

THE FOUNDATION AND DEVELOPMENT OF NEW ZEALAND LOCAL GOVERNMENT: AN ADMINISTRATIVE WORK IN PROGRESS

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Abstract

From its genesis in Mid 19th Century liberalism to its current rationalist position, local government in New Zealand has followed a similar path to that of New Zealand central government in that it has embraced a neo liberal economic rationalist view of its role in public policy. The article traces the historical foundation of New Zealand local government and the factors that have assisted in forming the current shape of local government in New Zealand. The article ends by suggesting that the system of local government is dynamic and is still in development.



*Transylvanian Review
of Administrative Sciences,
21 E/2007, pp. 18-27*

A Short History of Local Government in New Zealand

In a speech made in 1956, W.B. Sutch stated that “Local government in New Zealand derives its form from English history and its feebleness from the short-sighted self-interest of the New Zealand rate-payer” (Sutch 1964, p. 1)¹. As we will see, such a statement was fitting in the context of 1956 and may still retain some validity in the current climate. Nevertheless, the story of local government in New Zealand is a dynamic story. The machinery did not evolve so much as appear upon the administrative landscape. It is a history that includes false starts, accusations of treacherous behaviour and a small dose of administrative experimentation. It is a history of dynamic beginnings giving rise to a long period of stability. Above all however, it is a history of strong parochial self-interest.

In this article, I trace a short history of local government in New Zealand in order to highlight the long history of conservatism that serves as a backdrop to illustrate the revolutionary nature of the administrative reforms that took place in 1989. By tracing the history of local government, and local government activity, I hope to reveal the foundations of internal entrepreneurship, undertaken for the benefit of the local community, which still persists within the management of many New Zealand local-government-owned business operations. In producing this outline, I have necessarily relied upon the few existing specific texts on local government history in New Zealand: The Timaru Herald, *The History of Local Government* (1876/2000); W.B. Sutch, *Local Government in New Zealand: A History of Defeat* (1965); G. Bush, *Local Government and Politics in New Zealand* (1980, revised and reprinted 1995); and B. Gilling and A. Henderson, *Town and Country* (2000). Together these provide well-researched chronological narratives of the development of local government in New Zealand. The model of local government introduced in New Zealand was based solely upon the 19th century principles of government found in Great Britain. It had nothing in common with the models of governance practiced by the indigenous Maori.

The non-Maori settlement of New Zealand was primarily from mainland Britain, with some immigration from China, the United States of America, Eastern Europe and Ireland. Non-Maori first started to arrive in New Zealand as seafarers, mainly whalers and sealers, in the later part of the 18th century. These occupations could themselves be regarded as entrepreneurial, in that they were not only establishing new markets, but also introducing a new culture to a foreign land. The whalers and sealers were then followed, in order, by speculative traders, missionaries and early colonial settlers, together with the treasure-hunters who flocked to the North Island gum fields and the South Island goldfields (Dalziel, 1992; Burns, 1989). At this time the land was considered by the developed world to be a territory of the United Kingdom. With the growth of non-Maori colonisation in New Zealand, some attention to political organisation was considered necessary by the Imperial British

¹ Sutch’s speech, “Local Government in New Zealand: A History of Defeat” was delivered in 1956 and published as a monograph in 1964 by the New Zealand Department of Trade and Industry. The published version is quoted here.

Government in London — who had, through Captain James Cook, claimed New Zealand for Britain in 1776.

Ever since Cook had written of the bounty that could be had in New Zealand, it had been a goal of some within Britain to settle the new country. One such entrepreneur was Edward Wakefield, the founder and driving force of the New Zealand Company, and a man who was out to make a profit. He was also, through his settlement in Wellington, the first to introduce a town council to the new colony. The establishment of the Wakefield colony in Wellington provides a starting point for this short history.

In 1839 the company controlled by Wakefield dispatched a ship, the *Tory*, to New Zealand in order to buy land for the company to sell to aspiring settlers. In 1837, Wakefield had published a pamphlet entitled “The British Colonization of New Zealand”, in which he had written that, by colonising New Zealand, settlers were “reclaiming and cultivating a moral wilderness [and that they would be assisting in] civilising a barbarous people” (Burns, 1989, p. 52). Wakefield intended to achieve these aims by ensuring that the settlements he established in New Zealand were organised into urban and rural areas and were based on the rule of British government (Burns, 1989, p. 53).

This innovative approach to colonisation did not stop with a projected administrative structure. It was fundamental to Wakefield’s plans that the settlers would purchase land and function in segregated social classes. In addition, the would-be Wakefield settlers were required to sign an undertaking before they emigrated that they would abide by a form of constitution which would operate until superseded by British rule. Essentially, the New Zealand Company constitution required male settlers to set up a committee to set rates, appoint officers and make rules for the new colony being established at Wellington (Dalziel, 1992; Burns, 1989; Bush, 1980). It was seen by many settlers as an ideal means to keep the British way of life functioning in the interim. The Wellington Wakefield settlement was arguably the first attempt at local government in New Zealand. The brave new world that the settlers envisaged was, however, short-lived. When the settlers eventually arrived in 1840 at what is now the City of Wellington and started to enact their constitution, they were quickly persuaded by the dispatch of a small force by Governor Hobson to discontinue their “illegal and treasonable body” (Bush, 1980, p. 12).

The New Zealand Company was a private organisation set up to sell land and passage to New Zealand. As such, it could be regarded as the first attempt to operate in an entrepreneurial fashion within the boundaries of local government, and the Wellington settlement has the distinction of being the first attempt in New Zealand at forming a democratically elected local council. However, the first officially sanctioned attempt at local political organisation took place in Wellington in October 1842, with the election of the Wellington Council. This body was set up in accordance with the Municipal Corporations Ordinance (1842). In 1843 the Imperial Government disallowed the Ordinance, setting back the development of local government in New Zealand essentially until 1852. This was followed by a second short-lived attempt at local government organisation in 1846). The most remarkable aspect of the 1842 Wellington Corporation was the wide franchise it allowed; 45% of those registered

to vote gave their occupation as labourer, the first and last time for many years that non-landowners would vote in a New Zealand election (Watson and Patterson, 1984, p. 7). The political ground had however been broken and the first administrative stakes had been placed in the soil of the developing colony. The experiences of 1840 and 1842 had given settlers in the Wellington region a taste of politics which Watson and Paterson (1984) believe led to the formation of both the Wellington Land Association and the Constitutional Association, two of New Zealand's first organised political groups (p. 2).

The period 1840-1850 saw the building of a national political infrastructure and experimentation with various forms of local government administrative structures. The first real attempt at providing administrative guidance to the new colony was the passing of the Constitution Act 1846. This Act divided the country into two provinces, New Munster (north of a line east from Patea) and New Ulster, which comprised the remainder of the North Island, all the South Island, and Stewart Island. In addition, the Constitution Act envisaged elected municipal corporations, an elected provincial house of representatives for each province, an appointed legislative council for each province and, overlaying this structure, an elected national General Assembly and a Governor in Chief (Dalziel, 1992, p. 91). However, these early attempts to force government upon the colony, which McLintock (1958) suggested comprised only 13,000 European settlers, were based on 19th century European notions of representation. In a small colony with a widely dispersed population, such a structure was doomed to failure. Indeed, only the council for New Ulster ever met — although it did pass a resolution regarding the establishment of municipalities — and the constitution was suspended in 1848 by the Suspending Act. This was the second — arguably the third — false start for New Zealand local government. It was not until the introduction of the 1852 Constitution Act that New Zealand had another formal chance at local government organisation.

However, the lack of a formal structure until 1852 did not completely halt the development of local government in New Zealand. Already in place were two structures that were to become an enduring symbol of New Zealand local government: the borough, which could be established by the Governor upon petition, and the ad hoc or special function body which most commonly took the form of a board — in many instances the first ad hoc body was the roads board. The Public Roads and Works Ordinance of 1845 gave settlers in defined regions the right to form roading boards, appoint commissioners and levy rates. The rates were to be fixed by the electors for the construction of roads, drainage and bridges in the area. As a result of the need to develop a basic infrastructure, the emergence of road boards gave a semblance of local government to the developing rural areas of the country. According to Bush (1980), the politically interested within the colony were particularly concerned about taxation without representation, but would prefer representation without taxation (p. 12). This made the British system of local government, built upon notions of liberalism and local control, an attractive proposition.

The development of the boroughs and larger urban areas also gathered speed during the period before the introduction of the 1852 Constitution. The development of

boroughs illustrated the growing tension between the urban and rural settlers within the colony. This was seen most dramatically in the borough of Auckland which, when established in 1851 comprised 58,000 acres with a mainly rural franchise; however, due to tensions between the urban and rural factions, the borough had by 1852 ceased to be an effective functioning body. The first Municipal Corporation Act of 1867 and its amendment gave instructions on how and where boroughs, towns and cities could be established and recognised. Auckland City, still the largest city in the country, was proclaimed a city in 1871 with a vastly reduced 623 acres (Sutch, 1964, p. 19), clearly illustrating the desire on the part of the council to reduce the authority Auckland city enjoyed over its rural hinterland.

The Constitution Act 1852 was a defining piece of legislation for New Zealand. Unlike the makers of earlier constitution, the drafters of the 1852 Act appeared to be more aware of the parochial aspect of the new settlements that was developing within New Zealand. To that end, in order to replace the original two very large provinces, the 1852 Act initially established six provinces, later expanded to ten. The six provinces were Auckland, New Plymouth, Wellington, Nelson, Canterbury, and Otago (Constitution Act 1852, p. 7). Within each province there was to be a superintendent who would be in essence its governor, to whom the Act gave the power to “make laws and ordinances as may be required for peace and order [within the province]” (Constitution Act 1852 p. 11). Each province was to have a provincial council elected upon a property franchise. Overlaying the provincial structure was to be a national general assembly comprised of a house of representatives and an appointed legislative council. At the apex of this structure was to be the Crown representative — the Governor of New Zealand. As elections for these bodies began in 1853, the parochial bias of the voters was manifested. In the election for the national House of Representatives, 18 of the 37 seats were elected unopposed (Dalziel, 1992, p. 93). It was, however, very different in the provinces where there was vigorous election campaigning.

The era of the provincial governments lasted from 1852 until they were abolished by the Abolition of the Provinces Act 1875. Provincial governments began strongly and they were initially well supported. As New Zealand developed, and as more immigrants came looking to start a new life in a very new country, the provincial governments found that the development of new provinces, new ad hoc bodies, and new urban centres were encroaching on their ability to effectively govern their whole jurisdiction. The migrant population boomed: Bush (1995) estimates that immigration in 1861 was 99,000 and had reached 172,000 by 1864. With many of these new immigrants tending to settle in urban areas, the rapid growth of towns sharpened the necessity for regulating urban expansion (p. 7). This gave rise to the first of two Municipal Corporations Acts. As an illustration, in 1868 the *Timaru Herald* published an article entitled “Local Government in New Zealand” which noted that the citizens of Raglan, Oamaru, Timaru, and Gladstone had petitioned the government, calling for the removal of the provincial governments on the basis that they were no longer able to look after the interests of the growing urban areas. A large part of their complaint

was that promised revenue from land sales in the region was going to pay off colonial debt rather than to develop the localities where that land was sited (p. 19).²

The first Municipal Corporations Act, dated 10 October 1867, recognised 21 towns and cities in New Zealand. The first four cities recognised were Auckland and Wellington in the North Island and Christchurch and Dunedin in the South Island; these remained the four main centres of New Zealand until the late 20th century. The Municipal Corporations Act established the number of councillors (minimum of nine) that each municipality should have. The Act also established the electoral franchise, based on ownership of property. In addition, it enabled 50 or more citizens to petition for the establishment of a new borough provided it was more than 60 miles from an existing centre. The Act also confirmed the status of existing boroughs and towns.

In terms of powers, the Municipal Corporations Act gave councils authority over streets, roads, bridges, drains, waterways, ferries and markets in their areas. However, the municipality had no authority over regional roads, bridges and drains. These remained with the existing roads boards. The Municipal Corporations Act 1867, with its capacity to allow the development of more urban areas, together with the continuing growth of ad hoc bodies, was leading New Zealand down a path of local government saturation. This Act was the initial legislation that, along with the Abolition of Provinces Act 1875, the Counties Act 1876 and the Municipal Corporations Act 1876 which followed, cemented strong feelings of localism and parochialism within New Zealand local government. For example, Sutch suggests that by 1875 there was one road board for every 600 people within the country (1964, p. 20).

As the cities and towns developed, local politicians built legal and social structures that strongly supported their local outlook and aims. So strong was the feeling of local representation that in the urban centres, the boroughs and the roads boards were becoming more important for the infrastructural administration of the colony than the services provided by the provincial government. Inevitably, the General Assembly saw the increasingly redundant provincial structure as a hindrance to both the social and economic development of the country. So, in 1875 the Abolition of Provinces Act was passed. This action was taken in tandem with a revamped Municipal Corporations Act 1876, and the introduction of counties through the Counties Act 1876. One purpose of the legislative programme introduced in 1876 was to encourage the amalgamation of roads boards within the counties; however, such amalgamation was voluntary and it was not until the far-reaching reforms of 1989 that local government in New Zealand underwent any real reformation. The new Municipal Corporations Act did however amalgamate legislation relating to local government. Instead of 19 different laws that governed local bodies, the Act amalgamated them into one overall Act (Sutch, 1964, p. 20).

The Municipal Corporations Act 1876 ensured that councils would be responsible for a wide range of infrastructural activity and introduced the ability for local councils

² The article was reprinted as a monograph in *A History of Local Government in New Zealand* (Kiwi Publishers, 2000).

to set differential charges for commercial and residential rates. The Act also granted the councils oversight of health, education and construction within their regions. The abolition of provincial government was also to bring added duties to the remaining municipalities and roads boards and the new counties. The duties and functions that were previously carried out by the provincial governments were devolved to the councils. The structure of local government established in 1876 became the dominant structure of local government during the 20th century, and remained largely intact until dismantled by the Labour government in 1989.

While the structure of local government remained relatively stable for the next 113 years, the Municipal Corporations Act 1876, through the retention of existing roads boards and allowing additional municipalities and counties to be established through petition, contributed to a rapid growth in the number of local government entities in New Zealand. It is estimated by Bassett (1997) that by 1892, as a result of the introduction of the Town District Act 1881, which created a new category of local government — the Town District — there were 13,981 elected members in a country of only 630,000 people (p. 43). Things did not get much better in the next ten years. By 1912, Bassett (1997) reports that there were 115 counties, 113 boroughs, 37 hospital boards, 56 town boards, 38 river boards, 32 harbour boards, 20 fire boards, 3 rabbit boards, 2 tramway boards and one rabbit-proof fencing board. This situation moved Russell, the Minister of Local Government, to state that on average there was one elected representative for every 15 adult males in the country (Bassett, 1997, p. 60). In their recent history of New Zealand local government, Gilling and Henderson (2000) go further and suggest that by 1912 there were 3,877 local authorities serving a population of 1 million people (p. 39).

It was obvious to the Government in 1912 that something needed to be done to address the rampant development of local government. In an attempt to rationalise the local government sector, Russell introduced a Local Government Bill and hosted a conference of local government politicians to outline his plans. The Local Government Bill was the second Local Government Bill to be mooted — the first was in 1867. Russell intended to amalgamate the roads boards and limit the number of towns, cities and counties. He also suggested to the conference that many of the duties currently carried out by the ad hoc boards could be undertaken by the municipalities and so eliminate the need for special function boards. It was a brave move. It needed the support of the regions. However, the local government politicians saw a complete erosion of their power and representation and the Local Government Bill, although introduced, failed. To some commentators, the failure of this Bill meant the failure to shape a workable local government structure that would be devoid of self-interest. It has been suggested that the failure of the Bill only added to the spread of local government bodies (Sutch, 1964; Bassett, 1997; Gilling and Henderson, 2000) and helps to explain why Sutch subtitled his 1956 speech “A History of Defeat”.

The period 1912 to 1989 saw growth not only in the number of local authorities, especially in the special function or ad hoc body (for example, by 1956 there were 126 counties, up from 63 in 1876), but also in the scope of activities in which the New Zealand local authority engaged. For example, by the mid 20th-century local

governments — either through the town, city, borough, or board structure — were involved in power reticulation (and in Dunedin in power generation), water reticulation, refuse collection, housing, public transport, sports field provision and management, libraries, museums, art galleries, public swimming pools, regional parks and zoos, to name only a few. At the same time central government was moving to ensure that local government could only act under express central government legislation. There was also ongoing concern from central government that the local government sector was in need of reform.

In 1938, as a result of these continuing concerns, a Local Government Bill was once again introduced into the House. However, due to the outbreak of war the Bill was allowed to lapse and it was not until 1946 that there was serious consideration given to addressing the local government problem within New Zealand. As a result of select committee recommendations, the Local Government Commission was established by statute in 1946. The commission was given the status of a commission of inquiry and was to “review from time to time the functions and districts of local authorities and to inquire into schemes and prepare schemes for reorganisation [of local authorities]” (Local Government Commission Act 1946). The commission was given wide powers to seek information and to recommend restructuring and amalgamation of local authorities.

The commission, which still exists, is an independent review board for local government reorganisation. Among the first actions of the commission was its consideration of a suggestion in 1958 by Meech, Secretary of Internal Affairs, that a new tier of local government should be introduced, the regional council, that would take over the functions of the ad hoc organisations within a region. Although the notion was not adopted in 1958, regional councils slowly came into existence over subsequent years.

In 1989, 113 years after the original structure of local government was introduced in New Zealand, wide-ranging reforms took place. There followed a period of forced amalgamations and a rationalising of ad hoc functions. It is within this time that privatisation and the rise of neo-liberal ideology took hold within the sector, which also saw the establishment of the Local Authority Trading Enterprise. The latest page in the story is a new Local Government Act, the Local Government Act 2002 which replaces the 1974 Act. Thus the history of local government in New Zealand is, from one point of view at least, a history of defeat. The reforms of 1989 have made the landscape of local government much less congested. Through statute, central government controls the activities that local government can and cannot undertake. In the period since the 1989 reforms, local authorities have been subjected to the same administrative ideology as central government operations — that is, the separation of policy and operational functions.

In this article, I have outlined the major administrative changes that occurred between 1840 and 1989, and that have formed local government in New Zealand. This survey has suggested that the development of ad hoc boards was an attempt to control local interests and in some cases, such as the power, water, transport and housing boards, an attempt by the local authority to ensure that services were available to the

entire population of the locality. The survey also suggests that, from the beginning of administrative development in New Zealand, local government has shown elements of an entrepreneurial orientation. Historically, local government in New Zealand has owned and operated business concerns ranging from abattoirs to zoos. In some cases these business concerns have been undertaken through proactivity, innovation and risk. For example, Auckland City operated a fish market and fishing fleet, Dunedin City built a hydroelectric dam to generate power for local consumers, and throughout New Zealand local councils have operated subsidised transport businesses for the benefit of the citizens. In the past, there was no confusion regarding the ownership or rationale of these business operations — the council-owned the business and the managers were council employees. Local government managers in New Zealand have demonstrated an ability to operate business concerns for and on behalf of the citizens of their region. Further, according to Bush (1995), utilities owned by local government were seen by their owners as necessary services rather than as products offered to citizens (p. 26). While acknowledging that the old structure had failed and needed reform, the real defeat for local governments lay ahead in the loss of their traditional trading activities. Nowhere was the loss as marked as on the Chatham Islands. On the Chatham's the majority of the Islands' infrastructure has been removed from both central and local government control through the device of an Enterprise Trust which is not associated with the local council at all. It is the ultimate achievement of the rational management movement within local government in New Zealand. That is the separation of policy from operations.

This purpose of this article was to provide an historical account of how local government had developed in New Zealand and lay foundations for future research. It is clear that New Zealand local government owes much to both mid 19th Century British government philosophy as well as late 20th Century United States of America philosophies. It still remains to be seen which one if any of these two approaches will lead to effective local government administration in New Zealand.

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