

1938.
NEW ZEALAND.

LOCAL GOVERNMENT (AMALGAMATION SCHEMES)
BILL COMMITTEE

(REPORTS OF THE).

(MR. D. W. COLEMAN, CHAIRMAN.)

Laid on the Table of the House of Representatives.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

THURSDAY, THE 21ST DAY OF JULY, 1938.

Ordered, "That a Select Committee be appointed, consisting (by leave) of fourteen members, to consider the scheme of local-government amalgamation outlined in the Local Government (Amalgamation Schemes) Bill of last session, and to report generally upon the provisions of the Bill: the Committee to consist of Mr. Anderton, the Hon. Mr. Barnard, the Right Hon. Mr. Coates, Mr. Coleman, Mr. Dickie, Colonel Hargest, Mr. Kyle, Mr. Munro, Mr. O'Brien, Mr. Robertson, Captain Rushworth, Mr. Thorn, Mr. Williams, and the Mover."—(Hon. Mr. PARRY.)

Ordered, "That the evidence taken by, and the correspondence and reports addressed to, the Local Government (Amalgamation Schemes) Bill Committee, 1937-38, together with the minute-book of such Committee, be made available to the Local Government (Amalgamation Schemes) Bill Committee, 1938."—(Hon. Mr. PARRY.)

TUESDAY, THE 30TH DAY OF AUGUST, 1938.

Ordered, "That the Local Government (Amalgamation Schemes) Bill Committee have leave to sit on Tuesday, the 6th day of September, 1938, during the sitting of the House."—(Mr. COLEMAN.)

THURSDAY, THE 8TH DAY OF SEPTEMBER, 1938.

Ordered, "That the Local Government (Amalgamation Schemes) Bill Committee have leave to sit on Tuesday, the 13th day of September, during the sitting of the House."—(Mr. COLEMAN.)

FRIDAY, THE 29TH DAY OF JULY, 1938.

Memorandum for the Chairman, Local Government (Amalgamation Schemes) Bill Committee :—

"The following Resolution from the Local Government (Amalgamation Schemes) Bill Committee was adopted and agreed to by the House of Representatives on the 28th July, 1938, on motion of Mr. Robertson: "That the proceedings of the Committee during the taking of evidence be open to accredited representatives of the press."

REPORTS.

SPECIAL REPORT.

I HAVE the honour to report that the Local Government (Amalgamation Schemes) Bill Committee to-day passed the following Resolution:—

“That the proceedings of the Committee during the taking of evidence be open to accredited representatives of the press, and that the Chairman do report this Resolution to the House and move that it be adopted and agreed to by the House.”

28th July, 1938.

J. ROBERTSON, for Chairman.

REPORT OF THE SELECT COMMITTEE ON THE LOCAL GOVERNMENT (AMALGAMATION SCHEMES) BILL.—On behalf of the Local Government (Amalgamation Schemes) Bill Committee I have the honour to present the following report:—

(a) *Evidence submitted.*—The Committee was appointed to consider the proposals contained in the Local Government (Amalgamation Schemes) Bill which was submitted to the House of Representatives in the 1937–38 session. As the Bill was not again introduced this session the Committee was, in effect, set up to hear evidence on the Government's proposals with regard to the amalgamation of local authorities in the Dominion. At the commencement of its proceedings the Committee issued invitations to some six hundred local authorities, of all classes, to submit to it their views on the principles and provisions of the Bill, and has been furnished with the opinions and criticisms of some four hundred and fifty local authorities, either through their central organizations, by direct representation, or by written statements. In addition to the evidence heard this session, verbatim reports of the evidence heard on the 30th November last year were supplied to the members of the Committee, and in making this report the evidence which was then tendered has been taken into consideration.

The proposals as outlined in the draft Bill submitted to the Committee do not provide for the amalgamation of specific local authorities or for any detailed plan as to the reorganization of local government in the Dominion, but are confined to the provision of machinery designed to facilitate local amalgamation schemes. The witnesses giving evidence were informed that as the Bill was concerned only with general machinery provisions, the Committee would not hear evidence on any specific amalgamation considered to be desirable or at any time proposed, but despite this intimation some of the evidence supplied was obviously directed towards specific amalgamations and is therefore not commented on.

The desirability of some reduction in the number of local bodies in the Dominion has been recognized by every Government in power for the last fifty years. On numerous occasions in the Governor-General's speeches, in Budget speeches, and in public statements by previous Prime Ministers and other Ministers of the Crown mention has been made of the intention to proceed with this desirable work, but up to the present time no real progress has been made. It is interesting to notice in passing that every witness examined by the Committee admitted the desirability and necessity of some scheme of amalgamation and some reorganization of local government in the Dominion. The Municipal Association of New Zealand, Incorporated, the New Zealand Counties' Association, and several other local-body associations have all endorsed the principle of amalgamation, subject in some cases to certain preliminary inquiries.

(b) *The Proposals.*—Briefly, the Bill acknowledges that there is a surplus of local governing authorities in the Dominion, that some reduction is desirable, that the local inhabitants and the local authorities should be given a considerable voice in the determination of the future government of any area, that the question of local government reform should be entirely divorced from party politics, and that the ultimate aim of amalgamation schemes should be the promotion of efficiency and co-ordination in local government in the Dominion. To achieve the reorganization which the Bill contemplates authority is given to the Governor-General to set up a Commission of inquiry for each proposal for reorganization in a particular area. The local authorities in any area are given the right to draw up a scheme for submission to the Minister of Internal Affairs, and if no agreement can be reached as to the details of the scheme by the local authorities in the area as a group, then any local authority in the area is entitled to submit a scheme, and, failing the submission of a scheme from the district itself, the Minister, if he considers that some reorganization is necessary, is authorized to require a local authority or group of local authorities in the area under consideration to draw up a scheme. If the local authorities still fail to prepare a scheme, the Minister himself may prepare a scheme. The Minister is required to submit the proposed scheme, however prepared, to the Commission mentioned above, which, after hearing evidence and making such other inquiries as it deems necessary, is required to report to the Minister on the proposals. The report may either endorse the scheme as submitted, make other suggestions, or suggest that nothing is necessary or should be done in the particular circumstances. On the receipt of the report the Minister is required to send a copy of the report to the local authority of every district affected by the scheme, and to publish in one or more newspapers circulating in these districts a notice setting forth the nature of the recommendations made by the Commission, and to give to local authorities and other persons affected an opportunity of

laying before him in writing their views on the recommendations of the Commission. If the Minister considers that the objections are well founded he is required to refer the report back to the Commission, together with the objections, for further inquiry and report by the Commission. After considering the objections the Commission may make an alternative or supplementary report or may advise that it has no recommendations to add to its original report. When the Commission has made its final report on any amalgamation scheme the Minister shall notify all the local authorities affected of the terms of the Commission's recommendations, and thereupon effect shall be given to those recommendations.

(c) *Endorsement of Amalgamation.*—As stated above, there was general endorsement by the principal local government associations of the proposals outlined in the Bill. Mr. T. Jordan, President of the Municipal Association of New Zealand, Incorporated, speaking on behalf of that association, stated, "I am justified in saying that the association as a whole definitely approves of the Bill." Mr. G. J. Talbot, President of the New Zealand Counties' Association, speaking on behalf of that association, stated that the Counties' Association "approved of amalgamation." Mr. G. Manning, on behalf of the Christchurch City Council, stated, "The Christchurch City Council definitely desires to support the Local Government (Amalgamation Schemes) Bill." Similar sentiments were expressed by the representatives of the Auckland and Wellington City Councils. Several other witnesses expressed their opinion, or the opinion of their association, that amalgamation was desirable in certain circumstances. Practically all witnesses expressed opposition to compulsion being exercised in relation to the proposals; although all agreed that some compulsory powers were necessary to prevent a recalcitrant body holding up a scheme generally approved. Further, it was pointed out that the Minister himself was bound by the Bill to accept the recommendations of the Commission which the Bill provides for. We suggest, therefore, that the objections to the compulsory clauses in the Bill are based on a misapprehension of the contents, and that they have, therefore, no foundation in fact.

(d) *Lack of Design.*—Several witnesses, in particular Mr. I. J. Goldstine, Mayor of One Tree Hill, speaking on behalf of the Auckland Suburban Local Bodies' Association, stated that "The first point to be noted, and a very important point, too, is the complete absence of design in the Bill." All the witnesses who spoke in this strain were anxious that a survey of the economic and social facilities should precede the formulation of any definitive amalgamation schemes, and stated that the Bill did not provide for such a survey. We desire to point out, however, that we think this objection is based on a complete misapprehension of the powers of the Commission as provided for in the Bill. In no place in the Bill is there any limitation of the powers of the Commission to make such inquiries as "may be necessary." It is not conceived that the Commission will confine its inquiry merely to the hearing of evidence from interested parties, but will be expected to make a very comprehensive social and economic survey of the area under consideration in order that any amalgamations proposed or recommended by it will, in effect, provide for the effective government of that area. In other words, the Commissions as proposed by the Bill are, in effect, regional Commissions, and will carry out in the manner desired by Mr. Jordan and Mr. Goldstine, the regional surveys which they advocate.

(e) *A Royal Commission.*—Several of the witnesses, in particular, the Counties' Association and the Auckland Suburban Local Bodies' Association, desire the institution of a national Royal Commission on Local Government in New Zealand prior to the formulation of any definitive amalgamation schemes. For several reasons we do not think there is any necessity for the setting-up of such a national Commission. In the first place, the necessity for and desirability of some reduction in the number of local bodies in the Dominion has been acknowledged and recognized by every Government in power and by every important local-body organization in the Dominion. No national Royal Commission, even if it could sit continuously for a period of years, could be expected to do anything more than reiterate the necessity for some such reorganization. We would mention in passing that a recent Local Government Commission in England sat continuously for seven or eight years, and its final report dealt solely with general principles and not with detailed plans.

Another important factor against a national Royal Commission, however, was well stated by the Hon. T. Bloodworth, M.L.C., in evidence on behalf of the Auckland City Council. He stated that the amalgamations proposed in the Bill were essentially questions involving a detailed and close knowledge of and investigation in a particular locality, and would necessitate a detailed local inquiry such as no national Commission could possibly be expected to undertake. The interests of the local bodies concerned would be much better served, he stated, by a separate commission for each area or amalgamation scheme proposal than if the matter were left to a national Royal Commission. He also emphasized that since the Bill provided for the appointment of a representative of the local authorities concerned in the proposals as a member of the local Commission, the interests of the local authorities were much more likely to receive sympathetic attention than if all the members of the Commission were entirely strangers to the district. In any case, it must be apparent that even though the national Royal Commission set out a definite series of desirable amalgamations, some form of local inquiry would be absolutely necessary before the scheme was put into operation. Questions of adjustment of boundaries, adjustment of loan liabilities, and the hundred and one questions which would need to be solved in every amalgamation scheme could not be dealt with by a national Commission. Further, there is a distinct possibility that a national Commission may propose amalgamations which are wholly undesirable. As has been stated above, it is fairly obvious that a national Commission could not make the detailed inquiry which the circumstances of the case demand, and consequently it may, on purely academic grounds, suggest a reorganization which would be quite detrimental to the interests of the nation as a whole. The evidence produced, therefore, did not convince us as to the necessity or desirability of a national Royal Commission prior to the passing of the Bill.

(f) *A Poll of Ratepayers.*—Several witnesses commented that there was no proposal in the Bill for a poll of ratepayers of the districts concerned, and requested that such a provision should be inserted in the Bill. Your Committee, however, would point out that section 141 of the Municipal Corporations Act, 1933, and similar provisions in the Counties Act, 1920, provides for amalgamation after a poll of ratepayers. Some of the witnesses argued that the present Bill was unnecessary, as sufficient power was already given in the existing statutes. These provisions have been in existence for many decades, but have been taken advantage of to only a slight degree, with the result that there has been but a small reduction in the number of local bodies, and even this has been offset by the creation of new bodies for separate purposes, and in some cases the multiplicity of local governing authorities does seriously militate against effective government of the area as a whole.

It is important too, to notice that the legislation at present in existence provides only for the amalgamation of adjoining local authorities of the same type, and does not, as the present proposals, permit the absorption by a central strong local authority of the powers and functions of numerous small administrative bodies within a given area. There is no legislation on the statute-book at the present time permitting such reorganization. Further, the structure of local government in the Dominion is a problem of national importance. When, for instance, the time arrived in 1876 for the abolition of the provinces, no vote of the people was taken. Local interests are adequately safeguarded by the proposal to institute a separate Commission for each amalgamation scheme proposed.

The appointment of a Commission of inquiry with judicial powers and with an obligation to hear the evidence of interested parties is more than a sufficient protector for democracy. After all, the desires of some small section of the community must not be allowed to stand in the way of desirable progress. Experience of recent polls has clearly shown that personal and vested interests have succeeded in clouding the real issues and prevented ratepayers from appreciating the questions at stake.

Some of the witnesses who were strongly in support of a Royal Commission and a poll of ratepayers admitted under cross-examination that if a Royal Commission were set up they would not press for a poll. We have pointed out above, however, that local interests are more definitely safeguarded by the Commissions proposed by the Bill than if a single Royal Commission were set up, and consequently, if a poll is not demanded after a Royal Commission, then *a fortiori* it is not necessary after a district Commission. We are of opinion that the insertion of a clause requiring a poll of the 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.

(g) *Evidence before the Commission.*—Strong exception was taken by several witnesses to the provision in clause 18 of the Bill placing the onus of proving that an amalgamation scheme was not desirable on the local authority or person objecting to the scheme. The Committee consider that this clause should be omitted. The net result would be that the Commission would then be required to adjudicate impartially on the evidence submitted and its own investigations, and the objecting local authorities would not be placed in a disadvantageous position.

(h) *Conclusions and Recommendation.*—Finally, apart from the questions raised above, there was very general acceptance of the proposals outlined in the Bill. Objections came usually from small local authorities who feared that they may lose their identity, or from people who obviously had in mind some particular possible amalgamation scheme. We do not think we are called on to comment on the questions raised by the Rabbit Boards' Association, the Electric-power Boards' Association, and several other specific *ad hoc* bodies. Questions such as these must obviously be left for the examination of the Commission when particular reorganization schemes are under consideration. It is clear that whatever may be the machinery provided for local government reform, no amalgamations or readjustments can be hastily made; they can be carried out only methodically and after careful consideration of each case. We are of opinion that the proposals as outlined in the draft Bill before the Committee (with the amendment suggested in paragraph (g) of this report) should be given legislative effect, so as to open the way for a solution of the admitted problem of local government, consistent with efficiency in administration and also with the principles of democracy.

15th September, 1938.

D. W. COLEMAN, Chairman.

SPECIAL REPORT.

I HAVE the honour to report that at its final meeting, held on Tuesday, the 13th day of September, 1938, the Local Government (Amalgamation Schemes) Bill Committee unanimously passed the following Resolution: "That this Committee desires to express its appreciation of the able manner in which the Chairman, Mr. D. W. Coleman, has conducted the business of the Committee, and directs that this resolution be reported to the House."

J. ROBERTSON, Member of the Committee.

15th September, 1938.

SPECIAL REPORT.

I HAVE the honour to report that at its final meeting, held on Tuesday, the 13th day of September, 1938, the Local Government (Amalgamation Schemes) Bill Committee expressed its appreciation of the services rendered by the Clerk, Mr. W. J. Organ, and directed that this be reported to the House.

15th September, 1938.

D. W. COLEMAN, Chairman.

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