

In the year 1920, on a further petition to constitute a borough (*vide New Zealand Gazette*, 1920, p. 2396), a Commission was appointed which recommended the formation of a borough comprising the then Otaki Town District and portion of the adjoining county of Horowhenua. Certain objections were received and considered by the Commission, but there does not appear to have been any considerable active opposition to the proposal from persons whose lands were recommended to be included in the borough area. On 12th January, 1921, a poll was taken on the proposal to constitute a borough within the area fixed by the Commission. The valid votes cast were 291 for the proposal and 117 against it. The Borough of Otaki was constituted on 1st March, 1921 (*vide Exhibit I*, and *New Zealand Gazette*, 1921, p. 568).

It will be clear from a perusal of the evidence that in the very year the borough was constituted, the Borough Council embarked by way of special loans upon costly and ill-conceived schemes for waterworks and sewerage, far in excess of the borough's requirements. The special-rating area for each of these loans is the whole borough as originally constituted, and the special rates have been made and levied on all lands within the borough in proportion to their unimproved values.

The apparent ease with which large sums of money were borrowed by the Borough Council for schemes which were not fully investigated by it demonstrates the necessity for the exercise in such cases of the powers which were later conferred by the Local Government Loans Board Act, 1926, on the Local Government Loans Board.

The water-supply was obtained from the upper reaches of the Waitohu Stream, and can readily be availed of by every part of the borough. While this water is of great utility in the business and residential areas of the borough, and especially in the seaside areas during the summer months, it is of comparatively little use to many of the occupiers of farm lands, particularly those which have been excluded from the borough.

The great, and to some extent useless, cost and the present pathetic position, of the sewerage scheme will be more fully considered in connection with the Board of Health requisition referred to in paragraph (6) of Your Excellency's Commission. It is sufficient here to state that the scheme was designed to serve only a limited portion of the borough—mainly the central portion, and it was never intended to bring the sewerage west of the business sections terminating, roughly, at the rear of the post-office.

It is therefore clear that a special-rating area should have been set up, including only such properties as could be served by the works for which the loan was raised.

It would appear also that, by the creation of a special area comprising the whole borough, ratepayers outside the area to be served are denied a right of objection to inclusion in the special-rating area, their only remedy being to vote against the whole proposal—a remedy which is not an effective one.

Your Commissioners recommend that the foregoing remarks and the position of these special loans of the Borough of Otaki should be brought to the notice of the Local Government Loans Board constituted under the Local Government Loans Board Act, 1926, for that Board's consideration.

If the sewerage scheme is to be completed, the moneys to be raised should be a charge only upon the lands within the area to be served.

In July, 1925, two petitions were lodged praying for the exclusion of certain freehold and leasehold lands from the borough and their inclusion in the County of Horowhenua. The Borough Council lodged objection to the proposed exclusions, and Commissions of Inquiry were appointed to report on the matter. The Commissions, by a joint report of 15th December, 1925, above referred to, recommended the exclusion of an area of 223 acres and 8 perches, being portions of Sections 1, 2, and 3, Waitohu Survey District, which area was, prior to the formation of the borough, in the Horowhenua County, and did not form part of the town district. Effect was given to the recommendations by Order in Council dated 2nd August, 1926 (*vide New Zealand Gazette*, 1926, p. 2405, and Exhibit I).