

require nor receive the services for which they are rated to such an extent as do the residential and business portions of a borough. Those services are mostly utilized by, or are at the disposal of, the inner or residential and business areas of the boroughs. Having regard also to the fact that the value of farm land is almost entirely determined by the quantity and price of the products from such land, it is clear that the increase in rating since 1921 must entail considerable burden on lands which can only be utilized for farming purposes. In the opinion of your Commissioners it may be generally stated that, in the cases of boroughs in the Dominion which obtain rates from farm lands, the occupiers of those farm lands do not receive benefits commensurate with the rates imposed.

(v) It was stated in evidence that any relief given by way of reduction of rates would be lost, in that it would be reflected in a higher price for the land. While this is correct, it does not justify the continuance of an unjust rate burden on lands which are not receiving value from the expenditure of public moneys. It would seem a fair deduction that the longer the injustice remains the more chance there is of owners being forced to sell at low prices because of heavy rating, and of a new owner reaping an undeserved benefit if and when a more equitable system of rating is brought into force.

Your Commissioners are of opinion, as the result of their inquiry and consideration of the advantages and disadvantages set out above, that the occupiers of farm lands now or formerly in boroughs have of recent years been placed in an inequitable position, and that this inequity has been accentuated by the fact that on polls in connection with loans the occupiers of farm lands in boroughs are generally in the minority. In almost all cases, ratepayers in farm areas are few in comparison with those in the residential and business portions of the borough; and it follows that on a poll the ratepayers in a farm area may be outvoted.

(b) PREVIOUS ATTEMPTS TO CORRECT THE ANOMALOUS RATING POSITION OF FARM LANDS IN BOROUGHS IN NEW ZEALAND.

The inequity of rating of farm lands in New Zealand has been recognized for some years past, and attempts have been made to correct it.

(i) *Special Valuations of Farm Lands*.—Your Commissioners refer to the Wellington City Empowering and Special Rates Consolidation Act, 1923 (section 10); the Rangiora Borough Valuation of Farm Lands for Rating Purposes Act, 1924; and the Maitāwhiri Borough Valuation of Farm Lands for Rating Purposes Act, 1925. It is proposed by the Municipal Corporations Amendment Bill now under consideration by Parliament to repeal these local Acts and to apply a provision, similar to that contained in those Acts, generally to boroughs and town districts not forming part of any county.

While your Commissioners consider that it may well be that that special valuation of farm lands in boroughs will afford an easy and at the same time a sufficiently efficient remedy in certain cases, they are of opinion that this method is open to objection, for the following reasons:—

- (1) The initiation of special valuation rests with the Council of the local authority, which generally represents a majority of ratepayers who are not owners or occupiers of farm lands.
- (2) In the opinion of your Commissioners it is advisable, so far as is possible, to have only one basis of valuation of lands.
- (3) Differentiation of rating can generally best be effected through rating, and not through valuation.

(ii) *Exclusion of Farm Lands from Boroughs*.—In a number of boroughs, chiefly in the North Island, attempts have been made by owners of farm lands to escape heavy borough rating by obtaining exclusion from the particular borough. Any such exclusion allowed because of the desire of occupiers of farm lands to escape heavy rating, rather than on the grounds of the unsuitability of their lands for municipal control, is, in the opinion of your Commissioners, not in accordance with statute, nor is it the proper test of exclusion. The procedure in many cases has not been effective, for the reason that excluded lands remain liable for special rates in respect of loans on the security of such lands.