

September, 1926." The result is a deficiency of £8,087 for the period. The corresponding statement for the year ending 30th September, 1927, shows a deficiency of £950.

The Harbours Amendment Act, 1925, by section 4, makes the preparation and publication of a statement of income and expenditure for the year compulsory for the future. This is an excellent provision, and should make misleading errors of the above description more difficult and less excusable.

(37) CAPITAL COST OF HARBOUR-WORKS.

The instruction in the order of reference to "take into account the amount already expended" necessitates some inquiry in the cost of both the Inner Harbour and the Breakwater.

Inner Harbour.

Exhibit No. 161 shows (a) capital expended on the Inner Harbour up to and including 1884, when the breakwater was initiated; (b) capital expenditure on the Inner Harbour from 1885 to 1909 inclusive, or what may be termed the breakwater era; (c) capital expended on the Inner Harbour from 1909 to 1927, the Inner Harbour era: total expenditure, £270,468.

Outer (or Breakwater) Harbour.

The same exhibit shows (d) capital expenditure on the Outer Harbour from 1885 to 1909 inclusive; (e) capital expenditure from 1909 to 1927; total expenditure, £448,707.

(38) SCHEDULE OF EXPENDITURE.

Inner Harbour—				£
(a)	Up to and including 1884	..	..	75,000
(b)	From 1885 to 1909 inclusive	..	..	2,730
(c)	From 1910 to 31st July, 1927	..	..	192,738
				<u>£270,468</u>
Breakwater Harbour—				£
(d)	1885 to 1909	..	..	443,840
(e)	1910 to 31st July, 1927	..	..	4,867
				<u>£448,707</u>

(39) VALUATION OF HARBOURS.

The valuation of the respective works for 1926 and 1927, and the estimated valuation for 1928, are given as follows:—

	1926 Valuation.	1927 Valuation.	1928 Estimated Valuation.
	£	£	£
Inner Harbour works	49,404	57,657	78,431
Outer Harbour works	258,041	255,075	252,165

(40) INNER HARBOUR LOAN EXPENDITURE.

Out of No. 6 and No. 8 loans (amounting to £247,100) a sum of £175,135 had been expended on Inner Harbour works up to the 30th September, 1926, and further expenditure on the Eastern Mole contract and Western Quay reconstruction has been going on since, while the Western Mole has still to be made good, so that by the 30th September, 1928, the total expenditure out of this loan-money will probably amount to £213,000.

Of the sum of £175,134 already spent, one item of £84,348 is the contribution of the Napier Harbour Board towards the cost of the Inner Harbour and East Coast Railway embankment. This money was spent in anticipation of the completion of the Inner Harbour scheme. The original intention of the Board was that their contribution should not exceed £50,000, but for various reasons which need not be recapitulated here the original estimate was much exceeded. Failing the development of the Inner Harbour as a deep-sea port, this sum of £84,348 is of no practical advantage or benefit to the Napier Harbour, and, as the Board is not treating it as an asset, it has practically been written off, and may be looked upon for Harbour Board purposes as unproductive capital expenditure not represented by any available asset.

Another item of capital expenditure which is at present a "frozen" asset, is the unduly large stock of concrete piles in hand. These piles were manufactured in anticipation of the development of the Inner Harbour, and, while they are being used up at the rate of about £5,000 worth per annum, the quantity on hand is very much in excess of immediate requirements and represents a capital investment which cannot be turned to any practical account in the near future, although there is no reason to suggest that the Board will not eventually be able to make good use of them. The same remarks apply to a lesser degree to stocks of steel and iron work on hand for the purpose of manufacturing further supplies of piles, &c.