

Local Government History and Localism

Abstract

The received view of state development in New Zealand is that the abolition of the ‘provincial system’ in 1876 set in motion the inexorable rise of centralised authority. The counter thesis presented in this article argues that until about 1940 central politicians, irrespective of party, were consistently engaged in empowering rather than diminishing local government. There was ultimate respect for the idea of local self-government; therefore, in colonial society, of local control of local development. This independence weakened only as technological change rendered ‘small’ local government increasingly inefficient and unable to meet new challenges and opportunities, particularly with respect to highways, housing and welfare.

Keywords centralisation, self-government, counties, boroughs, infrastructure, municipalisation

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A ‘centralisation thesis’ has long warped New Zealanders’ understanding of the growth and development of the New Zealand state. ‘Unbridled power’, to use Geoffrey Palmer’s phrase, is accepted as the end chapter of a process that began with the abolition of the provincial governments that set the country on a course of unmitigated centralism (Palmer, 1987). New Zealand in 1876, said Michael Bassett, ‘abandoned the possibility of a decentralised structure’ – perhaps an unsurprising judgement from one who as minister presided over a sweeping reorganisation of local government (Bassett, 1998, p.66). In this history of the rise and rise of the central state, Vogel, Seddon and the Liberals, and the first Labour government stand as the most illustrious names in the pantheon. Julius Vogel, for example, is revered in the *New Oxford History of New Zealand* as the politician who instigated heavy investment in railways, roads and telegraph lines with the result that ‘central government now emerged as a powerful engine driving economic initiatives and social change’ (Byrnes, 2009, p.117). The Liberals, for their part, have been forever associated with ‘state experiments’ and Labour with ‘state socialism.’

It is undeniable that the colonial state played an important part in funding and organising colonisation, and that as time went on it expanded into an authority that projected itself into most areas of society and the economy. But what is absent in the present historiography is any worthwhile consideration of the actualities of the central–local government relationship. For a start, as might be expected, that relationship was strongly shaped by British constitutional norms which upheld the idea of local self-government: that central government, generally ignorant of local circumstances, was better advised to leave the localities to their own devices regarding matters of most concern to them, while Parliament, cabinet and the bureaucracy concentrated on matters like defence which required national organisation and

enunciated three ‘principles’ with respect to local bodies: that they ‘should be left as free as possible from central control’; that they should be empowered as far as was advantageous; and that they should have the greatest possible financial independence. In 1889 a parliamentary committee concluded that for ‘decentralisation’ to be effective the existing number of local bodies needed to be pared down to the ‘four large cities’ and not more than 16 other ‘districts’.⁴

Seddon and Ward have been totally misconceived as out-and-out centralists. Both tackled the fragmentation of local government head-on. Seddon wanted to dissolve all existing authorities (12 named municipalities excepted) and load their responsibilities onto about a quarter of their number. His scheme would have

the key reform by conservatives and socialists alike, and in the first instance it was taken up seriously by the George Forbes-led coalition from 1931.⁶ Labour shared conservative beliefs to the full that local government needed to be strengthened, not left in a condition where Wellington would have to keep bailing it out of its responsibilities. However, it tried a more tactical approach instead of attempting a general, all-encompassing reform in one bold effort. The Local Government (Amalgamation Schemes) Bill of 1936 invited local bodies to frame their own schemes and, failing that, imposed a requirement on them to act out of ‘public interest’ considerations, with contentious cases subject to review by a special commission. For another half a century there were further attempts in the same vein using an independent commission to receive representations and conduct a general review of local authority areas and functions, always with the aim of reversing a history of continued fractionalisation, but only by consent. The long-sought radical restructuring finally occurred in 1988–89 when the Crown armed itself with overriding powers and did not balk at using them (Bush, 1995).

The failure of central government to hold and turn back the proliferation of local bodies says everything about deeply embedded localism. The demand for local self-government proved insatiable. Even before a ‘county system’ replaced the old ‘provincial system’, the localism of ‘districts’ had been accepted as unassailable. Road boards multiplied after 1860. There were about 300 of them in 1876 and this number only gradually diminished; there were still 231 in 1900 and 129 in 1914.⁷ They existed by ratepayer demand. Provincial authorities, and the colonial government once they had gone, recognised that self-government was a principle that could not be ignored and one that in the colonial situation embraced the common-sense proposition that locals knew their needs better than outsiders. Vogel as colonial treasurer in 1870 decided to channel grants to them as part of his development policy. His Payments to Provinces Act specifically funded the boards and their roading projects. Such a measure inevitably produced a rush of board creations. Hawke’s Bay added 23 between 1873 and 1885.

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national resources. So in 19th-century Britain, local authorities with very extensive powers made their appearance.¹ The New Zealand colony closely followed British legislative practice in constituting local government, but making exercise of any powers conferred to a large degree permissive. Thus, the original Counties Act in 1876 left it to the counties themselves to decide whether or not they wanted to bring the Act into full operation.² Eden county, adjacent to Auckland, and Peninsula in Otago never had effective county government, devolving local responsibilities to the numerous road boards.³ More than a few councils were content to rate minimally or not at all and apportion any other revenue to the boards.

The idea of local self-government held unimpeachable authority. That this was so is evident in the consistent policy of local empowerment that central government followed, administration after administration. Harry Atkinson, the dominant politician of the 1880s,

merged all but the ‘Board of Education and the Harbour Board into a single elected Council for each area, a large County in rural districts, and a Borough elsewhere’ (Hamer, 1974, p.48). Ward proposed sweeping reform in 1912. He revived the idea of ‘provincial councils’ that would assume responsibility for hospitals, charitable aid, public health, education, harbours, main roads and bridges, rivers and drainage, and water supply.⁵ The 24 councils would have functioned as regional authorities: ‘big’ local government with a vengeance.

Labour came to power in 1935, and to this day remains equally misunderstood as pursuing an uncompromising centralist agenda. Indeed, Labour can be said to have adopted cross-party and wider public concern in the crisis of the Depression that New Zealand’s system of local government was over-localised, outdated, uneconomic, inefficient and already showing its vulnerability to any determined policy of centralisation. ‘Amalgamation’ was seen as

New Zealand, it was noted in the 1930s, with a population the size of Birmingham's or Glasgow's had almost 700 separate councils and boards.⁸ While in recent times the number of road boards had been much reduced, town boards, electric power boards, fire boards, land drainage and river boards and rabbit boards more than made up for their disappearance; in comparison the 1914 *New Zealand Official Year-book* added up only 551 local bodies. From 1876, over half a century, 63 counties became 129 and 36 boroughs became 118, the latter mostly small country towns. Rural New Zealand, in particular, was full of ad hoc bodies that compromised effective local government. Too often, its counties and boroughs also lacked the resources to update infrastructure for a modern age of motor transport and improved living standards. In contrast, urban government was more compact: in the larger towns and cities outlying suburbs had been steadily absorbed and, where the need was greatest, metropolitan authorities were created to take care of wider area concerns.

On the whole, places gained independence without much ado. Parliament was certainly not disposed to impose its will on ratepayers and the Crown's proclamation of new authorities was exercised as a matter of course. A power of requisition was given locals which it was extremely difficult to reject. By the first Counties Act, a petition signed by three-fifths of ratepayer electors in the designated area set in motion the process for forming a new county. The Town Boards Act 1881 and Road Boards Act 1882 respectively allowed the Crown to declare a town district and county councils a road district on receiving a petition from two-thirds of the ratepayers. These were high levels of support, bearing in mind that many property owners were likely to be absentees. Similarly, 100 'householders' (meaning residents who owned or rented property of a certain value) out of at least 250 in a proposed borough were a sufficient number to permit the Crown to proclaim a municipality.

After 1885 further counties had to be legislated into existence, but this procedure imposed little restraint on breakaway ridings and road districts: Parliament permanently rejected only 15 proposals,

while making 57 additions to the county list.⁹ As for boroughs, the 1886 Municipal Corporations Act merely stipulated that a place should occupy not more than nine square miles, have a prospective annual income of at least £250 and make its case by a petition supported by three-fifths of the 'resident householders'. Under the 1900 Act a quarter of those qualified to vote as either ratepayers or residents could petition. In 1920 a minimum population of 1,000 was required. All in all, the legislation kept issuing an open invitation to towns little more than townships to seek municipal status.

What drove localism of this intensity was the imperative for development. In the colonial situation, self-reliance, living off

street lighting, water supply and, sometimes late in the piece, night soil and rubbish removal at public expense. There was a progression towards shingled or metalled streets, gas lighting, reticulated high-pressure water, underground sewerage and public abattoirs. The Second Industrial Revolution, whose key elements were oil and electricity (and the associated technology), inaugurated a second stage of development. Motor traffic required hard-surface roads; electric pumps and electric tramways made it possible to reticulate services over a wider and wider area to keep pace with town growth.¹⁰ In the countryside the expansion of small farm dairying created a heavy demand for improved roading to cater for the daily milk run:

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one's own, was essential in view of the scarcity of resources. Local self-government made possible local funding for local control of local development. As late as the 1920s local body expenditure on works accounted for over 50% of total public expenditure on works, and there is no suggestion that the figure had ever been lower (Statistics New Zealand, 1930, p.694). The 1932 *Year-book* declared the local bodies to be 'to all intents and purposes self-supporting': there had been 'a process of evolution from a state of semi-independence on the General Government to a stage where [with a few exceptions] all expense is borne locally' (Statistics New Zealand, 1932, p.555–6). The infrastructural development central government mainly funded was railways and roads in the backblocks. The rest was locally initiated and directed, even if funded by government grants and loans.

County councils spent most of their money on roads and bridges to open up and improve access to farming country. In towns the primary infrastructure comprised footpaths and formed roads,

Taranaki gained a reputation for having the best roads anywhere.¹¹ Furthermore, 'modern' encapsulated 'municipalisation': extended municipal ownership and control of services that went beyond tramways and gasworks to municipal electricity generation, municipal industries, municipal housing loans, municipal food markets and milk supply, and municipal libraries, concert halls and 'recreation grounds'.

The unrelenting demand for amenities and services meant that councils came to depend largely on loans to finance new development. Thanks to the Long Depression of the 1880s, progress generally was only halting until about 1900, when settled economic recovery made more lavish funding available. Loans, of course, were serviced out of the rates, which were otherwise used to meet the costs of administration and repair and maintenance of existing facilities. As already indicated, in financial terms local self-government had real meaning. Yet in 1876, in the original conception of county and borough government, it was accepted that, as with

the previous provincial system, central revenues would have to be generously shared with the localities if development was to be carried on.¹² The hard times of the 1880s put paid to that arrangement. Rates subsidies, for example, as a proportion of local revenue averaged 23% in the 1880s, 11% in the 1890s and 7% in the 1900s; by the 1920s they were down to 2.5% and inconsequential for many councils, especially the cities.¹³ Direct grants for works, too, came to be applied to back country areas rather than distributed evenly throughout the country out of political expediency. Long-term, low-interest government loans were offered

after 1876, one indication of how concerned town-dwellers were above all else to have well-formed streets and footpaths. The 1908 Counties Act permitted a maximum of 12 ridings, certainly done partly to discourage secessionist movements. The number of ridings increased from 315 in 1881 to 592 in 1911.¹⁶ Many county councils rated their ridings separately. Most operated riding accounts which were credited with the proceeds of the general rate after salaries and office costs and any other 'county' expenses had been provided for. County councillors as riding representatives were notorious for looking after their own. Waitemata was revealed as

Sydenham (Morrison, 1948; Yska, 2006). Up to 1930, 24 suburban local bodies were merged into one or other of the four main centres. The composite city governed by different territorial authorities was on the way out; the 'greater city' was emerging. Meanwhile, the flood of new counties was stemmed. Only seven were added after 1911, including five taken off the remote Waiapu county on the East Coast and added to very recently settled King Country in the central North Island, where local self-government and the development it promised had an authentic purpose.²⁰

In the counties the meaning of 'local' was expanded by the rise of motor transport and by the possibilities large-scale production of electricity opened up. Main roads, built with materials able to accommodate heavier volumes of fast-moving traffic, became a priority to better integrate local districts into the wider economy. Grants and loans to county councils mostly provided the means; road boards slipped even faster into obsolescence. The Main Highways Act of 1922 set up a central board, with a view to finally achieving a proper national roading system. But regional boards stacked with county representatives were also established, and time and again their interests had to be given due respect. The map of 'main highways' soon depicted a many-tentacled system of 'secondary highways' reaching any number of out-of-the-way places, a far cry from the 'arterial roads' that were the government's chief concern.²¹

Electricity was a different story. It offered relatively cheap energy to extensive areas, but its reticulation made no sense of county boundaries. State generation and distribution networks built and managed by elected district power boards was the model that prevailed as smaller local schemes were overtaken by massive hydro schemes, starting with Coleridge (1915) and Arapuni (1928).²² Power boards and their districts, like highway boards and, indeed, harbour boards, hospital boards and education boards, attracted reformers for posing the possibility of larger, even regional, local government which could be made to resemble the all-purpose English county authorities, powerful enough to hold the incubus of 'centralised bureaucratic control' at bay.

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to local bodies from 1886, but as loan proposals had to be carried at a poll of ratepayers their priorities, not to say frugality, prevailed.¹⁴ An abiding feature of the financial regime was the unevenness of development between counties and towns for this and other reasons. In Christchurch the ratepayers agreed to install a reticulated water supply only as late as 1907 after a series of unsuccessful polls.¹⁵

Local politics were also deeply affected by internal localisms, as districts within counties or town neighbourhoods were always on guard lest they be disadvantaged by overspending elsewhere. It quickly became a point of principle that the proceeds of local taxation should be applied to local works. In country areas there was particular resentment of 'outlying districts' as 'out-and-out lying districts' for their constant requests for roads and bridges while contributing little in rates. Indeed, wards and ridings were put in place not least to control these parochialisms, with funding carefully allocated. A majority of boroughs, however small, adopted wards

the worst case after an inquiry in 1921: there were no county roads and even road machinery was purchased out of riding funds and regarded as riding property.¹⁷

Councils with riding accounts were given the option of discarding them in 1931, which many proceeded to do.¹⁸ The number of boroughs with wards fell away dramatically after 1900: 42 in 1901 were reduced to 19 ten years later, and to nine ten years after that.¹⁹ Clearly, there was a trend starting towards 'bigger' local government; localisation was in retreat. What was happening was that wider changes were strengthening county government at the expense of riding and road district localisms, and large municipalities at the expense of outlying suburbs. The Reform Party under William Massey, entering office in 1912 and holding power until 1928, was to preside over a period of transformative change that had a particular impact where councils were concerned. City amalgamations had begun in 1903 when Wellington absorbed Melrose borough and Christchurch Linwood, St Albans and

In the four main centres and other principal towns electrification had an equally profound effect by making it possible to relay services over wide suburban areas, services including water supply, sewerage and tramways. Gas and steam as energy sources, key ingredients of the coal and iron Industrial Revolution, were severely limited in comparison. Suburban expansion was not only the result of available technology but also of social ideals, the suburb imagined as representing a higher order of urban living. Suburban householders were predisposed to favour 'greater city' amalgamations: in wanting urban services they easily became impatient of the opposition put up by outlying borough councils and road boards. 'Metropolitan' development was conceived as 'modern' or 'progressive' in extending transport links, electricity, high-pressure water, underground sewerage and fire brigades across the whole city area.²³ The logic of providing some form of 'single authority' government was unanswerable when it came to taking advantage of available technology, town planning information, economies of scale and the financial leverage large municipalities possessed.

But there were questions, as there always are, about how to strike a balance between metropolitan governance and the representation of lesser, even neighbourhood, interests. Wards were unpopular with 'amalgamationists' for keeping alive old localisms, and were fortunate if they survived. More vigorous debate occurred over proposals for a two-tier system of government – the Greater London model in which a metropolitan authority or authorities administering metropolitan services sat above the several boroughs which dealt with local works and services. In New Zealand city councils generally favoured urban 'centralisation', but an element of pragmatic compromise was typical, with their acceptance of drainage boards, tramway boards, fire boards and the like exercising responsibility over the wider urban area.

Local populations and authorities were so much in control of their own destiny, it makes little sense to speak of the rise and rise of the central state after the abolition of the provinces, at least to the mid-20th century. 'Centralisation' remained a word with wholly negative connotations. There

was inevitably some bureaucratic intrusion into local government, but it was always limited until the first Labour government began undertaking highway, housing and welfare development in clear demonstration of the incapacity of local bodies. The experience of the Depression can be said to have begun the reworking of the relationship between central and local authority. Unemployment relief conventionally had been the responsibility of local government, but in the severity of the times this kind of self-reliance collapsed and costs were increasingly unevenly shared between councils and the state. The 1936 State Highways Act, which decisively

government was not the entire problem. No attempt was made to reform local taxation so that the financial base of local government was made more secure. Instead, grants and subsidies, which by the 1920s had been cut back to a bare minimum, were brought back in lavish amount and reduced councils to supplicant status. The meagre and piecemeal success of commissions charged with effecting worthwhile structural reform only served to strengthen the expansionism of central administration. Wellington's venture into social politics made the welfare state an enterprise barely shared at all with local government. The avalanche of

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transferred control of trunk roads, was acceptance of the fact that local government could not deliver what economic recovery required. Labour's state housing schemes showed up the same limitations. The lesson was drawn more sharply than ever that local bodies lacked the means to provide adequately for the welfare of their populations, let alone pursue the capital development that the country required.

The heyday of local self-government was over in the second half of the 20th century. Repeated attempts to negotiate reform with the councils proved fruitless. What governments discovered from the opposition they encountered was an unshakeable adherence to the Victorian conception of local government based on constitutionally independent bodies espousing local definitions of community, democracy and interest. While such values should indeed inform the relationship with the state, the essential weakness of the system was the functional inefficiency that had developed. The structure of local

centralisation that overtook local authority may be summed up by the downward decline of local body expenditure alongside central government expenditure: in 1930 the figures were roughly equal at 46% and 54% of total public expenditure; by 1975 they were 24% and 76% (Bloomfield, 1984, pp.334–5, 353–4). The trend continued unarrested. The drastic reorganisation forced on local bodies in 1989 certainly went towards creating the 'bigger' local government long wished for, but it fell well short of the empowerment that could have restored a duality worth having.

- 1 Chandler, 2007 is a sound recent history.
- 2 Counties Act 1876, s.11; Counties Act Amendment Act 1883, s.5.
- 3 *New Zealand Herald*, 24 Mar. 1877, p.3; *Otago Daily Times*, 17 Feb. 1877, p.3.
- 4 *Appendix to the Journal of the House of Representatives* (AJHR), 1882, B-2, p. vi; 1889, I-
- 5 *Bills Thrown Out*, 1912: Local Government Bill.
- 6 *AJHR*, 1931, B-6, p.3; 1932, B-4A, pp.168–71.
- 7 *AJHR* 1879, Sess. II, B-15; *New Zealand Official Year-book*, 1901, p.189, 1915, p.732.
- 8 Archives New Zealand, IA64/10/20: E.P. Neale, 'Local body reform', p.1 (18 Sept. 1933). Neale was secretary of the Auckland Chamber of Commerce.
- 9 *AJHR*, 1907, H-41 for a list of new counties up to 1906. Otherwise the figures are mine.

- 10 *The Municipal Handbook*, first published in 1905, is the most convenient source for tracking town development. Town clerks wrote the separate entries. From 1926 the Handbook was succeeded by the Local Authorities Handbook.
- 11 *Evening Post*, 5 July 1925, p.8.
- 12 Financial Arrangements Act 1876.
- 13 These percentages are calculated from the tables of local bodies' rates, receipts and expenditure in *New Zealand Official Year-book*, 1902, 1912, 1921, 1931.
- 14 Government Loans to Local Bodies Act 1886.
- 15 *Lyttelton Times*, 27 June 1907, p.8.
- 16 New Zealand Census, 1881, pp.20–57, 1911, pp.42–94.
- 17 Archives New Zealand, LE1 717 1920/11: Report of commission on proposed Akarana county.
- 18 Counties Amendment Act 1931, s.2.
- 19 New Zealand Census, 1901, pp.24–5; 1911, p.30, 1921, Pt 1, p.27.
- 20 Information obtained from *New Zealand Gazette* notices of amalgamations and acts of Parliament establishing new counties.
- 21 *AJHR*, 1927, D–1: 3rd annual report of Main Highways Board.
- 22 Electric-power Boards Act 1918.
- 23 *Evening Post*, 18 Oct. 1898, p.4.

Chronology

- 1835** Municipal Corporations Act (England), providing the model for local government in New Zealand
- 1840** Governor Hobson given instructions to promote 'municipal and district governments for the conduct of all local affairs'
- 1855** Dunedin Town Board Ordinance
- 1856** Roads Ordinance, beginning provincial government creation of road boards
- 1865** Otago Municipal Corporations Ordinance
- 1867** Municipal Corporations Act, establishing boroughs generally
- 1876** Counties Act, establishing counties on abolition of provinces. The Financial Arrangements Act and Rating Act settled the financial basis of local government
- 1881** Town Districts Act, giving townships town boards
- 1882** Road Districts Act, giving road boards uniform powers
- 1885** Counties Amendment Act, further counties to be created by act of Parliament
- 1886** Government Loans to Local Bodies Act
- 1895** Local Government Bill, the first attempt at comprehensive reform
- 1905** *Municipal Handbook* first issued
- 1908** Boards Amendment Act, creating town districts independent of county councils
- 1912** Government Bill, a second attempt at reform
- 1920** Counties Act, empowering councils to dissolve road boards
- 1926** *Local Authorities Handbook* first issued
- 1931** Counties Amendment Act, permitting counties to dispense with riding accounts
- 1936** Local Government (Amalgamation Schemes) Bill, a third attempt at reform
- 1946** Local Government Commission Act, appointing a commission to undertake reform
- 1988** Local Government Act, implementing reform proposals of government commission

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