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CHAPTER X.

LOCAL GOVERNMENT IN QUEENSLAND.

First Municipality Established.—Brisbane Bridge Lands.—Grant for Town Hall.—Consolidating Municipalities Act.—Provincial Councils Act.—Government Buildings not Rateable.—Brisbane Bridge Debentures and Waterway Acts.—Municipal Endowment.—Local Government Act of 1878.—Divisional Boards Act of 1879; Success of the Act.—Local Works Loans Act.—Two Pounds for One Pound Endowment Repealed.—Rating Powers Extended by Local Authorities Act of 1902.—Cessation of Endowment.—Valuation and Rating Act.—Decline in Land Values.—Unequal Incidence of Rates Levied.—Efficiency of Local Authorities.

When Sir George Bowen proclaimed the establishment of Queensland there was only one municipality within the boundaries of the new colony. Brisbane had been incorporated just three months earlier, probably with the view of having the Mayor of a local authority to take his part in the inaugural celebrations. At that time the New South Wales Municipal Institutions Act of 1858 was in force, but it was quite inadequate to the needs of the country. Sir George Bowen, coming from residence among the crowded populations of Great Britain and several European countries, and recognising what powerful safeguards to public liberty municipal corporations had proved, publicly urged the establishment of local government in Queensland on every favourable opportunity.

In 1861 two Municipalities Acts were passed, one empowering the Brisbane City Council to build a bridge across the river, and providing for endowment in the form of grants of Crown land not exceeding two-thirds of the unsold town and suburban allotments of Brisbane; also empowering the council to borrow for the purpose of erecting the structure. The other Act gave extended powers to municipal councils generally. It defined the rateable value of unoccupied lands to be 8 per cent. of their actual capital value, but the minimum rate of any allotment was not to be less than 10s. per annum. It also provided that unoccupied land might be leased for fourteen years by a council when rates had been permitted to fall into arrear for a term of four years. It further empowered a council to borrow on mortgage a sum not exceeding the estimated revenue for the ensuing three years. As additional endowment, it was provided
that the Governor in Council might pay to a municipal council every year one-third of the proceeds of land sold within its jurisdiction; and where one-half of the land in a municipality had been sold the council were to be entitled to one-half of the proceeds of future sales.

In 1863 an Act was passed giving the Brisbane Council power to erect a town hall on allotment 4 and part of allotment 3 of section 12, with a frontage to Queen street and Burnett lane respectively of 99 ft., and a depth of 138 ft., to be granted by the Government on the passing of the Act. The council were empowered to borrow £20,000 for the purposes of the hall. The Brisbane Waterworks Act empowered the Government to grant a site for the proposed works on the heads of Enoggera Creek, but the Government were to borrow the sum necessary for construction, and to hand over the money to the council as it might be required.

In 1864 an amending and consolidating Municipal Institutions Act was passed giving larger and more specific powers to municipal bodies. In the same year a Provincial Councils Act was passed, empowering the Government to appoint such councils in the country districts, and place at their disposal money from time to time voted by Parliament for roads and bridges within their jurisdiction. But the members, not being elective, had no power to levy rates, so that the councils would at best have been no more than bodies delegated with power by the Works Department to carry out works with which the Government could not conveniently grapple. The only provincial council established under the Act, however, was one for the Peak Downs district, of which all the members were Crown lessees. That council had its place of meeting at Clermont, and on first assembling it resolved not to admit the Press to its meetings. This exclusive policy, combined with the class character of its members, made the council at once unpopular, and after spending £2,000 which had been placed to its credit by the Government it ingloriously collapsed.

In 1865 an Act was passed dividing the Brisbane Municipality into six wards, each returning two members. In 1868 an amendment of the 1864 and 1865 Acts was passed enabling councils to forbid the erection of inflammable buildings. In the following year an Act was passed which forbade the levy of rates upon Government buildings. An Act of the same year enabled the Governor in Council to rescind any proclamation of town or suburban lands.

In 1870 the Brisbane Bridge Debentures Act and the Brisbane Waterway Act were passed. By the former the council were empowered to issue debentures, bearing 5 per cent. interest and covering £121,250, for the payment of its bridge liabilities. The preamble recited that a contract had been entered into with Mr. John Bourne for the construction of the bridge; that owing to alterations in the plan assented to by the Government the cost had been largely increased, and the work had in fact been suspended; that the bank overdraft, secured upon all the bridge lands and the rates, exceeded £100,000; and that Thomas Brassey, having supplied the ironwork of the bridge, had undertaken to complete the structure on certain conditions involved in the issue of the debenture loan above mentioned. The Waterway Act provided for the repayment to the council of the cost of certain waterways by the sale of lands specified in the schedule.

In 1875 another Act was passed providing for the payment to the Brisbane Council of the cost of certain drainage works by the sale of city lands specified in its schedule. In the same year the Rockhampton Waterworks Act, being the first for a provincial body, was passed. In 1876 an Act was passed for endowing municipalities to the extent of £2 for £1 on the rates collected for the first five years after incorporation and £1 for £1 in subsequent years.

In 1878 was passed the ponderous Local Government Act, adapted from the recent Victorian legislation, but denounced by the Opposition in the Assembly at the time as far too cumbersome save for town municipalities. It formed, however, one of the bases of the Local Authorities Act of 1902. In 1879 a new departure was made by the first McIlwraith Government by passing a rudimentary measure—the Divisional Boards Act—in which the Government took power to apply the Act simultaneously to all parts of the colony. It gave power to levy rates, and therefore excited popular anti-tax demonstrations. But much that was said against the bill proved on investigation to be inaccurate, and the endowment it provided of £2 for £1 collected in rates for the term of five years ultimately went far to neutralise the hostility expressed towards the measure. Also the bill provided that to give the boards a start an additional £100,000 should be divisible among them as soon as their respective valuations had been made and a certified copy of each had been forwarded to the Treasury. After a stern and protracted struggle in the Assembly the bill was passed, and immediately the Colonial Secretary of the time (Mr. A. H. Palmer) cut into “divisions” the entire area of the colony outside the boundaries of existing municipalities, and proclaimed seventy-four local governing areas under that name, each in three subdivisions with nine members for each
body. Then every division was invited to elect its first members, and rather more than one-half of them did so. Within four months from the passing of the Act—on 13th February, 1880\(^{(a)}\)—the whole of the members were gazetted, the Government having taken advantage of the power given to the Governor in Council to appoint the first members where no action had been initiated to elect them within ninety days after the passing of the Act. Thus the names of between 600 and 700 members were proclaimed on one day, and the new boards forthwith proceeded to put the Act into execution. In a comparatively short time valuations were made, and on receipt of a copy the Treasurer placed to the credit of the board, in the branch of the Queensland National Bank nearest to the division, an amount equal to 1s. in the pound of the valuation. This done, works were forthwith commenced in all parts of the country, and a few years later visitors from the South were wont to compliment the people of Queensland on the vast improvement made in their bush roads.

In the following year (1880) the Local Works Loans Act was passed, and attracted attention in different parts of the Empire as the first measure that provided for advancing local loans by a Government on the scientific basis of a term measured by the life of each work, and in accordance with an actuarial scale set out in a table in the schedule. The longest term was forty years, that being given for the most durable works, the rate charged being 5 per cent. interest, with 10s. 8d. per annum redemption money. Thus a council could borrow for waterworks on a forty years’ loan, and redeem the principal as well as defray the interest charge, by payment of regular half-yearly instalments of £2 18s. 4d. per cent. during the term. This Act soon became very popular, and with slight amendments—one being the reduction of the interest charge to 4 per cent., and the half-yearly instalment in the case of a forty years’ loan to £2 10s. 0½d. per cent.—it still remains on the Statute-book as part of the Local Authorities Act of 1902. Several millions sterling have since been lent by the Government under this Act, and scarcely a local authority has defaulted except for a short period. The principle has also been extended to sugar works and other loans not contemplated originally; yet with firm administration, such as the Government for several years past have insisted upon, the future losses, if any, will be slight, and the benefit of the Act continue to be great.

\(^{(a)}\) See "Queensland Government Gazette" of date mentioned.
In 1887 Sir S. W. Griffith passed an amending and consolidating Divisional Boards Act in which many defects of the original measure were corrected. About the same time he passed an Act to relieve the Treasury from the excessive burden of the £2 for £1 endowment, which had been extended in 1884 for a second five-year period. Under the amended law only such sum as Parliament might vote in each year was to be rateably divided among all local authorities. After that time the endowment diminished until in 1893 it reached a very small sum. Afterwards the amount remained at about 6s. in the pound until 1902, when, in passing the new amending and consolidating Local Authorities Act of that year, the Philp Government made no provision for continuance of the endowment. In 1903, therefore, owing to the embarrassment of the Treasury in consequence of heavy deficits for several years in succession, the endowment altogether ceased, and since that time the Government have steadfastly refused to listen to proposals for renewing the payment, on the ground that each governing authority should raise its own revenue by taxation or otherwise, and not depend upon endowments collected by any other governing authority. The stoppage of the endowment was in some degree compensated for by the extension of the rating powers of the local authorities, but the exercise of these has no doubt accentuated the drop which occurred in assessment values after the crisis of 1893. Some councils, through failure to make use of their powers of rating, have had an insufficient income, so that in parts of the country the roads are now in a less traffickable condition than they were a quarter of a century ago. In other cases, however, the local bodies have so used the powers conferred upon them that they make no complaint of insufficient income.

From the day of the presentation to Parliament of the Divisional Boards Bill there had always been an outcry, among the farming ratepayers chiefly, against the taxation of improvements. In 1890, therefore, after ten years' experience, the Government of the coalition, whose leaders had long been severed by difference of opinion on the subject of land taxation, perceived in a universal levy on the unimproved value, so called, a method of mutual reconciliation which would meet the demands of many true exponents of local government principles, and they agreed to introduce the new system. The "unimproved value" is by no means an accurate definition of what either the taxpayers or the Legislature at the time desired. But no one has yet discovered a more satisfactory definition, and therefore it stands.
Up to 1890 the assessment had been on the net rent a property might be reasonably expected to yield after deducting the cost of rates and insurance and the amount necessary to maintain the property in a condition to command such rent. This was, in short, the old basis of assessment in the mother country; but to meet the objection to the assessment of improvements the Government, in introducing the first Divisional Boards Bill, had modified the valuation clause by the proviso that the improvements on land should be assessed at one-half their value. This was a modification of the New Zealand assessment method, and it gave fair satisfaction for a time.

Country ratepayers for the most part approved the change to the unimproved value assessment; but speculators in unoccupied city, town, and suburban lands regarded it as a gross injustice. They not unnaturally complained that an allotment bare, or with a mere hut upon it, would pay as much in rates under the new system as the adjoining allotment which might be the site of spacious business premises or of a palatial dwelling. To this the reply was that the speculative holding of city and suburban lands inflicted gross injustice upon the man who wanted at existing value an allotment for his own use.

The Valuation and Rating Act of 1890 passed, however; and the law as it stands has the undoubted merit of simplicity in valuations. On the other hand, the rate levied under the unimproved value assessment upon vacant lands is sometimes oppressive, and appreciably reduces their capital value. Another unforeseen effect has also been realised. The value of a highly improved allotment tends to become depressed to the value of the unproductive and unoccupied allotment contiguous or adjacent to it. Hence an intending buyer is apt to ascertain the local authority valuation of any land he needs, and to regulate his price accordingly. In a buoyant land market this might not much affect the selling value, but for twenty years past the land market for city or suburban properties has been the reverse of buoyant. So the unimproved value mode of assessment has apparently assisted to make a substantial reduction in the market value of city and suburban properties. But that is perhaps a less evil than may at first sight appear. The speculative inflation of land values is simply a tax upon the user for all time; and the moment the income-earning value is exceeded the excess must be regarded as an unjust charge upon posterity.

Of course land values will eventually find their true level, whatever law of rating may be in force. It may be conceded that the unimproved assessment has caused distress among landowners who had no means of improving their properties, and could only find a market for them at a heavy sacrifice. Still there is no disposition on the part of the majority of ratepayers to revert to the old annual value system, and there is not likely to be any alteration in the law in this respect unless for the removal of some obvious administrative anomaly. For, as the coalition leaders agreed nineteen years ago, the local rate has become a land tax pure and simple, and if it be held that more money is wanted for development the simpler course is to allow the local authorities to give another twist to the rating screw. This, as a matter of fact, most of them have of late years done, and in many local jurisdictions the rate is now 3d. in the pound, when twenty years ago only 1½d. or 1d. was levied. In 1884 the total local rates levied were £120,479; in 1908 the total was £452,052 for, it must be remembered, an identical aggregate area. A local authorities' rate has the distinct advantage in a young State like Queensland that, whereas a Treasury land tax would reach only the freeholders of less than 20,000,000 acres, the local government rate is levied upon 460,000 square miles.

The subjoined table is compiled from Statistics of Queensland for 1884 and 1908 respectively:

<table>
<thead>
<tr>
<th>Year 1884</th>
<th>Year 1908</th>
<th>Increases, 1908</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cities and Towns</strong></td>
<td><strong>Cities and Towns</strong></td>
<td><strong>Cities and Towns</strong></td>
</tr>
<tr>
<td>General Rates</td>
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<td>£150,744</td>
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<tr>
<td>Separate</td>
<td>£4,845</td>
<td>£87,155</td>
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<tr>
<td>Special</td>
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<tr>
<td><strong>Total</strong></td>
<td>£58,699</td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Divisions</strong></td>
<td><strong>Divisions</strong></td>
<td><strong>Divisions</strong></td>
</tr>
<tr>
<td><strong>Shires</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£61,848</td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>£120,479</td>
<td><strong>Grand Total</strong></td>
</tr>
</tbody>
</table>

Thus, since the unimproved value system came into force, the levies of the local authority rates have multiplied about three and a-half times. In 1884, when the first quarter-century closed, the divisional boards drew £2 for £1 as Treasury endowment, which, assuming the rates were
all collected, made their incomes from the combined sources £185,529 for the year. In 1908, without a penny of endowment, their successors—the shire councils—rate levy totalled £214,153, or £28,624 in excess of both rates and endowment in 1884. In 1884 the city and town councils levied rates amounting to £58,636, which with endowment added should have given them £117,272. In 1908 the cities and towns levied an aggregate of £237,899, an increase upon 1884 of £120,627, despite the loss of the £1 for £1 endowment.

These figures are interesting in view of the agitation for a Treasury land tax. They show that in 1908, with a total of 53,948 city and town ratepayers, their rate contribution was on the average £4 8s. 2d. per ratepayer. At the same time 97,553 shire ratepayers contributed the average of only £2 3s. 11d. each. The wide discrepancy between the payments of town and country ratepayers seems anomalous, but when it is recollected that the urban councils, of which there are only thirty-five, undertake many public services, and that the entire area of incorporated cities and towns is only about 354 square miles, it will be realised that the circumstances widely differ from those of the shires, whose various jurisdictions embrace almost the entire area of the State, the official estimate being 669,901 square miles. This area includes 210,359 square miles of unoccupied country, much of which is traversed by roads, but which presumably yields no rate revenue. Hence no useful comparison can be made between the rate levies of town and country local authorities respectively. At the same time a local "land" tax—which ranges from the general-rate of ½d. in the pound in the case of shires, to 3d. in the pound, besides special and separate rates, in cities and towns, and which makes the average total contribution of town ratepayers more than twice the amount levied upon country ratepayers—may at no distant time call for rectification, especially if a so-called bursting-up tax should be deemed necessary to meet the wants of close settlement.

Meanwhile there is room for congratulation in the fact that every square mile of the vast area of the State—coastal islands alone excepted—is incorporated, and that 160 local authorities with 1,310 members carry on the entire local government work of the country. These men, unlike members of Parliament, are unremunerated by the State, even free railway passes not being conceded to enable them to attend the periodical meetings. The alderman or shire councillor gives purely honorary service, and relieves the State Government of a vast amount of worry and expense.
One good effect of local self-government is the exclusion from Parliament of the pestilent road-and-bridge member who in former years made himself so troublesome to Ministers and so often twisted the decision of the Assembly on important questions.

It would be a bad thing indeed for Queensland if the local authorities, or any substantial percentage of them, became inefficient. There may be room for anxiety at evidences of decadence which at times come to the surface; but that local government in Queensland is a vigorous and living entity is fairly evident from the fact that with very few exceptions the 160 city, town, and shire councils are members of the Local Authorities' Association which annually makes itself heard in conference in Brisbane. Manifestly the spirit of decentralisation is not dead in Queensland. The manner in which the various bodies have survived the stoppage of the Treasury endowment, simultaneously with the thrusting upon them of many new responsibilities by the Act of 1902, must be regarded as a clear indication that local government in Queensland retains undiminished vitality.