

(g) RECOMMENDATION.

Your Commissioners, after careful consideration of the evidence, and especially of the arguments submitted to them for and against classification of borough lands, recommend the adoption of a system of differential rating, based upon classification of lands, in order to give rating relief to the occupiers of farm lands now or formerly in the Borough of Feilding.

Your Commissioners are further of opinion, and recommend, that such differential rating should only be applied in the case of the Borough of Feilding if Your Excellency sees fit to act upon the recommendation hereinafter contained as to the application of differential rating of farm lands in, or formerly included in, boroughs generally, and in that event in accordance with the method recommended in reference thereto.

II. GENERAL APPLICATION OF SYSTEM OF CLASSIFICATION OF LANDS FOR DIFFERENTIAL RATING OF FARM LANDS NOW OR FORMERLY IN BOROUGHES.

(a) THE INEQUITY OF THE PRESENT POSITION OF OCCUPIERS OF FARM LANDS AS REGARDS CONTRIBUTION TO BOROUGH RATES.

Your Commissioners in the present inquiry, and in the Otaki Borough inquiry recently conducted by them, have received representations from numerous occupiers of farm lands now or formerly in boroughs in the North Island, and also from persons who have studied the rating systems of the Dominion. There was general agreement that the rates levied should be, as far as possible, in proportion to the services rendered or benefits conferred by the expenditure of loan-moneys and revenue derived from rates. With these representations your Commissioners are in complete accord, and submit for Your Excellency's consideration some of the advantages and disadvantages accruing to farm lands now or formerly in boroughs, which should be measured when determining the proportion of rates which should be paid according to the benefits conferred and services rendered:—

(i) Occupiers of some of the farm lands are benefited by appreciation in the value of their holdings through proximity to the borough and the market which its population affords. One witness, the occupier of a dairy farm, was able to sell his milk at 1d. per quart below the standard price without reducing his income below the average net return of like businesses. This advantage was almost entirely due to the fact that his customers were in the same locality, and were thus able personally to fetch their milk-supplies. Another witness admitted the added value to his orchard from its proximity to the market of the large town in which his land was situated.

(ii) When the installation of water and sewerage schemes is being considered, the area, value, and needs (immediate and future) of boroughs should be taken into account. Some schemes are so drafted as to make the proposed services available to all lands, as may be required. Even though the facilities are not immediately extended to all the lands of the borough, such lands will be in some degree benefited if connection with the water and sewerage schemes will ultimately be required by them. This being so, the rates required to cover interest and sinking funds should be levied on lands, as far as can be measured, in proportion to the extent by which they are benefited.

(iii) The annual loan charge per head of population on persons dwelling in local-government districts in New Zealand has risen from £1 7s. 7d. in 1921 to £2 16s. 4d. in 1927 (see "Local Authorities Handbook," 1928, page 131). If it may in fairness be assumed that the majority of the present occupiers of farm lands in boroughs in the Dominion purchased or leased their holdings prior to 1921, and that the indebtedness of boroughs receiving rates from farm lands has grown in equivalent ratio to the other local government bodies of the Dominion, then it is clear that the rating of farm lands in boroughs has more than doubled since 1921.

(iv) Owing to the fact that a comparatively large area is needed for economic farming, the value of farm land is necessarily high. This high value entails heavier charges by way of rates for particular services than those levied on lands used or fitted for residential and business purposes. Moreover, farm lands in general neither