

## H. T. A. McGahan's New Zealand Letter

In a recently published book, *NEW ZEALAND—THE DEVELOPMENT OF ITS LAWS AND CONSTITUTION*, the author in discussing the concentration that has taken place in our government and the apathy in local affairs, says this: "The trend towards centralisation cannot be reversed until the structure of local body government has been altered and strengthened." I think the same could be said of Australia. I have come to the conclusion that there is a far closer connection between local government reform and the single-tax than has generally been realised. Most of us can recall discussions as to whether the central government should collect all the revenue and hand back agreed amounts to the localities or whether every local authority should have rating powers. Practical experience of the problem convinces me that the correct answer is partly a combination of both methods.

Some time ago our County Council came up against a problem that taught me something that had great value to the single-taxers wrestling with the administrative details of their system. In a small town of less than a thousand people a couple of young men anxious to set up in businesses servicing the farming community could not purchase house sections in the centre of the town even though there were plenty available. The section owners did not wish to be bothered with the expenses connected with cutting up, etc. However, to secure the proposed services for the district a farmer just outside the town limits was prepared to sell them sufficient land. Now this meant spreading the town and greatly increasing municipal services, and, naturally, the council did not wish to hamper future councils with such ribbon development. The council suggested that the applicants make another attempt to buy land within the town limits. But nothing came of their second try. In the end we gave way knowing full well that it meant trouble for future councils.

But as we were dealing with the case the correct answer flashed across my mind. The local authority was rating on capital value, which favours those holding land idle. It is only right to say that had unimproved values been used the result would have largely been the same—local taxation collects but a small portion of the total taxation. If the local authority was responsible for the collecting of all taxation any system similar to the capital value system would not be tolerated by the producer. The disparity between what the producer and the non-producer would pay would be so great that only one system would be tolerated.

Of course it would be necessary to change our present local government machinery to permit the local authority to collect the nation's taxation revenue. To-day, the central government has been compelled to raise revenues that should

have been raised by the local authorities. It is some years now since the present Minister of Works warned some local bodies that were clamouring for grants from the central government that if the policy continued local government would find itself superseded. The Prime Minister too has questioned the wisdom of the central government becoming responsible for so much of the country's administration. That the warnings of these two members of the Government are not idle ones is shown by the fact that our provincial system of government, the system that existed from 1853 to 1876, was abolished when, in the words of the Premier responsible for their abolition, "Their doom was only a matter of time when it became apparent they could not raise their own revenues."

And yet these provincial councils did yeomanary service for the infant colony, especially the more progressive of them. The record of the Canterbury Provincial Council must surely astonish modern readers. It is worth noting that the late Mr. Justice O'Regan, a man who had great knowledge of this period of our history, was of the opinion that after the Maori Wars the greatest disaster suffered by the infant colony was the abolition of the provincial governments.

In any case the provincial pattern is marked clearly in New Zealand. Our provincial towns are situated at strikingly uniform distances apart. Almost every body except the important one of government uses the provincial system of administration. Our present local government system is similar to the Australian one of shires and municipalities except that we call them counties and boroughs. But the system is illogical, forcing an unnatural division between town and country. The affairs of a district should be handled by a district council uniting rural and town dwellers whose interests are identical. A provincial council is needed as in intermediary between the locality and the central government. These provincial councils would relieve the central government of much of the local detail that is now clogging up the parliamentary machine.

But it is in the field of taxation that such a **reform of our local government system** could effect lasting benefits. The central government should be restricted to a single source of revenue. It should have no power of taxing anything and everything. Its annual budget should be handed to the provinces, which after adding their provincial expenses, should pass the total to the districts, or boroughs or whatever they may be called for final collection. Thus we would have the single-tax in operation.

At the moment local government reform is agitating the people of Auckland and no doubt some new form will be set up.