1914.

NEW ZEALAND.

SUBSIDIES AND LOCAL GOVERNMENT IN AUSTRALIA.

REPORT BY MR. W. S. SHORT, ASSISTANT UNDER-SECRETARY FOR PUBLIC WORKS.

Laid on the Table of the House by Leave.

Public Works Department,
Wellington, New Zealand, 15th April, 1913.

SIR,— Re *Subsidies and Local Government in Australia.*

In pursuance of the direction of Cabinet of 23rd December last, that I was to investigate and report as to the working of subsidy systems in New South Wales and as to the systems of local government in the various Australasian States, I have the honour to make the following statement:—

I arrived in Sydney on 4th February, 1913, and at once received every possible assistance from the Director-General of Public Works, Mr. Davies, and from Mr. Garlick, the officer in charge of the Local Government Branch of the Public Works Department. These gentlemen gave me much valuable information. They also put me in touch with such representative men as the President, Vice-president, and Secretary of the Shires Association, and the Mayors and Town Clerks of many suburban and other boroughs and shires; the Mayors of Bathurst, Wellington, and Newcastle, N.S.W.; and many other people in New South Wales, some of whom take an active interest in local government matters—one edits a local government journal, and others regularly write articles to the newspapers on these subjects.

I also saw the various Ministers in charge of local government matters and of public works in the States of Queensland, Victoria, South Australia, and Tasmania; and in each case I met with courtesy and assistance. In all these cases the Secretaries of the various departments and the officers in actual charge of the working of local government in the various States gave me all the information and help I could assimilate within the time at my disposal.

In this manner I believe I have been able to obtain a fair grasp of the actual working of subsidy systems and of local government in all parts of Australia, with the exception of Western Australia, which time did not permit me to visit.

In order that the matter may be simplified, and so that any one of the subjects dealt with may be considered apart from the others, I have written three separate reports, each of which will be complete in itself. These reports are—(1.) Subsidies and State assistance to local bodies in New South Wales. (2.) Subsidies and State assistance to local bodies in Australia generally. (3.) Forms of local government in all the Australian States.

I have, &c.,
W. S. SHORT,
Assistant Under-Secretary.

The Hon. the Minister of Public Works and Acting Minister of Finance,
Wellington, New Zealand.

REPORT No. 1.—SUBSIDIES AND STATE ASSISTANCE TO LOCAL BODIES IN NEW SOUTH WALES.

It is necessary to state that, outside a large area in New South Wales in which there are no local bodies, and which lies far back and is known as "the Western Division," and outside Sydney and Newcastle districts, which are governed by special Acts and where there are also special Boards, and leaving out a few Harbour and Cemetery Trusts, Pastoral and Agricultural Boards, &c., there are two main forms of local bodies in New South Wales—viz., shires and municipalities. The former correspond with our counties, and the latter with our boroughs. They are both dealt with under one enactment—viz., the Local Government Act, 1906, and its amendments of 1907 and 1908. Under these Acts subsidies to local bodies are called "endowments."

Three sorts of endowments or assistance are given—viz., (i) Endowments to shires; (ii) endowments to municipalities; and (iii) national works.

(i.) Endowments to Shires.

The Local Government Act, 1906, Part XXIV, provides that the shires shall be divided by a Board or Commission into six classes according to their requirements and ability to help themselves. Thus, endowments are to be granted in—Class I, from nothing to 10s. in the pound of general rates received; Class II, 15s. in the pound of the general rates received; Class III, 20s. in the pound of the general rates received; Class IV, 25s. in the pound of the general rates received; Class V, 30s. in the pound of the general rates received; Class VI, not less than 40s. in the pound of the general rates received, as the Governor may determine. I find that under Class VI as much as 133s. in the pound has been paid to some shires, and less to others, according to their necessities.

The Board or Commission that has made the classifications has hitherto been a non-political one, but it is composed of Government officers.

When the Local Government Act, 1906, was passed it was assumed that these subsidies would amount in all to about £150,000 per annum, and provision was made in the estimates accordingly. The actual result has, however, been quite different, for I find that the subsidies actually paid have far exceeded the original estimate. Thus the actual payments were:—

	£
1907	179,135
1908	162,448
1909	262,146
1910	285,209
1911	314,264
1912	369,583
Total	£1,572,785

The reason for this steadily increasing payment is not far to seek. In the first place, the classification is made once in three years, and when it is made it is on the basis of the rates proposed to be collected in the year in which the classification is made; and, as it is not then known exactly what the actual amount collected will be, the allocation cannot be made mathematically correct so as to divide £150,000 and no more. Consequently, from the very first year (1907) there was an excess. Another reason is that in many cases where the shires found that they were in a class that was entitled to larger endowments, they naturally found themselves in such a condition that it paid them handsomely to levy greater rates in the pound than was originally proposed.

In making the allocation the Commissioners assumed that where a shire proposed to levy less than 1d. in the pound on the unimproved value they were not in want of Government assistance; and so such shires were not allowed to participate in the endowment. I am informed, however, that this practice has not worked quite satisfactorily, for the reason there is no general standard of valuations for the whole State. Each shire employs its own valuer, who adopts his own methods or standards of valuation, and he is, moreover, the servant of the local authority, some of whom prefer to levy a low rate on a high valuation and others prefer a high rate and low valuation. Again, some of the valuations are many years old, and do not take account of the great rise in values of recent years. Consequently, it does not always follow that a shire which levies a three-farthings rate is really helping itself less than another who may levy a penny rate, and this, I think, is a defect in the system which would not prevail in New Zealand, where the Government valuation could no doubt be adopted in all cases.

The Local Government Act, 1906 (New South Wales), requires that the Commissioners, who make the classification, shall in so doing take into consideration the following facts:—

(*a.*) The extent of the shire.
(*b.*) The probable revenue derived from a rate of 1d. in the pound on unimproved value of property in the shire.
(*c.*) The necessary annual expenditure.
(*d.*) The extent of the roads to be made and maintained.
(*e.*) The difficulty of such construction and maintenance.
(*f.*) The facilities to be afforded to vehicular traffic.
(*g.*) The extent of public works maintained by Government.
(*h.*) The extent of Crown lands for which the Shire Council derives no rates, or which involves the shire in expenditure for roads, &c.

It was not at all clearly seen in New Zealand how the equities arising under some of these headings could be balanced in the minds of the Commissioners against equities arising under some of the other headings, and one principal reason for my mission was to ascertain this.

The difficulty to which I allude was apparently felt in New South Wales also, and the following is the course which has been followed in making the classifications:—

(*a.*) The particulars furnished by local authorities on forms supplied for the purpose were handed to the Engineer to the Local Government Department, who has a very thorough knowledge of the whole State of New South Wales.

(*b.*) In each case separately he considered carefully the various works proposed, and those he thought to be unnecessary or not specially urgent he struck out; or, if he thought the estimates for any works were excessive, he reduced them. He then found what was the total amount of the reasonable requirements of the shire for the next year.

(*c.*) He then found what the rate proposed for that year would be likely to realize. If this total was equal to the total of the works, or only slightly less, the shire was classified in Class I, where it would get nothing, or a small subsidy only.

(*d.*) If, on the other hand, he found that the total rates would be very much less than the total expenditure required, then the difference between these two sums was the assistance required, and the shire was placed in a class where the endowment under that class would approximately give the assistance required.

(*e.*) Having done all this, the classification was then considered from the point of view of any special circumstances that would warrant either a slight increase or a slight decrease in the endowment of any shire.

(*f.*) When this was done the whole scheme and details were considered by the Commission, who either adopted the Engineer's classification, or else amended it to such extent as they considered necessary.

The apportionment so made has hitherto been accepted. I did not find any evidence either in the department or among the shires that would lead me to suppose that any serious objection to the apportionment had ever been made; although, of course, some of the shires, not knowing all the facts, may have sometimes felt a little passing soreness that they were not placed in a more favourable class.

The classification made for the last triennial period, 1910–12, was as follows: 27 shires were in Class I, and got nothing; 41 shires were in Class I, and got 10s. in the pound; 10 shires were in Class II, and got 15s. in the pound; 9 shires were in Class III, and got 20s. in the pound; 7 shires were in Class IV, and got 25s. in the pound; 14 shires were in Class V, and got 30s. in the pound; 26 shires were in Class VI, and got from 40s. to 133s. in the pound.

In order to understand the working of the endowment system in New South Wales, it must also be understood that, except for the works in urban areas in a shire, the shires have no power whatever to raise a loan for road or other works. By "an urban area" is meant a town or township that is not a municipality. All the revenue, moreover (with very small exceptions), which a Shire Council can obtain is by rates and endowment only. It gets no "thirds," "fourths," "timber halves," or "license fees" as in New Zealand. Moreover, before the Shire Councils were set up in 1906 the main and some of the district roads in the State were constructed and maintained by the State Government. But when the shires were constituted, all that duty devolved upon the shire, which has now to do the work out of its own revenue and endowment without any assistance from other shires and municipalities save and except in the case of boundary-roads, or where the road is a national work; but, as will be shown hereafter, the annual appropriations under this head are insignificant. The effect of all this was that when the shires began their functions their ratepayers who used the district roads, which had in many cases never been properly constructed or maintained, brought such pressure to bear on the Shire Councils that a considerable portion of the endowments they had received have been spent in improving these district roads, and complaint has been made that some of the main roads have become neglected and in bad order. So far as I can gather, there is some justification for this complaint, although it is denied by the shire authorities that it exists to any appreciable extent.

It is, however, so far real as to have caused the Government last session to propose to set up a Main Roads Board (as will be described in the case of Victoria), whose duty should be the control and maintenance of the great arterial roads; but the Bill was strenuously opposed by the shires, and it failed to become law. The Government has, however, not allowed the matter to drop, and in the reclassification of the shires which is now being made steps have been taken to rearrange the same in such a way that not more than about £150,000 a year can possibly be paid as endowments thereunder; but at the same time the Minister of Public Works has taken a vote of £250,000 for main roads, which will be allocated under his own direction and control. For this latter purpose a scheme of division has, I understand, been made, but this division is a departmental one, made by Ministerial direction and not by the Commissioners. It cannot, therefore, be said to be non-political, although I had no evidence that politics have as yet entered into the question.

From these facts it will be seen that the New South Wales system of subsidies or endowments as apportioned by a non-political Board is in danger of breaking down. It is alleged by the representatives of the shires that this could easily have been avoided if the endowment had been earmarked in such a manner as to ensure that a certain proportion must be spent on the main roads. This is not done, and, in my opinion, it is a weakness of the New South Wales system. In fact, beyond seeing that the endowment has been expended by the shires on some work or object allowed by law, no control over the expenditure of the money by the Government or department exists.

In making this criticism of the New South Wales system, it must be pointed out that there is nothing to prevent the Government having the main-roads money apportioned by a non-political Board if it thinks fit so to do, but there is no evidence to show that this is contemplated. I wish also to state that no suggestions have been made to me that the present Minister will apportion this money upon any but just and equitable lines, and in accordance with the recommendation of his responsible officers; but the same Minister cannot always remain in office, and there is a strong feeling among shire representatives that the system laid down in the Local Government Act, and of which they are loud in praise, whereby moneys coming to local bodies are apportioned by a non-political Board, is in danger of being abrogated, and they fear greatly a return to the old system of the roads and bridges politician, and the political pressure resultant therefrom.

(ii.) Endowments to Municipalities.

Under the present law hardly any of the municipalities in New South Wales outside of Sydney and suburbs get any endowment or assistance whatever from the State. They do not even get dog-tax or license fees, and few, if any, of them possess endowments of land; and as the districts of some of these municipalities are extensive, and there is no power to compel adjoining

local bodies to contribute except for boundary roads and bridges, these municipalities naturally consider they ought to have some assistance for their main through roads, and it is intended that part of the £250,000 referred to in the foregoing paragraph relating to shires shall be granted to them. This feeling is, however, not general among the municipalities, some of whom informed me that municipalities are quite strong enough to stand alone without any Government assistance at all. There are, however, three classes of municipalities who receive some assistance, viz.—(*a*) Old municipalities, where the right to a subsidy has not expired; (*b*) municipalities with added areas; (*c*) necessitous municipalities. In none of these cases is the assistance considerable.

(a.) Old Municipalities where the Right to a Subsidy has not expired.

These are cases of municipalities constituted within fifteen years of the coming into force of the Local Government Act, 1906. Under the Municipalities Act, 1897, each new municipality was entitled to an endowment for fifteen years after its incorporation, and this endowment was, moreover, of a gradually decreasing amount. Thus, for the first five years it got 20s. in the pound, second five years 10s., and the last five years 5s. in the pound per annum on the general rate collected, after which it got nothing. When the Local Government Act, 1906, was passed there were only very few municipalities which were entitled to any subsidy, and as the amounts payable under this heading are now so small, and will soon quite cease, this form of assistance need not further be considered.

(b.) Municipalities with Added Areas.

These added areas are simply areas outside municipalities which were added to towns and cities when the shires were delimited in 1907, and which areas were either urban ones or which for some reason could not be conveniently included in any shire. It was recognized in such cases that some assistance ought to be given to the municipality in respect to this added burden, and the law provided that assistance not exceeding 3s. 4d. in the pound might be granted. The actual amount of assistance to be granted was left to the discretion of the Minister, but any claim made under this head is discounted by the fact that when the Local Government Act, 1906, came into operation the land-tax of 1d. in the pound that had hitherto been paid to the Government from such area was remitted. Consequently, a municipality cannot get assistance at all if this remission equals or is greater than the expense caused to the municipality by the inclusion of this added area and by the maintenance of the roads and bridges in the municipality which had hitherto been paid for by Government. In fact, very small sums indeed have been granted under this heading, and these endowments have only been given from year to year, and this question is reconsidered each year, and it is anticipated that with the increase in land values and settlement this form of assistance will soon cease altogether.

(c.) Necessitous Municipalities.

There is power under the Local Government Act, 1906, for the Minister to grant a special endowment of 3s. 4d. in the pound to a necessitous municipality; but such municipality cannot get an endowment under this head as well as an endowment under the old law. Neither can it get any endowment at all under this head unless funds for same are voted by Parliament; and before it has any chance whatever of receiving assistance it must give full details as to its work, resources, and management, and must prove at a formal inquiry *that its maximum rate under proper management* is insufficient. The applications under this head are, I understand, very few, and the higher rating now allowed will reduce these applications still more in the future.

(iii.) National Works.

All bridges which cost to construct £2,000 or over, whether in shires or municipalities, may be declared to be national works. If they are so declared, the State constructs and maintains the same, but it does not follow that every bridge costing £2,000 or more is of necessity a national work. It is only in cases where the Government considers the work to be necessary that this is done. In cases where, for some reason or other, the Government will not undertake the work the local authority must do so itself, if it still wants it, no matter what it costs.

In addition to these bridges, any road may be declared to be a national work, but at present only one road—viz., that up Mount Kosciusko—has been so declared.

Public ferries in New South Wales are free, and are maintained by Government.

In addition to these works, the Government occasionally votes money for a few special works. It sometimes makes grants to municipalities in and around Sydney for the improvement of streets. In such cases it is not infrequent that the municipality is required to repay half the amount so spent by a system of deferred payments extending over a long period of years. In the case also of shires, which cannot raise loans except in urban areas, the Government will sometimes provide the money for the improvement or construction of some necessary work, on condition that the amount is repaid by the shire by a system of deferred payments. Municipalities can raise loans for any purpose, and shires can do so for works in urban areas, but before doing so they must in each case first get the approval of the Governor to the plans of the work, as well as to the proposal itself. This at first sight would appear to be a great detriment to the local body, but, strange to say that, with the exception of one municipality, every one I saw in New South Wales strongly supported the wisdom of this practice, as tending to check reckless borrowing, and also because it provides a means whereby the local body could get its plans carefully checked and considered by expert engineers without cost to itself.

In addition to works which the Government construct or maintain in municipalities or shires there is the large district far inland near the western borders of the State, and known as "the Western District," where there are neither shires nor municipalities, and where the country is unsettled and practically uninhabited. Any road or other work in that district must, of course, be constructed and maintained by the Government, but, so far as I could ascertain, very little money is spent there.

GENERAL.

The following schedule shows the amount voted for special works in New South Wales outside of subsidies and endowments for the year ending 30th June, 1912 :—

Consolidated Fund.

	£
Roads (maintenance)	20,500
Bridges (maintenance)	20,000
Punts and ferries (maintenance)	22,900

Public Works Fund.

Tourist roads	2,000
Wood-blocking streets in and around Sydney, part of which is to be repaid by the municipalities	46,950
Bridges	28,150
Roads, water-conservation, &c., and also lands for settlement ...	20,000
	£160,500

These figures include works in the Western District as well as in shires and municipalities. They include also some things other than roads.

W. S. SHORT,
Assistant Under-Secretary, Public Works.

REPORT No. 2.—STATE ASSISTANCE TO LOCAL BODIES IN AUSTRALIA GENERALLY.

QUEENSLAND.

Very little monetary assistance is given by the Government to local bodies in this State, and, leaving out a very few special Boards, such as the Metropolitan (Brisbane) Water and Sewage Board, and a few Fire Boards and Cemetery Boards, and a few special Boards dealing with some large bridges, the only forms of local bodies are municipalities and shires, which correspond with our boroughs and counties respectively.

No assistance is given to these local bodies by the Government for roads and bridges other than some slight assistance by the Lands Department for new roads where Crown lands are opened up. There used to be a system of yearly votes for roads and bridges somewhat similar to our votes under the Public Works Fund, but this system was stopped in 1903. The only thing now approaching this assistance is some slight aid for roads and bridges to mineral fields; but £5,000 only was voted for this purpose last year.

No other subsidy whatever (except some small grant for parks and domains) is given, and the whole cost of administration, including the construction and upkeep of streets, roads, and bridges, is borne by the local authorities out of their own resources.

Hospitals are maintained by public subscription, supplemented by a Government grant of £1 for £1. The hospitals also receive the Police Court fines. These hospitals are managed by committees elected by subscribers, who must contribute at least £1 per annum to the funds of the hospital to entitle them to vote for members of the committee.

NEW SOUTH WALES.

I have dealt at length with the working of the subsidy system in New South Wales in Report I. It will be found from that report that assistance is given to the local bodies by the Government as follows: (*a*) Endowments (subsidies) to shires; (*b*) endowments (subsidies) to municipalities; (*c*) national works.

Full particulars as to the assistance thus granted will be found in Report No. 1.

VICTORIA.

An endowment (subsidy) of £100,000 is distributed yearly to the shires and municipalities in Victoria. This is divided in the manner shown in the Shires and Municipalities Endowment Act, 1907, which states definitely the amount to be paid to each local body. It used to be the custom in Victoria to classify the shires and boroughs somewhat in the manner now in force in New South Wales. When this last classification was made several shires were placed in the lowest class, under which no subsidy would be paid to them. They made serious objection, and the then Premier, the late Sir T. Bent, to appease them, made a classification of his own, which was inserted in the Act above mentioned, and, although that classification was only for a temporary period, it has been adopted yearly since that time. Under this classification the maximum amount paid yearly to boroughs is £100; minimum amount, £20; and the maximum amount paid yearly to shires is £2,000; minimum, £126.

Under this arrangement, if any shire subdivides, then the amount originally paid is also subdivided, and no monetary advantage is gained; for the total endowment £100,000 is a fixed sum, which cannot be exceeded.

Shires were originally classified into six classes, and boroughs into two classes; but cities and towns were not classified.

In addition to the endowment of £100,000, the Parliament votes annually certain sums for roadworks, without distinctly stating which works. This year £58,000 was voted, last year £48,000, and the year previously £80,000. The allocation of this money is at the discretion of the Minister.

Municipalities also get an amount equal to the hotel licenses originally collected by them. They used to be allowed to issue hotel licenses, but it was found that too many licenses were issued, and the privilege was withdrawn. I understand that £50,000 a year is divided under this head.

In addition also to the above assistance, the Government divides among the municipalities the revenue derived from the lease of unused roads. This revenue varies from year to year, but it amounts to about £30,000 a year.

In Victoria the Government does not allow landowners to have the profit from unused roads through their lands for nothing, the same as is done in New Zealand, but the owners are required to pay a reasonable rent for the same if their stock grazes on them, and the amount above mentioned shows the value of such a concession.

This money is divided as follows: (*a.*) In the case of roads on water frontages the municipalities in which the road exists gets a sum equivalent to the whole rent. (*b.*) In all other cases, half only of the rent is payable to the municipality in which the road exists. (*c.*) The other half is distributed by the Minister among such municipalities as he thinks fit.

The above is the law as it has existed to the present; but a very important modification is now to be made. This is provided for in the Main Roads Act, 1912, which provided for a—

Main Roads Board.

The genius of the Local Government Act was that everything was to be locally administered, and consequently the Government exercised no control over the expenditure of local bodies, save and except in the case of special grants. The local bodies have therefore been allowed to spend their subsidies or endowments in whatever manner they think fit. The result has been that in some cases the main roads have got into bad order, and the difficulty is now beyond the power of the local bodies to remedy. A Main Roads Board has therefore been set up under a special Act. The Board consists of two road engineers and the officer hitherto in charge of the Local Government Branch of the Public Works Department. One of the engineers (Mr. Calder, late of the New Zealand Survey Department) is chairman. These three gentlemen are appointed for a definite term, and they have very extensive and arbitrary powers. Their duty will be to determine which roads in Victoria are main roads, and, having done so, to take control of same, and to reconstruct and keep them in repair. They are required to make a yearly report for submission to Parliament.

To enable them to carry out their duties, a sum of £2,000,000 is to be borrowed, which will be available at the rate of about £400,000 a year for construction purposes.

The fund for the maintenance of the roads will be provided thus: £30,000, being rent from unused roads (hitherto paid to the local bodies), is now to be paid to the Board, together with fees collected by the police from motor-cars, motor-cycles, and traction-engines, which also comes to about £30,000 a year, and any balance required is to be found in the first place by the Government.

The Act provides that the local bodies are to repay to the Government one-half the amount expended on construction-works by deferred payments extending over 31½ years. They are also required to repay to the Government yearly half the cost of maintenance. The Board is to decide in what proportion these sums are to be paid by the local bodies—that is to say, they are to apportion the cost among the local bodies interested in the roads, whether the roads are wholly within their district or not, much in the same way as is done by Commission under the Public Works Act in New Zealand. The Board has power to employ a staff sufficient for its purposes, or it may entrust its works, or any of them, to local bodies. The Board held its first meeting while I was in Melbourne, and I met the members shortly afterwards.

SOUTH AUSTRALIA.

The subsidy system in South Australia is a very simple one. It consists of a sum equal to 5s. in the pound on all rates collected by local bodies, including the City of Adelaide. These local bodies consist of District Councils, which correspond with our counties, and Municipal Corporations, which correspond with our boroughs. The total subsidy paid last year amounted to £41,314.

In addition to the above subsidy, Parliament votes a sum of money yearly for the upkeep of the main roads, described in the Main Roads Act. The amount voted last year was £155,000, and this money is divided between the District and Municipal Councils by the Minister, but the scheme of apportionment is prepared by the Engineer of Roads. Originally, a mileage rate was adopted in making this apportionment, but more is now given in some cases of special need and less in others than would be the case under a strict mileage basis. Thus some districts near Adelaide, whose roads carry much through traffic, receive more. When making this apportionment, about £116,000 is allocated at first, and the difference between this and the £155,000 above mentioned is kept in hand for special cases, such as flood damages, and for departmental expenditure in the construction and upkeep of important bridges.

A sum of £20,000 is also provided for district roads. These are mostly in newly settled districts, or in districts which are specially in need of help. The money is granted by the Minister on the recommendation of the Engineer of Roads, and, as in the case of main roads, the whole vote is not allocated at once, and some of it is retained for works done by the department.

In addition to assistance thus rendered, each estate resumed by the Government and cut up for settlement is usually loaded for roads to the extent of about £1,000. There are also special road votes which are expended on the pound-for-pound basis—that is to say, the local body, instead of finding the money at once, as with us, repays its quota by small sums extending over a series of years. The amount thus voted is small. For last year it amounted to only £5,000. The Government, however, in a few cases finds all the money by votes for special works. Last year this amounted to £15,000, but this includes drainage as well as road works. No assistance is given in cases where the local body does not levy a proper rate.

In South Australia the Government insists on local bodies keeping a separate bank account for all money granted for roadworks, and as the Government also requires receipts for such money to be produced for the information of the Audit Inspector, the local body is unable to use the money for any other purpose.

The Government also insists on the local body spending all the money granted to it for main roads before any further grant for that purpose is made.

The Minister of Public Works informed me that the main roads converging for about forty or fifty miles on Adelaide are becoming worn out, and, as it is beyond the means of the local bodies to renew them, it is proposed to raise a loan for the purpose, but no definite scheme has yet been formulated.

There is a large area of South Australia which is not settled and is not within any district, and any necessary works within such area are constructed by the Government.

Tasmania.

The amount granted as subsidies to local bodies in Tasmania is not large. For the last year £10,250 only was allocated to them. The sums granted varied from £16 to £800. There would appear to be no very well defined basis upon which the allocation is made other than that of precedent.

Prior to the passing of the Local Government Act, 1906, which, *inter alia*, made a considerable reform in local government and abolished many local bodies, it was the custom for Parliament to vote a definite sum yearly for main roads, and to apportion such money among the local bodies, in the manner set forth in a schedule to the Appropriation Act. In addition to this assistance, certain subsidies were given to the Road Trusts on the basis of the rates collected by them, but none got any such assistance who did not collect a rate equal to 1s. in the pound on the annual value of their lands. When the Local Government Act came into force, both these methods of assistance were abolished, and what is now done is to give annually to each local body a subsidy equal to what their district received under the old system. This practice has been found to be unsatisfactory, and the Minister of Public Works and Lands informed me that he favoured classification, and to that end he was calling a conference of local bodies to discuss the matter. He was much interested in my investigation, and asked to be supplied with a copy of my report.

The conditions as to direct votes for roads in Tasmania are somewhat similar to those in New Zealand, and for the last three years votes for roads were as follows :—

Class of Work.	1910. £	1911. £	1912. £
Roads	133,180	116,550	131,480
Bridges	4,950	18,900	10,094
Tracks	6,000	6,000	5,000
Totals	£144,130	£141,450	£146,574

The only other assistance granted by Government to local bodies is in the grant of Police Court fines. In small municipalities these fines vary from £60 to £100, and in large municipalities from £200 to £300 per annum.

Western Australia.

I was unable to visit this State, and the following meagre information is taken from the Official Year-book of the Commonwealth for 1911 :—

There are two main forms of local authority in Western Australia (apart from Boards of Health and a few special Water or Harbour Trusts)—viz., municipalities and road districts. The former correspond to our boroughs and the latter to our counties.

Subsidies are granted to municipalities on the amount of rates collected, but to entitle a municipality to a subsidy it must have levied a general rate of at least 1s. in the pound, and must have collected at least £300 from such rate. Newly constructed municipalities are during the first year of their existence allowed a subsidy of £2 for every pound of general rates collected, but after the first year they participate according to the general provisions. It appears also that municipalities are classified into five classes, and that no subsidy is paid on general rates beyond £3,000.

The Year-book gives no information as to subsidies to road districts, neither does it indicate the object in classifying the municipalities.

W. S. Short,
Assistant Under-Secretary.

REPORT No. 3.—FORMS OF LOCAL GOVERNMENT IN THE AUSTRALIAN STATES.

General.

This report contains a statement of the general forms of local government in existence in each State in Australasia, but it is not burdened with particulars of special forms that apply to one city only—such as to Sydney, Brisbane, or Melbourne—or to special cases such as the Metropolitan Drainage, Sewage, or Water-supply Boards of Sydney, Melbourne, and a few other places, all of which are governed by special Acts, and the latter of which are similar to our Drainage and Sewage Boards in Auckland, Christchurch, and Dunedin. I have also left out of consideration Harbour Trusts, Fire Boards, Bridge Trusts, Cemetery, Domain, Pastoral and Agricultural Protection Boards, and Irrigation Trusts, which have only local interest, and which are neither numerous nor do they have any effect on the general law, save and except within the limited districts to which they apply.

I have, moreover, dealt in a general way with the forms of local government in each State, and this report does not therefore profess to go minutely into details of differences between the powers of similar local bodies in the different States, as I understand that what is required is a general survey of the whole matter, in such a form as will enable the New Zealand system to be compared with those in force in Australia.

One fact that will be apparent from the following report is that throughout Australasia two main forms only of local bodies exist—viz., shires and municipalities, or, as we should say, counties and boroughs. In New South Wales I went exhaustively into the whole question with representative men in the shires, municipalities, and Government departments, and I was assured that their system worked excellently, and that they could not understand why in New Zealand it is necessary to have such a multiplicity of local bodies; and in every other State that I visited the Minister and Government officials said the same thing, and testified to the efficiency of their own systems. The Australian systems are much more simple than the New Zealand one, and in some of the States the law relating to shires and municipalities is almost identical—the name only is different.

I found also in all the States strong opposition to the subdivision of local bodies, and, in fact, in some States the law is such that a shire or municipality cannot be constituted unless it can command a certain minimum revenue by rating. There is also a decided movement to compel an amalgamation of the suburban boroughs in and around Sydney and Newcastle, and the Government is assisting in this project.

QUEENSLAND.

There are two main forms of local authority in Queensland—viz., shires and municipalities. There are 133 shires and 33 cities and towns. These bodies have powers similar to our counties and boroughs, and the main Act under which they all work is the Local Authorities Act, 1902, with its amendment of 1910.

The franchise is as follows: Generally, every person of either sex of the age of twenty-one who is a natural-born or naturalized subject, and who is rated as occupier or owner of rateable land, can vote. The number of votes depends on the value of the land, thus: Land valued at less than £500, one vote; land valued at from £500 to £1,000, two votes; and land valued at from £1,000 and upwards, three votes.

Rates are levied on the unimproved capital value, but the general rate must not exceed 6d. in the pound nor be less than ½d., and special rates must not exceed 3d. in the pound; and the minimum rate payable on any separate piece of rateable land is 5s.

Money may be borrowed either from the Central Government or from outside sources by debentures, or by overdraft on current account; but before a local body can borrow on debentures it must first give public notice of its intention, and, if demand be made by ratepayers having in the aggregate twenty votes, a poll must be taken, and in any case the local body must obtain the approval of the Governor in Council.

Local bodies have power to make their own by-laws and regulations, and, generally speaking, their powers are similar to those of counties and boroughs in New Zealand. There are, however, a few special matters to which attention may be drawn.

Thus, the Governor in Council may suspend, amend, or rescind any resolution of a local authority, or may prohibit the expenditure of any moneys from the local fund upon any work he deems unnecessary, or which will impose undue burdens on the ratepayers.

A local authority may require any land or any road to be fenced, or, if the fence is in disrepair, it may require the owner to repair or refence the same.

The Act makes provision for the preparation of model by-laws, but I am informed that none have yet been made.

The Auditor-General has power to require local authorities to keep their books in such form as he may decide.

There is power to set up joint local authorities for many special purposes. When this is done, representatives of local authorities so joined form one legal entity, with power to bind their respective Councils. This is of very considerable advantage in cases of works or questions that affect more than one local authority.

There is also power for the Governor in Council to make regulations prescribing the qualifications required by candidates for employment as engineers and surveyors by local authorities.

NEW SOUTH WALES.

There are two main forms of local authority in this State—viz., municipalities and shires. The municipalities have for the most part been in existence for many years, and they have been incorporated under various Acts since 1858; but the shires were constituted under the Shires Act, 1905. The Local Government Extension Act, 1906, amended and consolidated the law relating to municipalities, and it extended the principles of the Shires Act to municipalities. A later Act, called the Local Government Act, 1906, consolidated the two previous Acts, and in a most comprehensive form applied the same law to both municipalities and shires. Amendments of this last-named Act were passed in 1907 and 1908, widening the powers of the local bodies, and making important amendments to the main Act. I mention this because the authorities in New South Wales contend that their law is the most perfect form of local government in Australasia, and, moreover, that it was designedly placed piecemeal before Parliament as the only way that the great reform which it is contended has been brought about could have been accomplished.

There are certain features in these Acts that are novel, and which differ from those in force in any of the other Australian States or in New Zealand. The main statute contains only 211 clauses, and they deal for the most part with broad principles, and in simple language. They are not filled with a mass of conditions, machinery, or details. The Act, which is a model of brevity, provides that the Governor in Council may from time to time make, alter, or repeal Ordinances for the purpose of carrying out the principles laid down in the Act, and that these Ordinances shall have the force of law; and, moreover, that such Ordinances may apply either over the whole or any part of the State. Many of these Ordinances are in the nature of what we should call by-laws and regulations, which the local bodies in New South Wales have no power to make of their own motion.

There are many and varied powers provided for in the statute which apply to shires and municipalities, but many other powers are provided for that do not affect any local body unless so applied by an Order in Council, which the local body must itself apply for if it thinks it

requires the same; and when such application is made it is considered on its merits, and, if necessary, a poll of the ratepayers is taken. It is contended that all these things make for uniformity, and, as the Ordinances are settled by the Crown Law Office before being issued, this saves the local bodies much money and trouble, and, with the exception of one important town, I did not find one local body who objected to the system.

The Local Government Act in New South Wales, moreover, gives the Government much more power over local bodies than does any similar Act in Australasia. Thus, local bodies must keep their accounts strictly in the form and in the manner prescribed by regulations made under the Act, and the Local Government Office takes steps to see that this is done properly, and that the revenue is applied to things provided for by law. The shire and municipal clerks and engineers must pass an examination prescribed by regulations under the Act, and be certified as competent by the Department before they can be appointed by any Shire or Municipal Councils, and the certificate can be cancelled for misconduct. The only exception to the rule is in the case of some officers who were so employed when the Act came into force, and who can get an interim certificate; but they cannot get employment in any other shire or municipality unless they pass the examination. Some of the clerks think this latter provision is too hard, and a few think that the Local Government Department wants too many returns; but most of them agree with the principle of examination and certificate as tending to raise their status; and all the other gentlemen I saw who represented the shires and municipalities expressed their cordial appreciation both of the system of accounts and also of examination.

The franchise is based on a property qualification, but is of simple nature. Broadly put, it is that every owner of land and every occupier, lessee, or tenant of land or household property of a yearly value of £5 is entitled to one vote.

Every shire and municipality is required to levy yearly a general rate of not less than 1d. in the pound on the unimproved rateable value of its lands, unless authorized by the Governor to levy a reduced rate.

The statute provides for the classification of shires, but I have gone exhaustively into this matter in Report No. 1, on State assistance to local bodies in New South Wales.

There is power for any Council by a referendum to ascertain the opinion of its electors on any subject.

There are 134 shires in New South Wales, varying in size from 36 to 5,745 square miles. There are 190 municipalities, including Sydney. Forty of these municipalities are in the suburbs of Sydney and twelve in the vicinity of Newcastle. An effort is being made to amalgamate or reduce the number of some of these by "Greater Sydney" and "Newcastle" schemes, and Bills to this effect have already been considered by Parliament.

Victoria.

In Victoria the whole of the main local bodies, with the exception of Melbourne and Geelong, are governed under the Local Government Act, 1903, and, with this exception, the same law applies to cities, towns, boroughs, and shires. There are fifteen cities, nine towns, thirty-seven boroughs, and 147 shires. The qualification requisite to enable these to be set up is as follows: A city must have a revenue of £20,000 on a shilling rate; a town must have a revenue of £10,000 on a shilling rate; a borough must have a revenue of £250 on a shilling rate; a shire must have a revenue of £1,500 on a shilling rate. It does not follow that because an area may have this revenue it can of necessity be constituted, for, as a matter of fact, it is not now the practice to set up a borough if it can only command a revenue of £250.

The Act is of a most comprehensive character, containing 726 clauses, and it includes similar powers to those provided for in our Counties and Municipal Corporations Acts.

The whole of Victoria is now practically under the municipal control provided for in this Act, save and except only Melbourne and Geelong and a small island known as French Island.

The Government does not exercise the same direct control over local bodies as is the case in New South Wales, but the clerks and engineers of local bodies are certified as competent by the Government after examination in a similar manner to that adopted in New South Wales. Those clerks who had been town or shire clerks or who had been in a municipal office for five years at the date of passing the Local Government Act got their certificates without examination. The accounts of local bodies are examined by two travelling Inspectors under the Local Government Branch of the Public Works Department. The local bodies must also keep their books and accounts in the manner prescribed by that department.

In Victoria the local bodies rate on the capital or annual value. There is no power to rate on the unimproved value.

In Victoria, as in New South Wales, each local body makes its own valuations for rating purposes, and this, I am informed, is the weakest part of the Victorian system.

In section 249 of the Local Government Act reference is made to the Board of Land and Works. This was originally a Board intended to carry out waterworks and build railways, but it does not do so now. It is a Board nominated by the Government, and it had some functions over areas not included in the district of any local body. Its functions in this and in most other respects have now almost ceased, but Government contracts are still let in its name.

Irrigation on lands near the River Murray is an important matter which I have dealt with in a separate report on irrigation in Victoria and South Australia.

I have also given full particulars of the Main Roads Board, recently constituted, in Report No. 2, on State assistance to local bodies in Australasia generally.

South Australia.

There are only two main forms of local government in this State—viz., District Councils (corresponding with our counties) and Municipal Corporations (corresponding with our boroughs). These bodies are constituted and managed under the District Councils Act, 1887, and the Municipal Corporations Act, 1890, and their amendments respectively, but part of the Municipal Corporations Act relates only to Adelaide.

There are 140 District Councils and 32 Municipal Corporations, and there is a large part of the State not included in the district of any local body.

The franchise in districts is limited to ratepayers, each of whom has one vote. In municipalities every person of full age who is seised of or occupies any ratepayble property within the municipality is entitled to be enrolled in the Citizens Roll, and to vote, provided he is not an alien or person in receipt of public alms or charity, and provided also that he has paid any rates due within six months of the poll. A citizen has one vote only, but if he has property in more than one ward he may vote separately for each ward.

No district can be constituted unless the general rate at 1s. in the pound on annual value would produce £200, and no municipality can be set up unless the general rate would produce £300 per annum.

The powers of the District Councils and of the municipalities appear to be otherwise somewhat analogous to those of our counties and boroughs respectively, and do not call for special comment. There is, however, power to join four or more District Councils into a special Board for the purpose of maintaining and controlling a main road that is common to all of them.

Western Australia.

I did not visit this State, but, according to the Official Year-book of the Commonwealth for 1911, there are only two types of local authorities in this State—viz., municipalities and road districts. The former correspond with our boroughs and the latter with the shires in other States of Australia.

The Municipal Corporations Act, 1906, contains the law as to municipalities, and the Roads Act, 1911, the Parks and Reserves Act, the Cattle Trespassing Act, the Width of Tires Act, the Cart and Carriage Licenses Act, and the Dog Act contain the law as to road districts.

The franchise in municipalities is limited to ratepayers.

Tasmania.

The conditions prevailing, or which have prevailed, in this State are more nearly like those in New Zealand than is the case in any other Australian State.

Prior to 1906 there was a considerable number of local bodies, consisting of rural municipalities, Town Boards, main road districts, road districts, local health districts, fruit districts, rabbit districts, &c. These were all abolished by the Local Government Act, 1906, and in pursuance of the Act the State was divided by Commission into new districts called municipalities, and the functions theretofore vested in the above local bodies were then vested in the new municipalities, and these municipalities, with the addition of Hobart and Launceston, form the only local bodies in Tasmania. There are now fifty-one municipalities, in place of 103 Road Trusts, twenty-three Town Boards, nineteen Rural Municipalities, besides several other minor local authorities. The Minister of Public Works and Lands informed me that this reform has worked very well. He stated that when the new division was made some of the districts objected, but the Government refused to make any alteration until it was seen how the scheme worked. Things soon settled down, and very little alteration has been found to be necessary. There is, however, some difficulty as to the maintenance of roads (see my Report No. 2, on State assistance to local bodies in Tasmania).

The franchise is based on a property qualification, and is as follows: One vote for each person having property of an annual value under £30; two votes for each person having property of an annual value from £30 to £80; three votes for each person having property of an annual value from £80 to £160; four votes for each person having property of an annual value from £160 to £240; five votes for each person having property of an annual value from £240 to £360; six votes for each person having property of an annual value over £360.

The Municipal Councils have similar powers to those vested in our Borough and County Councils. They have, however, power to appoint extraordinary committees for any special purpose, and to whom they may delegate most of their powers. The Councils have also power to appoint local committees for dealing with any matter in any local district, such as a cemetery or recreation-ground. There is also similar provision to what is in force in several other Australian States, whereby adjacent municipalities can form a joint municipality for the purpose of carrying out some work common to all.

General.

According to the Official Year-book for the Commonwealth for 1911 the number of local authorities in Australasia was as follows:—

New South Wales	324
Victoria	206
Queensland	164
South Australia	175
West Australia	147
Tasmania	51
Total	1,067
New Zealand has	629

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