

The following table shows the total interest and sinking-fund charges of all local authorities including Hospital Boards. Note that this figure is of "loan charges" and not of loan "payments," the figures are not strictly comparable with the figures in the previous table, which show payments of interest and sinking fund, the interest in which includes interest on overdraft. It is interesting to note, moreover, that total loan charges now aggregate £5,000,000 per annum, a fact which is a further illustration of the important part which local authorities play in the financial structure of the Dominion:—

Table showing Annual Loan Charges for all Local Authorities (including Hospital Boards) for Interest and Amortization for the Years from 1924-25 to 1943-44.<sup>(1)</sup>

Financial Year.			Interest.	Amortization.
			£	
1924-25	..	..	3,331,163 <sup>(2)</sup>	
1925-26	..	..	3,740,647 <sup>(2)</sup>	
1926-27	..	..	4,050,895 <sup>(2)</sup>	
1927-28	..	..	4,427,129 <sup>(3)</sup>	
1928-29	..	..	4,660,794 <sup>(3)</sup>	
1929-30	..	..	4,865,084 <sup>(3)</sup>	
1930-31	..	..	5,019,142 <sup>(3)</sup>	
1931-32	..	..	5,082,562 <sup>(3)</sup>	
			£	£
1932-33	..	..	3,916,716	1,228,253
1933-34	..	..	3,392,032	1,255,216
1934-35	..	..	3,245,094	1,290,477
1935-36	..	..	3,157,764	1,354,387
1936-37	..	..	3,028,745	1,520,193
1937-38	..	..	3,013,547	1,557,890
1938-39	..	..	3,014,753	1,729,849
1939-40	..	..	3,030,632	1,853,691
1940-41	..	..	2,963,962	2,015,748
1941-42	..	..	2,893,471	2,141,135
1942-43	..	..	2,764,377	2,299,935
1943-44	..	..	2,722,340	2,399,325

## B. TERRITORIAL LOCAL AUTHORITIES

### (1) RATING GENERALLY

Rates are the primary source of taxation in the case of all territorial local authorities. Practically all local authorities have some rating-powers.<sup>(1)</sup> Most *ad hoc* authorities collect their rates through the territorial local authorities over the territory of which they operate.

Rates may be levied on either the capital value, annual value, or unimproved value of the land. When the Municipal Corporations Act, 1876, and the Counties Act, 1876, were passed provision was made for rating on annual value only.<sup>(2)</sup> The rateable value was then defined as "the rent at which such property would let from year to year, deducting therefrom twenty per centum in the case of houses, buildings, and other perishable property, and ten per centum in the case of land and other hereditaments, but shall in no case be less than five per centum of the value of the fee-simple thereof, provided always that in valuing the fee-simple the valuer shall be guided by the actual selling-price . . . ." <sup>(3)</sup> The definition of annual value is substantially the same to-day<sup>(7)</sup>.

In 1882 provision was made for rating on the capital value of land, which is defined as "the sum at which the fee-simple of any rateable property, if held in possession free from encumbrances, is hereafter assessed<sup>(8)</sup>." The present definition of "capital value" is as follows: "The sum which the owner's estate or interest therein, if unencumbered by any mortgage or other charge, might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* seller might be expected to require."<sup>(9)</sup>

In 1882 there was in existence a national property tax,<sup>(10)</sup> in the assessment of which the State was required to assess the value of all real and personal property. Therefore all real property was valued twice for taxation purposes—once for national taxation, and once for local taxation—and as the Hon. Major Atkinson said in moving the second reading of the Rating Bill in 1882, it was desirable to have only one such value, and local authorities were to be permitted to utilize the value as assessed by the Property Tax Commissioner<sup>(11)</sup>.

All local authorities empowered to make and levy rates could by resolution adopt the capital value system of rating<sup>(12)</sup>.

<sup>(1)</sup> This table, which is the only one available, shows loan charges, not loan payments.

<sup>(2)</sup> Not including Hospital Board figures, which are not available.

<sup>(3)</sup> Separate figures for interest and amortization not available during these years.

<sup>(4)</sup> Some Harbour Boards by their enabling statute are precluded from striking a rate.

<sup>(5)</sup> Municipal Corporations Act, 1876, section 108; Counties Act, 1876, section 107; Rating Act, 1876, section 2; and *passim*.

<sup>(6)</sup> Rating Act, 1876, section 2.

<sup>(7)</sup> Rating Act, 1925, section 2.

<sup>(8)</sup> Rating Act, 1882, section 2.

<sup>(9)</sup> Rating Act, 1925, section 2.

<sup>(10)</sup> Property Assessment Act, 1879; Property Tax Act, 1879.

<sup>(11)</sup> Rating Act, 1882, *passim*.

<sup>(12)</sup> Rating Act, 1882, section 58. See also Rating Act, 1894, sections 3 and 4.