

(33) RATES.

Hawke's Bay is a rating-area in connection with harbour loans, and the ratepayers in this way contributed £14,693 in 1927, and they are expected to supply a similar amount in 1928. The policy of the Board is, rightly, in the direction of reducing rates whenever possible, and in view of the burdens carried by both town and country ratepayers throughout the province it cannot be suggested that any advance in rates would be either wise or practicable.

(34) HARBOUR-IMPROVEMENT RATE.

This is a source of income which has been tried and abandoned, as it was found that the charge was passed on by the owners of the vessels to the owners of goods. It might be possible to impose a charge on imports, as is done in Wellington; but the province is already so heavily taxed, both directly and indirectly, for harbour facilities that the imposition of a harbour-improvement rate should only be resorted to as a last resource.

(35) ROADSTEAD CARGO AND LIGHTERAGE.

The question of roadstead loading and discharge for large overseas vessels, with the consequent burden of lighterage and double handling of cargo, is so important and so vital that it must be considered in any complete survey of the economic and financial position of Napier Harbour. At present nearly the whole of the wool and meat which is shipped at the Port of Napier is lightered to vessels in the roadstead, besides a good deal of general outwards cargo. A large quantity of inwards cargo is also handled in this way. The following return for the past two years supplies fuller particulars :—

						Cargo lightered.	
						Twelve Months ending 31st March, 1926.	Twelve Months ending 31st March, 1927.
General cargo inwards (tons)	..	..	..	..	..	13,880	9,120
General cargo outwards (tons)	..	..	..	..	..	4,277	4,077
Meat (tons)	..	..	..	..	..	18,450	18,748
Totals	..	..	..	..	..	36,697	31,945
Wool and hemp (bales)	..	..	..	..	..	81,696	89,535

(36) Evidence shows that the arrangements in respect to lightering are good and efficient. Several experienced witnesses affirmed that the loading and discharge of overseas steamers in the roadstead was as prompt, or nearly as prompt, as if the vessels had been working at a wharf; and, while this point is debatable, there is no doubt that lightering at Napier is an essential link under present conditions between land transport and sea transport, and that it is a public utility which it very effectively operated by private enterprise. The annual charge for lighterage amounts to about £30,000 per annum, and under the existing conditions, and in view of the services rendered, it does not appear that the charge is unduly heavy, or that the lightering company is extracting an undue profit. There is no doubt, however, that the annual cost of lightering is borne either directly or indirectly by the population of Hawke's Bay and surrounding districts, and the possibility of eliminating this annual expenditure of £30,000 has constituted a very potent although somewhat misleading argument in the endeavours which have been made from time to time to induce the public to endorse plans for harbour-development.

(36A) ANNUAL REVENUE ACCOUNTS.

Our summary of the results of the revenue transactions of the Board for the period to the 30th September, 1926, and (estimated) for the year 1926-27 cannot be reconciled with the statement of the Chairman of the Board that, in addition to ordinary expenditure, the Board was out of revenue spending large sums on quay-construction and reclamation, and would even then finish up with a substantial surplus. (See Notes of Evidence, page 41.) The Chairman's statement is incorrect; he has fallen into the error of trying to ascertain the result of the year's working by reference to the cash-book only, without making all the adjustments necessary to eliminate items that do not relate to the year's revenue transactions. These include cash received on sale of capital assets; cash collected during the year as realization of last year's revenue, outstanding last balance-day; cash paid during the year in liquidation of last year's expenses, outstanding last balance-day. On the other hand, there must be added to the records contained in the cash-book the amount (a) of revenue belonging to the period but not yet collected; and (b) expenditure properly chargeable to the year's revenue accounts but not paid at balance-day; (c) the amount by which the working assets have depreciated during the period. All these adjustments have been properly and correctly made by the Secretary (including every penny of relevant items appearing in the cash-book), and the result appears on page 17 of the Board's published accounts for the nine months ended 30th September, 1926, under the heading, "Statement of Income and Expenditure for the Period 1st January, 1926, to 30th