the Housing Construction Branch, yet the general problem of town-planning of the area as a whole should be vested in the Town-planning Board.

## B. REGIONAL PLANNING

### (1) FUNCTIONS

In earlier sections of this report there have been set out the functions and objects of the regional planning organization at present operating within the orbit of responsibilities of the Organization for National Development. Generally, we think that the conception of regional planning is a desirable one, provided that the definition applied to regional planning is sufficiently wide. There is a tendency to think of regional planning in terms of physical planning and conceiving the primary function as being to zone areas and to lay out main transport routes and suchlike. Important as these questions are, we feel that if our recommendations as to the extension of the responsibilities of local governing authorities are to be effected, that the regional planning authorities must have fairly wide responsibilities in terms of the social and economic development of their areas. They cannot, for instance, afford to ignore the problems of man-power, and in working out solutions for the absorption of available man-power, or what is more likely in the immediate post-war years, the rationing of man-power in the most desirable directions, they should work in close harmony with these Regional Planning Councils. If this is not done, there will be a definite tendency for the central government, local governing authorities, and private enterprise to compete among themselves for the available man-power and resources, and, as a consequence, to promote those very conditions which any organization for reconstruction should avoid. It is true that physical planning is to some extent basic to all civic development, but to confine the operations of regional planning authorities to physical planning will be to leave untouched many of the major questions dealing with the utilization of resources, both human and material. Every one will admit that these matters have to be considered in any intelligent planning for future development. It may be argued that local authorities are not charged to-day with this function. That may be true, but in actual fact any planning that is done is normally done by Civil servants not necessarily directly in touch with local needs, and if regional planning authorities are set up the undoubted knowledge of local conditions which the members of these local authorities possess should be made available to the nation for the development of that particular region.

We think the present position, whereby these Regional Councils are concerned at the present time primarily with the problems of rehabilitation particularly defined is a reasonable one, in that it enables the organization to settle down and gives experience to the members of the wider problems which they will have to undertake when planning for the long-term development of their area. In other words, there would be no value in drawing up a detailed constitution and allocating to these bodies wide and authoritative powers in the early stages of their development, because as time goes on it is evident that constitutional changes will have to be made. The structure will have to be altered, and generally there should be an elasticity about such an organization. We are given to understand that twenty-five Regional Councils have been set up in the twenty-five regions into which New Zealand is at the present time divided. It would seem that the arrangement whereby the Rehabilitation Department is to supply the secretariat of these committees is relatively satisfactory, but we are not completely satisfied that the technical services which will be necessary if the work is to be expedited at all are either available or in sight. Surveyors, draughtsmen, and other types of technical assistance will be urgently necessary if the surveys of man-power and physical resources are to be carried out. Land-use surveys involve considerable staff, and no adequate provision appears to have been made

at the present time for this work. We understand that some of this technical assistance is to be made available from Government Departments, but as these Departments are at the present time greatly understaffed it does not appear possible to appoint to each of these Regional Bodies any adequate staff.

It is important to mention that local authorities should be given more than a token responsibility, and we feel that this work is one in which local-body executives, both on the administrative and technical side, should be intimately concerned. A great deal of the work within the jurisdiction of the various local authorities should be done by those local authorities themselves. A tendency to depend on the Government for all such work will without doubt result in a lowering of a sense of local responsibility, and will defeat the very objects for which regional planning has been instituted. This may mean, of course, that local authorities will have to accept some financial responsibility. Doubtless in this regard a system of subsidies could be arranged, but if the Government is to provide all the secretarial and all the technical assistance, there may emerge a condition when the local authorities will become merely "yes" men for Government Departments, and the proposal to decentralize responsibility for reconstruction will be completely negated.

## (2) CONTROL.

As conceived by the Organization for National Development, Regional Planning Councils shall be representative not only of the local governing authorities, but of Government Departments and numerous private institutions. While admitting the necessity for co-ordination between the local governing authorities and the Government, and hence, the necessity for certain Government Departments to be represented on, or at least available to, the Regional Planning Councils, we are not completely convinced as to the necessity for having representation from chambers of commerce, trades-unions, and suchlike on the regional planning body. The territorial local governments are after all a part of the Government of this Dominion, and, with minor and unimportant exceptions, every area of the Dominion is within the district of some territorial local governing authority. These authorities should be responsible for the social and economic well-being of those within their districts. By their very constitution they are representative of all sections of the community, and to suggest that its members are unable to take account of the needs and possibilities of all phases of development in their area is to suggest that the body is unable to carry out its real function. We understand that on many Regional Councils the territorial local governing authorities have stipulated that they will co-operate only if control is vested in them. We agree with this contention. If our previous proposals for the strengthening of local government mean anything, they mean that these bodies must be given increased responsibilities and increased opportunities to contribute to the well-being of the community. To take away this responsibility from them is to reflect on their ability and to destroy their initiative. The staffs of these Regional Planning Councils should definitely be under the control of the Councils, and not doing the work in Government offices as a part time occupation in the midst of an otherwise busy life.

Our investigations have shown that although local authorities were a little nervous when the regional planning schemes were first mooted, they are now behind the scheme. From several quarters information has reached us to the effect that these new bodies feel that although they can do good work as voluntary institutions, that if they are to make a real contribution to the future of their own areas, they should be given some statutory authority. We suggest, therefore, that consideration be given to the passing of legislation putting Regional Planning Councils on a better basis and making more adequate provision for their finance.

One final question is worthy of consideration. As we have stated elsewhere, some co-ordination of regional planning activities is urgently necessary if New Zealand is not to develop in an unco-ordinated way, and if the various regions are not to develop in a parochial manner. At the present time the actual co-ordination which exists is that exercised by the Director of the Organization for National Development and by the Town-planning Officer of that organization. This work is so important that we believe that some representative body on a national scale should be instituted consisting not merely of Government officers or Government nominees, but also with nominees of the principal local governing organizations in the Dominion. Such a body could give direction to the work and could act as the mouth-piece of the regional bodies.

## CHAPTER X.—MISCELLANEOUS

### A. BY-LAWS

We have been greatly impressed by the work carried out by the Standards Institute in the standardization of by-laws, particularly in the field of building by-laws. Evidence was adduced to show that each local authority was entitled to make its own by-laws, with the result that in many cases there were as many as thirty different standards for building equipment in different parts of the Dominion, with the resultant inefficiency and loss to the community as a whole. No loss of efficiency would be brought about by standardization. We therefore strongly recommend that the Standards Institute be encouraged to continue its work of standardization of local-body by-laws and to extend the field which it is at the present covering: and, further, we think that there is every reason to recommend that many of these by-laws should be made mandatory.

One undesirable feature has emerged under the present voluntary system. The standard by-laws have been drawn up by the very best authorities in New Zealand, and some local authorities in adopting these by-laws have altered the standards in a relatively arbitrary fashion, the result negating the value of standardization. Unless some provision is made whereby these by-laws are made mandatory, then the work of the Standards Institute will be largely nugatory.

## B. LIBRARIES

We desire to call attention to the evidence put forward by the Libraries Association as to the necessity for developing a National Library Service. While the operations of the Country Library Service have made available to many people in rural areas books which normally are not readily accessible to them, we think that if this work were on a regional basis, with some form of national co-ordination, the result to the community as a whole would be very beneficial. This is a work in which we think local bodies could well be asked to co-operate and to act in their own districts in the matter of library facilities. Territorial local authorities are, after all, responsible for the civic life of their community, and in modern civic life books are an important factor. We therefore suggest that an educational campaign be undertaken with the local authorities in this direction. Counties and boroughs should be given wider powers not only as to rating, but also encouraged to provide for their citizens more of these facilities of modern life.

## C. TRAFFIC CONTROL

There was some suggestion in evidence that all traffic control should be placed in the hands of the Transport Department. Some of the members of the Committee felt that this work would be more effectively carried out by the Police Department. On the other hand, after mature consideration, we have come to the conclusion that, particularly in the larger boroughs, traffic control is very ably undertaken by the local authorities, and we cannot recommend any compulsory centralization of traffic control. However, in some of the smaller boroughs, traffic control could be more effectively carried out by the Transport Department. In some cases the Traffic Inspector carries out not only that duty, but also many other minor duties, and is quite unable to administer effectively that important modern problem of traffic control. We understand that in a number of cases, by voluntary arrangement with the Transport Department, traffic control is undertaken in some of these smaller boroughs by the Transport Department, and, in general, we are prepared to endorse this procedure. We therefore recommend that the principle of voluntary co-operation as between the Transport Department and the boroughs should be encouraged. In county areas at the present time, and in towns with under 6,000 population, the Transport Department does carry out the traffic control. Larger boroughs should be made aware of this service of the Transport Department.

While we are not prepared to recommend that transport control by local-body officers should be prevented, we do think that there should be national standards for traffic officers. In many cases, particularly in smaller boroughs, officers in charge of traffic control have no technical qualifications therefor. Hence, we recommend that where a local authority decides to appoint its own Traffic Officers, such Traffic Officers shall be required to have passed through the Traffic School of the Transport Department. We understand the Transport Department is prepared to make provision for training these local-body officers. This will probably mean in many cases that the local authority itself will have to provide the finance and facilities for such officers during their period of training at the Transport Department's School. It would also be advantageous if arrangements could be made for existing Traffic Officers in local authorities to go through the Traffic School, even though they are, or have been, operating as Traffic Officers for some considerable time.

We are also convinced that there should be a central register of motor-drivers' licenses for the Dominion as a whole. This would enable more effective control than is possible at the present time. There should also be a standard form of drivers' license for every issuing authority. Probably a duplicate of the license forwarded to the Transport Department could form the basis of the central register mentioned above.

## D. EXEMPTION OF SPORTING AREAS FROM RATES

The Valuation of Land Act, 1925,\* provides, among other things, that land owned or occupied by an institution and used for games or sports, other than horse racing or trotting, and not used for private pecuniary profit, shall not be assessed at its full value for rating purposes, but that the assessment shall be reduced to the extent by which, in the opinion of the Valuer-General, the value of the land is lessened by reason of the limited and restricted purpose to which such land is applied. This section places no limit on the area of land which may be used for such sporting purposes.

In Otahuhu Borough the Auckland Golf Club's course occupies an area of 137½ acres, comprising just under one-ninth of the total area of the borough, and because it comes within the section quoted above the value of this land is reduced from £12,390 to £8,325, and, as a consequence, the rates which it pays are £422 15s. 1d. instead of £629 3s. 7d. The Otahuhu Borough Council pointed out that the golf-course was not used to any extent by the residents of Otahuhu, but rather by the residents of Auckland City, and hence they maintained that this reduction in rates places an undue burden on the inhabitants of Otahuhu. The Borough Council, therefore, requested that section 52 of the Valuation of Land Act, 1925, should be amended so as to provide that the provisions thereof shall not apply to an area of more than 20 acres held by any one person or body of persons. We recommend that provision be made restricting the amount of land exempted or partially exempted from rates under this section.

## CHAPTER XI.—THE STATE AND LOCAL AUTHORITIES

The formal relationships between the central Government and local authorities should be that of partnership in the Government of the Dominion. The State on its part has the responsibility to provide the constitutional and financial set up, which will enable local authorities to perform their tasks adequately. The State must be prepared to delegate to local authorities those functions which are peculiarly local in character. The tendency to centralize all functions in the Civil Service must be countered, and if it is argued that the local authorities do not carry out the responsibilities which are allocated to them, steps must be taken to see that they do fulfil their obligations. We are convinced

\* Section 52.

that if responsibilities are allocated the members of local authorities will react most satisfactorily. Evidence is not wanting to show that this is the case. When in the recent past they were given the responsibility of organizing the Emergency Precautions Scheme in their districts, the result was to their lasting credit. Similarly in regard to patriotic matters they have fulfilled their new functions in a way which would not have been possible had the matter been in the hands of a State institution. Admittedly any delegation of authority must be accompanied with adequate finance, and this may raise questions of taxation power, and also Government subsidies. In particular, Government subsidies must be calculated in a manner which has some correspondence with the actual responsibilities assumed. Perhaps in one way, however, the State has made it difficult for local authorities to carry on as effectively as possible. As we have stated in several places in this report, the line of delegation of authority is seldom clear and distinct. Sometimes one Department, and sometimes another, sometimes one Minister and sometimes another, are closely associated with the control of an individual function or of an individual local authority. At the central Government level there should be a greater degree of co-ordination than is in evidence at the present time. Frequently important decisions are taken without full consultation between Departments. Existing statutes prove the necessity for such co-ordination. Take the problem of travelling-allowances, or the problem of the remuneration of Mayors and Chairmen, or the problem of the remuneration of Councillors. In these, and in many similar cases, each Local Government Act has different provisions. In fact, we would say that there is a very strong case for the passing of a Local Government Act in which constitutional and regulatory provisions are made for all local authorities. There does not appear to be any reason, for instance, why provisions regarding meetings, elections of officers and committees, travelling-expenses, remuneration of Chairmen, and so on, should not be uniform in all local bodies in the Dominion. We understand that such a Local Government Act is in existence in England, and in some other parts of the British Commonwealth of Nations, and operates satisfactorily. If such a Local Government Act were passed, many of the difficulties would tend to disappear. The actual administration of these constitutional and machinery provisions would be located in the Internal Affairs Department, leaving the technical Departments to be solely concerned with the technical problems involved. This would certainly simplify local-body activity in the Dominion and would prevent much of the needless overlapping and friction which exists at the present day.

On their part, however, the local authorities must be prepared to accept their responsibilities. Since the last war there has been a tendency to pass all responsibility back to the Government. This has been evident not only in local bodies, but generally in activity throughout the Dominion. The spirit of self-reliance is less evident to-day than formerly, and local authorities should develop a greater degree of initiative and courage. If additional powers are allocated to them and responsibilities imposed upon them, then they cannot complain if the State is called on to assume the responsibilities when they do not fulfil their functions. In connection with the problem of maintenance of Main and State highways, for instance, one instance was quoted to us of a local authority which, before the Main Highways Board took over, did lay down at considerable expense a fairly long stretch of main road. The work was so poorly done that within the course of a few years the road had completely disintegrated and reconstruction had to be commenced right from the beginning. The public needs must be served, and if local authorities are not prepared to fulfil their functions adequately, then some other body must accept that responsibility.

## CHAPTER XII.—CONCLUSION

A study of the foregoing report leads inevitably to the conclusion that local government in the Dominion has a very important part to play in the life and well-being of our citizens. It is important that it should be so constructed as to minister as effectively as possible to that well-being. Our general investigations have shown that, with very few exceptions, the local governing authorities of the Dominion have played their part very effectively in the past. In the post-war world many new problems will emerge, and it is vitally necessary that local-government administrators should be able to work within a framework which does not impose upon them any limitations as to their effectiveness. The relation between the central and the local Government must be one of co-operation or partnership. Each partner must play his part. The Government must see not only that the structure of local government is satisfactory, but must be prepared at all times to assist in whatever way possible the efforts of the local-government administrators. There is one way in which the central Government can be of very great assistance to local governing authorities. The present administrative responsibility of the Government is scattered over a number of Departments, and there is little co-ordination. We think, therefore, that an adequately staffed Information and Research Section should be set up within the Department of Internal Affairs. This institution should have the function of maintaining a complete and detailed knowledge not only of what is happening in the Dominion, but also of what is happening abroad, and have facilities for disseminating this knowledge to those interested.

On the financial side we are convinced that there is a great deal of research work to do, work which is not at the present time being adequately attempted. The Local Authorities Handbook, for instance, is a valuable document, but, after all, the detailed knowledge contained therein needs to be digested if it is to be of value either to the central Government or to local governing authorities. The financial importance of local government in the country cannot be overestimated, and unless the Government is fully advised as to the current situation it is impossible for it to carry out those policies which from time to time become urgent. From the point of view of the local governing authorities themselves, a central information bureau will be of great value.

Finally, we have been impressed during the course of our evidence by the very great volume of voluntary effort which is expended in the local government field of the Dominion. This preparedness on the part of private individuals to devote their time and efforts to the well-being of the Dominion is something of which New Zealand may be justly proud. Everything should be done to encourage the best of our citizens to devote themselves to the affairs of the country, so that we can retain the priceless heritage of democracy which we have inherited from our forefathers.

## SUMMARY OF PRINCIPAL RECOMMENDATIONS

### I.—REORGANIZATION OF FUNCTION AND AREA

#### A. AMALGAMATIONS. (See page 152)

In the districts of many territorial local authorities the area does not correspond with the community of interest. As a consequence, in some districts, as in Auckland and Christchurch, there are several territorial local authorities administering an area which could be administered by a single responsible body. In some cases urbanized areas of counties adjacent to boroughs should be included in the borough. In some cases smaller counties could with advantage be amalgamated among themselves or absorbed by larger counties.

#### B. HOSPITAL BOARDS: AMALGAMATIONS. (See page 154)

There are too many Hospital Boards in New Zealand at the present time. We recommend that steps be taken at a very early date to reduce considerably the number of Hospital Boards. In particular, we recommend that the six Hospital Boards operating in North Auckland should be amalgamated immediately.

#### C. ELECTRIC-POWER BOARDS—AMALGAMATIONS. (See page 155)

Some electric-power districts are too small to operate as efficient units, and should be amalgamated with larger Boards.

#### D. ELECTRICITY UNDERTAKINGS OF BOROUGHES. (See page 155)

In some cases small territorial local authorities are operating electric-power distribution. These could be more effectively administered by a larger Power Board to include these urban areas.

#### E. RABBIT BOARDS. (See page 156)

While there may be a case for the retention of some of the larger Rabbit Boards, we think that in general the problem of rabbit-destruction should be the responsibility of the County Councils. The actual decision as to which Rabbit Boards should be so absorbed should be left to the Local Government Commission discussed below.

#### F. DRAINAGE AND RIVER BOARDS. (See page 155)

While there may be a case for the retention of large Drainage and River Boards the territories of which extend beyond the territory of one county, yet in general we think that land drainage and river protection should be made the responsibility of the County Councils. The implementing of this decision should be left to the proposed Local Government Commission.

#### G. HARBOUR BOARDS. (See page 155)

There is a pressing need for a thorough overhaul of the whole position of the harbour facilities of the Dominion, particularly as to the smaller ports. There is some evidence that there should be some readjustment of the boundaries of harbour districts.

#### H. NOXIOUS WEEDS. (See page 156)

Although the destruction of noxious weeds is at the present time the responsibility of the County Councils, many of these bodies do not accept their responsibility. Steps should therefore be taken to compel County Councils where noxious weeds are a menace to proceed effectively with their destruction.

#### I. LOCAL GOVERNMENT (AMALGAMATIONS SCHEMES) BILL. (See page 157)

We do not recommend that the Local Government (Amalgamations Schemes) Bill, 1937, be allowed to proceed.

## J. LOCAL GOVERNMENT COMMISSION. (See pages 157–158)

We therefore recommend that a *permanent Local Government Commission* be set up, which shall consist of three salaried members, the Chairman to have the status of a Judge of the Supreme Court; one member to be appointed by the Government because of his knowledge of local government, and the third member to be appointed from a list of nominees submitted by the various national associations of local bodies. This Commission should have the responsibility of carrying out a survey of the problem of area and function of all local authorities in the Dominion, and of drawing up schemes for reorganization. The Commission should not merely deal with amalgamation of like bodies, but also with the absorption of internal bodies, such as Rabbit, Drainage, and Fire Boards, by the territorial local authority, and, generally, with the area and functions of local bodies in the Dominion.

We recommend that when such a Commission is set up the problems of Auckland, Christchurch, and of Hospital Boards should be among the first to be dealt with.

The Commission is to be responsible to Parliament. Its reports are to lie on the table of the House for thirty days, and if not objected to, to become law. If objected to by a local body through its Members of Parliament, the specific questions under discussion should be submitted to a Committee of the House, which would have the right, if necessary, to amend the report in any particular. Once the report is adopted by the House it should become law.

It is recognized that to put this recommendation into operation will require legislation, and we recommend that this legislation be proceeded with during the present session of Parliament. It is not considered that statutory action will be necessary in every case of reorganization if adequate powers are given to the Commission.

We do not consider that a poll of ratepayers should be required subsequent to the findings of the Commission.

## II.—FINANCE

### A. RATING SYSTEMS. (See page 158)

We do not recommend any change in the present rating systems, or in the methods of change from one rating system to another, except that the period between polls for changing from capital or annual value to unimproved value, or *vice versa*, should be six years.

### B. SUBSIDIES TO COUNTIES. (See page 160)

The present statutory subsidies to counties should be abolished, and, while retaining the present system of State highways and subsidies for Main highways, counties should be given pound-for-pound subsidy on county roads, this subsidy to be found principally from the Main Highways Fund. We do not propose any change to the present system of grants from the Public Works Fund. The unexpired liability of some County Councils and some smaller Borough Councils in connection with roads taken over for State and Main highways should be immediately assumed by the Main Highways Board.

### C. HOSPITAL RATING: SUBSIDIES. (See pages 161–163)

We recommend that the present system of subsidies be abandoned, and the following put in its place: each constituent local authority in a hospital district shall pay to the Hospital Board the product of the average rate per pound of capital value of the years 1935–36 to 1938–39. This will mean in the aggregate a reduction of 40 per cent. on levies for 1944–45. We further recommend that, in addition to stabilizing the rate per pound on capital value on the average of the years 1935–36 to 1938–39, further relief should be given to those districts with a relatively high hospital rate by fixing a maximum rate of, say, 0·7d. per pound of rateable capital value. This will mean immediate further relief to four districts. Finally, we recommend that the Government should examine the possibility of lowering this maximum amount in succeeding years with a view to the ultimate extinction of the levy for hospital purposes from rates.

The effect of the above recommendations will be that the Government will accept the responsibility for all hospital expenditure over and above the product of this stabilized rate per pound of capital value. We recommend that the Government subsidy should be paid from the Consolidated Fund. There should be no further centralization of control over Hospital Boards.

#### D. MAORI RATING. (See page 162)

(1) Since the Maori population are not in general aware of their rights of appeal against a valuation, it is recommended that the Native Land Court be empowered to sit as an Assessment Court for Maori lands, subject to final approval by the ordinary Assessment Court.

(2) The local authority should issue the rate-demand in the usual way, and do its best to collect the rates.

(3) If the rates are not collected, the Native Land Court should be required to endeavour to collect them on behalf of the local authority.

(4) If the rates are still uncollected, provision should be made for leasing Native land on renewable basis to approved occupiers, who would be liable for the rates. The proprietary rights of the Maoris in the land should be preserved.

(5) The State should guarantee to all local authorities 50 per cent. of the general and special rates, and 100 per cent. of the hospital rates, the guarantee to apply only to the amounts not collected by the methods suggested above.

#### E. RATING ON CROWN PROPERTY. (See page 163)

(1) Some Government trading Departments should pay rates. Trading undertakings of local authorities should pay rates.

(2) Where the Crown takes over land for farming and housing previously held by a private individual, and previously paying rates, the Crown should accept responsibility for all rates which accrue from the time that it takes over the land. In other cases, when Crown land becomes revenue producing rates, should be paid.

#### F. ELECTRICITY CHARGES. (See pages 164–166)

(1) Territorial local authorities should not be permitted to use profits from electricity undertakings in relief of rates. Any profit from such undertakings belongs to the consumers and should be used for the reduction of charges or better service.

(2) While admitting that it is not possible to charge one price to all types of consumers, we think that ultimately there should be one schedule of charges to operate throughout the whole of the Dominion.

(3) The guarantee system, whereby rural consumers have to guarantee at least 15 per cent. of the cost of reticulation, is unfair to those rural consumers. We recommend that the suggestion for a rural reticulation subsidy scheme should be implemented. The basis of this scheme is that all electric-supply authorities and the Hydro-electric Department would pay a small percentage of their revenue into a central fund which would be used for the subsidizing of lines of low consumer density.

(4) Many municipal gas undertakings are to-day working at considerable loss. We think that Electric-power Boards should be encouraged to take over such gas undertakings and to operate them in conjunction with their electric-power supply. The actual implementing of this provision should be left to the Local Government Commission.

(5) There is no justification, technically or administratively, for the continuance of the license at present held by many of the smaller territorial local authorities for the distribution of electricity. From a broad national point of view the distribution of electricity should be the responsibility of the Electric-power Boards. The whole question, however, is one for the investigation by the proposed Local Government Commission.

#### G. FIRE BOARDS. (See pages 155 and 166–167)

(1) We recommend that a National Fire Council be established, which should be responsible for the general organization and control of fire protection in the Dominion. This Council should consist of representatives of fire-insurance companies, the Fire Brigades' Association, the Fire-brigadesmen's Union, the Fire Boards' Association, the Municipal Association, and certain Government nominees. The Council would also be responsible for the collection and distribution of insurance levies and Government subsidies throughout the Dominion, and should have the general responsibility of supervising the efficiency of all fire brigades.

(2) As a general principle we think fire protection should be the responsibility of the territorial local authority. This means that, except in exceptional cases where the fire district extends over the area of more than one territorial local authority, Fire Boards should be abolished. In order that insurance companies may have representation, we recommend that every territorial local authority be required to set up a statutory Fire Committee, and to give it full administrative powers, except in the matter of raising a loan or striking a rate. The insurance companies should have representation on this Fire Committee. The implementing of this proposal should be left to the proposed Local Government Commission.

(3) We recommend that there be a redistribution of fire-protection costs, based on the Government's paying not more than 20 per cent., insurance companies 50 per cent., and the local authorities approximately 30 per cent. The justification for the increase in Government subsidies is the large number of State houses, the increasing amount of Government property, and the large amount of produce owned by the State which is not insured in New Zealand, and does not pay anything towards fire protection.

(4) We recommend that municipally operated brigades should be entitled to Government subsidies and insurance contributions where the standard of efficiency as determined by the National Fire Council is adequate, including the existence of a reticulated water supply.

### III.—LOANS. (See page 168)

We recommend that the State immediately set up an organization to provide all local authorities with such loan-moneys as they require, at a rate of interest very little above that at which the State can borrow, and, further, that no local authority should be empowered to borrow at above this rate. Hence, if a local authority desires to borrow other than from the Government, it must borrow at a rate not higher than that payable for loans from the Government.

### IV.—VALUATIONS. (See page 168)

We strongly recommend that valuations of land for rating purposes be made at more frequent intervals. To make this possible we think that the Valuation Department should be equipped with a larger qualified staff. The right of application for a revaluation of individual properties should be restricted to a period not exceeding six months after the date of a revaluation of the complete territory of the local authority. Further, we think that, where valuations are undertaken, they should include the whole of the constituent districts of *ad hoc* authorities in order that the incidence of rating in the territory of these *ad hoc* authorities should be more equitable than at the present time when the valuations of constituent districts are made at widely different intervals.

### V.—STAFF. (See pages 168-171)

(1) We recommend that more attention be paid to the problem of recruitment and training of local-body officers, particularly administrative officers.

(2) While not recommending any specific interference with the right of a local body to determine the salary of its senior staff, we think there should be a greater uniformity in the salaries paid, particularly as between different types of local authorities.

(3) We desire to call favourable attention to the proposal to set up a Local Body Administrative Officers' Institute, which has, as one of its objects, the training of potential administrators. The possibility of laying down a set of qualifications for senior administrative officers of local bodies, as is provided in New South Wales, should be investigated.

(4) Local authorities should be encouraged to establish superannuation schemes for their clerical staffs. These schemes should not be made compulsory for manual staffs. It is important that local-body officers should be able to transfer their superannuation service when they move from one local authority to another, and we therefore recommend that a uniform system be adopted throughout the whole of the Dominion.

We recommend that all local authorities desiring to institute superannuation schemes should be required to utilize the facilities of the National Provident Fund.

(5) We recommend that a national superannuation scheme for fire-brigadesmen be drawn up and administered by the proposed National Fire Council, the scheme to be arranged with the National Provident Fund.

## VI.—ELECTIONS AND MEMBERSHIP OF LOCAL AUTHORITIES

### A. ADDITIONAL VOTING FACILITIES. (See page 171)

Some facilities should be made for some form of postal voting where voters in a local-body election are unavoidably absent on polling-day. We do not think that any arrangements for absentee voting or invalid voting, as carried out in national elections, are administratively feasible.

### B. PARTY AFFILIATIONS ON BALLOT-PAPERS. (See page 172)

Although we cannot recommend that party affiliations be shown on ballot-papers, we think some legal provisions should be made to enable voters to be supplied with a party ticket. This is particularly necessary in the larger local authorities, where the number of candidates tends to be excessive.

### C. ENROLMENT. (See page 172)

We recognize that the use of parliamentary rolls in local-body elections is not administratively possible, but we think that some arrangement should be made whereby enrolments in parliamentary electorates should be made available to the local authorities in the district to enable them to compile the local-body rolls from the parliamentary enrolments.

### D. VOTING ON LOAN POLLS. (See page 172)

In boroughs and town districts voting on loan polls should not be confined to ratepayers, but to all persons entitled to be enrolled on the ordinary electors' roll. We do not recommend that the present system be altered in county areas.

### E. PLURAL VOTING. (See page 172)

The only case where we recommend an alteration of the present procedure is by the abolition of—

- (a) The occupier's vote :
- (b) The vote for a ratepayer's wife.

An occupier, if he is a resident, will have a vote in the normal course of things. The ratepayer's wife, if resident in the district, will also have a resident's vote, but there seems to be no case for giving the ratepayer's wife a vote where the ratepayer is an absentee owner.

### F. HONORARIA OF MAYORS AND CHAIRMEN. (See page 172)

In general, the provisions in regard to the honoraria of Mayors or Chairmen are satisfactory, except in the case of counties, where the present position is inequitable. We therefore recommend that an honorarium of a maximum of £200 be payable to a county Chairman, plus travelling-expenses in addition when he is travelling on county business.

### G. REMUNERATIONS OF COUNCILLORS. (See page 173)

We recommend that all members of local bodies be paid a maximum of £1 per meeting attended, with a maximum in any one year of £52.

### H. TRAVELLING-EXPENSES. (See page 173)

The present differences in travelling-expenses as allowed to members of different local authorities are unsatisfactory, and we think that regulations covering travelling-expenses of all local authority members should be issued.

### I. GOVERNMENT NOMINEES ON LOCAL BODIES. (See page 173)

The present system of appointing Government nominees on Harbour Boards and Fire Boards has no justification, and we recommend that such representation be discontinued.

The provision whereby a Rabbit Inspector is appointed as a Government nominee on Rabbit Boards or on Rabbit Committees should be continued.

There is no case for Government representation on Hospital Boards.

### J. REPRESENTATION OF SPECIAL INTERESTS ON LOCAL AUTHORITIES. (See page 173)

There is no case for the continuance of the representation of shipowners and payers of dues on Harbour Boards. This should be discontinued.

No case has been made out for the representation of doctors or nurses on Hospital Boards.

## VII.—TOWN AND REGIONAL PLANNING

### A. TOWN-PLANNING. (See pages 174-175)

(1) We are concerned with the lack of progress which has been made in the preparation of town-planning schemes, and we think a forward policy should be adopted in this regard, particularly in view of the major developments which are expected in post-war years.

(2) The control of town-planning activity at the present time is distributed among several Departments. We think that town-planning activity should be concentrated in the Internal Affairs Department, and that all town-planning matters should be subject to the ultimate control of the Town-planning Board, so as to guarantee the co-ordination of all town-planning activity.

(3) In general, the Town-planning Act is satisfactory, although section 34 should be amended to give wider powers to local authorities.

(4) In view of the shortage of trained town-planners, it is essential that steps be taken to provide facilities for further training in this field.

(5) Ribbon development is tending to emerge in county areas, particularly on the periphery of urban areas. Much stricter control should be exercised through the Town-planning Board over residential subdivisions in counties, and County Councils should be given considerably enlarged power in regard to building by-laws.

### B. REGIONAL PLANNING. (See pages 175-176)

(1) We are convinced that for the effective development of the economic and social resources of the Dominion it is important to utilize the local knowledge and the local loyalties of people in various parts of New Zealand. This can best be done through the Regional Planning Councils, which have been set up of recent months, and we recommend that this movement be given every encouragement.

(2) Local authorities should be given considerably increased powers in regard to regional planning. The whole of the regional planning procedure should be placed on a statutory basis. We agree that at the moment the Organization for National Development is the most satisfactory body to co-ordinate this activity.

## VIII.—MISCELLANEOUS

### A. BY-LAWS. (See page 176)

The Standards Institute should be encouraged to continue its work in the preparation of model local-body by-laws, particularly in the field of building by-laws. These model by-laws should be made mandatory throughout the Dominion.

### B. LIBRARIES. (See page 177)

Library facilities throughout the Dominion should be co-ordinated first on a regional basis, and then on a national basis. Local authorities should be given wider rating-powers for library purposes, and should be encouraged to undertake the provision of further library facilities.

### C. TRAFFIC CONTROL. (See page 177)

The larger cities should, in general, be left with the local control of traffic, but the smaller boroughs should be encouraged to take advantage of the offer of the Transport Department to undertake their traffic control. This should be done co-operatively, and not mandatorily. All future Traffic Officers employed by local authorities should be required to pass through and qualify from the Transport Department's Traffic School.

A central register of licenses should be compiled. A standard form of driver's license should be issued, and duplicates forwarded to the Transport Department for the compilation of the central register.

### D. EXEMPTION OF SPORTS GROUNDS FROM RATES. (See page 177)

The Valuation of Land Act, 1925, section 52, should be amended to restrict the area of land used for sporting purposes which can claim exemption from rates.

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