

*(d) SUGGESTED ALTERNATIVES TO DIFFERENTIAL RATING.*

Your Commissioners have given careful consideration to several alternatives to differential rating which were suggested to them:—

(i) *Exclusion*.—The provision for exclusion from a borough is set out in section 132 of the Municipal Corporations Act, 1920.

Your Commissioners do not consider that exclusion is an effective means of affording relief from excessive rating to the occupiers of farm lands in boroughs, for the following reasons:—

(1) As the law now stands, the excluded lands remain liable for the special rates levied upon them as securities for loans, and it is difficult to see how the excluded lands can be freed from the burden of interest and sinking fund on special loans without affecting the security of the lender.

(2) The statutory test of “suitability or otherwise for municipal control” is, in the opinion of your Commissioners, the proper test, and it may well be, as the present Commissioners found in the recent Otaki Borough inquiry, that some farm lands can be more suitably controlled by a borough than by the county adjoining that borough.

(ii) *Zoning*.—It was suggested to the Commission that it might be possible to give relief to borough farm lands not receiving benefit from rating by the adoption of a zoning system.

As your Commissioners understand the term, zoning refers to the specialization of certain areas in certain uses (see “Elements of Land Economics,” Ely and Morehouse, 1924 (Macmillan Company, New York), at page 85). Zoning may be the result of natural growth, or comprehensive town-planning, and where it obtains in New Zealand is, very largely at any rate, the result of the former. In the opinion of your Commissioners the location of land in New Zealand boroughs is generally a matter which influences the use of that land but does not determine it. Your Commissioners consider that any tendency in the Borough of Feilding towards zoning could, if necessary, be taken into consideration when classifying land for differential rating.

(iii) *Special-rating Areas*.—It was suggested to your Commissioners that the anomalous position of farm lands now or formerly in boroughs, in respect of rating, could be remedied by confining the levying of rates, to cover interest and sinking fund on the loan for any particular service, to the area served. In some cases this might be the correct procedure, but it is in practice difficult to confine the benefit of any particular service exclusively to the area actually served, for the following reasons:—

(1) In the cases of water and sewerage schemes, material is often provided sufficiently large to allow of extension, as and when desired, to lands outside the area particularly served, and to the extent of the added expenditure on account of ultimate extension the rates charged on the special area particularly served are then not in proportion to the benefit received by that area, and correspondingly the areas outside to which the service may be extended are freed from payment of their just proportion of rates.

(2) Even though the service of a sewerage system is confined to a limited area, some advantage automatically accrues to lands in the areas in proximity thereto.

Moreover, difficulty may be occasioned (as was indicated to your Commissioners in respect of a specific case outside Feilding) in raising a loan, owing to the fact that the lender would not accept the limited area proposed to be served as security, but demanded that the whole of the lands within the local authority should be rated to provide interest and sinking fund for the loan.

(iv) *General Government Relief*.—It was submitted to your Commissioners in Feilding that relief should be given to farm lands in the borough, but that if it was given the amount of such relief should be paid by the Government to the borough