

(b) The Commissioners are unable to recommend that the division of the borough into two sectors linked together by borough roads carrying omnibus service, light, and water (*vide* Exhibit I) is in the nature of things productive of convenience or equity in municipal control.

(c) In the opinion of the Commissioners, the principal feature of the statutory requirement is not the nature of the use made of the land in question, but whether such land can or cannot be more conveniently and equitably controlled by a borough by reason of its situation and the services which are or can be afforded the occupiers by a borough. The whole of the area referred to in paragraph (a) above derives its services from the borough, and must continue so to do so long as the borough exists, notwithstanding that part of such area may be excluded from the borough and included in the county.

(d) The principal cause of the desire for exclusion was and is the inordinate burden placed, after the constitution of the borough, on farm lands for rates in respect of special loans for water, of which the farming section of the community receives little benefit, and sewerage, in respect of which that section does not now receive any benefit and in the future is unlikely to receive any direct return or benefit. A further cause is the fear of increasingly excessive borough rates in the future.

(e) It will be seen from the notes of evidence taken (Exhibit A, pp. 40, 51) that requests from further owners than those above referred to for exclusion of lands from the borough were made to the Commission. These persons have not petitioned in the manner provided by section 132 of the Municipal Corporations Act, 1920. Your Commissioners consider that these requests, as well as the two petitions received in July and August, 1927, and now under consideration, indicate a growing desire and endeavour on the part of landowners or occupiers in Otaki to be out of the borough and the heavy rating on the borough areas. As the Commissioners have indicated, they consider exclusion on these grounds basically wrong, the statutory and proper test being whether the lands are suitable for control by a municipality, and not whether the owners should be permitted, on the ground of hardship, to leave the borough and thereby escape a certain amount of the heavy rating which is the direct result of the borough's past extravagance. The result of such a course being permitted would be to increase the difficulties of the borough, as its area, its ratepayers, and its source of revenue are from time to time decreased.

While your Commissioners consider that local government as a borough is the form of local government best suited to the requirements of the whole of the original borough area, they are also of opinion that careful and conservative control of the borough's finances is necessary for some years to come. Moreover, although your Commissioners are of opinion that the area of the original borough, which is the security for all its loans, should be preserved, they recognize the undoubted hardship which has been caused to certain classes of owners in the borough arising out of expenditure on the borough's sewerage and waterworks. Mr. Luckie, on behalf of the leaseholders, freeholders, and petitioners for exclusion abovementioned, repeatedly stressed this hardship, and Mr. Atmore, for the Borough Council, very properly admitted its patent existence. It is not disputed that had the cost of the sewerage-works been placed upon the special-rating area to be benefited thereby, and had the payment for water been assessed more in proportion to the service rendered, the ratepayers referred to would have escaped considerable rating in respect of interest and sinking fund on these important loans. In that event also the demand for exclusion would probably not have arisen.

It follows, therefore, that if some form of adjustment of the incidence of rating can be made, the broad effect of which will be to secure an adequate measure of relief to the owners of farm lands now or formerly in the borough, justice will be done to those persons without application of the undesirable remedy of exclusion from the borough.

It will be obvious that any such scheme of adjustment requires to be approached with care, and can only be concluded after computations which involve great detail, and which, if perfection of application is to be obtained, should extend to every assessment in the borough.