

Inasmuch also as the sum of £120 11s. 8d., costs and disbursements, has been incurred by the Borough Council to date incidental to Native-rate liens, the Commissioners are of opinion that some allowance ought to be made in this respect, and recommend accordingly. Any payments made pursuant to the recommendations contained in this present paragraph should be in full satisfaction of all claims and demands whatsoever by the Borough in respect of rates owing by or outstanding from Natives on Native lands as on 31st March, 1928.

Your Commissioners recommend that, should the Otaki Borough Council collect any rates between 31st March, 1928, and the date of a concluded agreement between the Government and the borough, the borough should be permitted to retain the amounts so collected, which should in that event be deducted from the total sum of £3,444 5s. 5d. referred to above, and payment be made, as set forth in the foregoing paragraph, of 25 per cent. of the net balance outstanding, plus such amount of costs and disbursements in respect of liens as may be further allowed in that behalf.

Your Commissioners also recommend that all Native lands in the borough not occupied by the owners be vested in the Ikaroa District Maori Land Board for administration, with powers of sale by public auction or private contract, leasing, accepting surrender of leases, and licensing, and power to apply the proceeds, in the first place, in payment of outgoings, including rates, subject to such exemption from rating as Your Excellency in Council may think fit to order pursuant to the provisions of section 104 of the Rating Act, 1925.

If legislation is required to give effect to the foregoing recommendations, your Commissioners advise such legislation.

(b) *Sewerage-works*.—The difficulties of the borough have been further increased by the unsatisfactory state of the sewerage-works undertaken by it, and by the Borough's noncompliance with the Board of Health's requisition referred to in Your Excellency's Commission.

On 21st December, 1921, the Otaki Borough Council obtained authority by vote of the ratepayers to borrow the sum of £14,000 for sewerage, which they proceeded to do by special loan secured by a rate over the whole area of the borough. This loan was procured from the Public Service Superannuation Board, for whom the Public Trustee acted as agent, in 1923. It appears from the evidence (Schedule A, pp. 85, 117) that a procuration fee of $\frac{1}{2}$ per cent. was paid by the borough in respect of this loan, and from a letter dated 5th June, 1928, from the Public Trustee (Schedule B) that such payment by the borough was in direct contravention of the conditions of the loan. The first sewerage scheme was submitted by Mr. F. G. Davies, then acting as Town Clerk and Treasurer as well as Engineer, and the Council decided to adopt it. Considerable amounts were thereupon expended for material. The Council then appears to have had doubts as to the soundness of the scheme, and they consulted Messrs. Jickell and Gilmour, engineers, Palmerston North, who prepared a new scheme, which provided for a much larger population than that submitted by Mr. Davies. In 1924 the Otaki Borough proceeded to put into operation the scheme as prepared by Messrs. Jickell and Gilmour. On 24th February, 1925, the Town Clerk wrote to the Health Department stating that, owing to unforeseen difficulties, it had been found impossible to complete the scheme within the original estimate. By this time £11,500 of the £14,000 loan had been expended. The history and the present position of the scheme are set out in the opening of Mr. C. F. Atmore (Schedule A, p. 28) and in the evidence of Dr. R. A. Shore (Schedule A, p. 15). It will be noted that some £3,000 was absolutely wasted in the Te Rauparaha Street section of the work, that the scheme is at present incomplete, and that it has never been in any measure operative.

At the request of the Commissioners, Mr. A. G. Bush, Engineer to the Lower Hutt Borough, inspected portions of the drains laid in sections other than the Te Rauparaha Street section, which had previously been condemned by Mr. J. Hannah, Public Works Engineer (*vide* Schedule A, p. 15, and Appendix D). Mr. Bush's report is attached (Schedule C).

Following on Mr. Bush's report, the Commissioners have no hesitation in recommending that full effect should be given to the requisition of the Board of Health for the completion of a sewerage system in the more thickly populated area