

Issue IV.

The plaintiffs contended that the system of book-keeping adopted by the Drainage Board should be altered or improved so as to show clearly at any time the state of the account of each rural or sewage district.

The Drainage Board said that their system of book-keeping was a good one, and that the accounts were clear and needed no amendment.

The City Council expressed no opinion on this subject.

Issue V.

The plaintiffs contended that in any legislation required to give effect to this report provision should be made for the incorporation therein of similar provisions to those in "The Public Works Act, 1905," under which disputes as between the local bodies representing the Rural or Sewage Areas and the Drainage Board might be settled by Commission.

The Drainage Board opposed this contention.

The City Council offered no opposition to it.

The statements of claim and defence go into great detail, and give many more particulars than have been mentioned above, but as the subject is complicated, and as it will be necessary to elaborate the contentions of parties as I proceed, the above summary will be found sufficient to enable the difficulties which have arisen between the parties to be understood.

Your Excellency has directed me to answer certain definite questions that are set forth in the Commission. This will be done; but as the answers to such questions depend upon the conclusions which may be arrived at in respect to these issues, and as the consideration of these issues is necessary to enable such answers to be understood, they have been reserved for the concluding portion of this report.

CONSIDERATION OF ISSUES.

Issue I.—Does the Sewage Area owe to the Rural Areas the sum of £53,456, or any other sum, as alleged by plaintiffs? or do the Rural Areas owe the Sewage Area the sum of £45,820, or any other sum, as alleged by the sub-defendants, the City Council?

To understand this matter it must be stated that the Christchurch Drainage Board was incorporated by "The Christchurch District Drainage Act, 1875," which, *inter alia*, gave the Board power to borrow moneys on the security of the rates which the Act empowered the Board to levy. Section 50 of the Act restricts the rate to 1s. in the pound on the annual rateable value of property in the drainage district, and out of this rate the Board is required to provide for its ordinary expenses and works, as well as to pay interest and sinking fund on the loans which it may raise.

The district of the Board embraces the City of Christchurch, as well as a very large area of surrounding country included either wholly or partly within the jurisdiction of the several adjacent local authorities who were represented at the inquiry. (See Exhibit I.)

The Christchurch District Drainage Act of 1875 gave the Drainage Board no authority whatever to make differential rates in various parts of its districts proportionate to the expenditure of the money therein or in proportion to benefits received from the works. The Act required the Board to levy the same rate over the whole of its district, no matter whether any benefit accrued or not, and in this fact is to be found the root of the whole trouble that has arisen between the Board and the districts lying outside the City of Christchurch.

By "The Christchurch District Drainage Act 1875 Amendment Act, 1876," the Drainage Board was empowered to raise a loan of £200,000, but the Act contained no provisions modifying those in the Act of 1875 relating to the uniform rate of 1s. in the pound save and excepting that section 8 of the Act of 1876