

In order to ascertain the position correctly, it will be better to eliminate outstandings, thus:—

<i>Estimated Expenditure to 31st December, 1888—</i>				£	s.	d.	£	s.	d.
Refund to Loan Account, being one-tenth legal overdraft ...				1,083	8	2			
Advertising and printing ...				50	0	0			
Salaries and office expenses ...				783	0	0			
Pilot and wharf departments ...				200	0	0			
Bank interest and miscellaneous ...				800	0	0			
Sinking Fund for 1888 ...				562	0	0			
Interest on loan ...				10,000	0	0			
Bank charges ...				200	0	0			
							13,678	8	2
<i>Estimated Receipts to 31st December, 1888—</i>									
Port charges, dues, &c. ...				2,715	0	0			
Interest on balance of loan ...				5,750	0	0			
							8,465	0	0
Deficiency...							£5,213	8	2
Amount to be derived from rate of 1d. in the borough and $\frac{1}{2}$ d. in the county ...							£5,071	14	10

This shows that the revenue to be derived from all sources, together with rates of 1d. and $\frac{1}{2}$ d., will not cover the expenditure for this year.

For the next year, ending 31st December, 1889, I will estimate the position as follows:—

1889.				£	s.	d.	£	s.	d.
Expenditure, as for 1888 ...							13,678	8	2
Receipts—									
Port charges and dues ...				2,815	0	0			
Interest on balance of loan ...				3,200	0	0			
							6,015	0	0
Deficiency ...							£7,663	8	2

To make up this it will be necessary to increase the rates to

1 $\frac{1}{2}$ d. in borough and $\frac{3}{4}$ d. in the county, yielding ... £7,607 12 3

—which shows that next year it will be absolutely necessary to increase the rates.

It seems to be generally supposed that the present Act does not give power to levy a higher rate than 1d. and $\frac{1}{2}$ d.; but, after carefully studying it, I should understand otherwise. In clause 23 of "The Gisborne Harbour Board Empowering Act, 1884," it states that the Board may "make and levy a rate in the proportions in the different parts of the district hereinafter mentioned, not exceeding one penny in the pound upon all rateable property in the harbour district." Clause 25 provides also that "The rate to be levied under this Act on the rateable property in the Borough of Gisborne shall be double the rate to be levied on the rateable property in the several ridings."

According to information supplied to me by the Secretary as to the present rateable value, calculated at 1d. in the pound, the amount yielded would be: Total rateable value, including Crown and Native lands in borough and county, £2,119,367, at 1d. = £8,830 13s. 11d.

In order to comply with the Act the maximum rate should be divided thus, approximately:—

	£	£	s.	d.
Borough ...	309,998			
Crown lands ...	5,065			
		315,063 at 1.75d. =	2,297	6 8
County ...	1,396,380			
Crown lands...	135,906			
Native lands ...	272,018			
		1,804,304 at 0.875d. =	6,578	4 8
			£8,875	11 4

In the above, the borough is rated double what the county is, the average rate on all not exceeding 1d. If this view be correct the Board have probably power to raise funds to pay their way until the completion of the works.

It is generally supposed that "The Crown and Native Lands Rating Act, 1882," will be repealed; but I have taken no notice of this in the foregoing estimates. In the case under notice the repeal of that Act would relieve a large portion of Cook County from bearing its fair share of taxation, and which would, in consequence, bear all the more heavily upon the few settlers who have been for some years struggling to improve their holdings. I have made an allowance for a small increase from port charges and wharfage, but, unless Crown land is thrown open and the restrictions removed from dealing in Native land, no extension of settlement can be looked for, nor any great improvement made in the present holdings, so that trade must stagnate.

Should the yield of petroleum prove a fact, and that its export will be remunerative, at least two years must elapse before a pipe-line can be laid and refineries built capable of turning out an oil that could compete with the American, even in colonial markets.