

borough sewerage and drainage system. Assuming proper equipment and a vigorous policy, the 28-acre Block could be got ready in nine months from the start quite easily. The Harbour Board have the equipment in hand to undertake this work with the exception that a new pontoon would be required; the machinery is intact." We accept the evidence of this competent witness without reserve, and base the foregoing recommendation on it. Practically all the witnesses who referred to this point agreed with Mr. Kennedy on it.

With regard to the North and South Ponds, we agree that eventually they must be reclaimed, and that when reclaimed they will afford valuable residential and industrial sites. We do not, however, share the views of Mr. A. E. Jull that they are more desirable as residential sites than the areas near to Napier South—that is, the areas on the other side of Scinde Island. We agree with him that if in the existing state of land-hunger they were reclaimed they would be rapidly taken up, but that would be not so much an indication of their real value as building-sites as a further demonstration, if it were needed, of the deplorable state of things which has led residents to seek to subdivide small sections into four building allotments. In fact, we expect that some of the dominant party's enthusiasm for the North and South Ponds as residential areas will vanish if our recommendations as to a harbour-construction policy are adopted.

Next after the recommendation of the 28-acre Block, we are strongly of opinion that the utmost consideration should be shown to the representations of the Napier Borough Council. A glance at Map A (Commission's Exhibit No. 3), noting the general shape of the present residential part of Napier comprising Scinde Island and Napier South, will convince any reasonable person that extension of the borough over on to the Richmond Block should precede its extension by the subdivision of the northern point of the Awatoto Block. An advantage of the method of reclaiming the level is that portions of a block such as the Richmond Block can be dealt with in areas large enough to allow for the adoption of town-planning ideals, and yet small enough to avoid large amounts of expenditure in advance of the possibilities of the land being taken up. We think the suggestion that areas of about 50 acres at a time should be put in hand by this method is a good one. As for the reclamation of the West Quay Block, it can hardly be suggested that this is a residential area. Its reclamation is closely related to the construction works going on and anticipated at the West Quay of the Inner Harbour, and we think that the requirements and methods in this direction may be left to the Harbour Board as a part of its policy in relation to the Inner Harbour.

We have more than once in the course of this report, when a certain aspect of the reclamation problem was put before us, expressed the opinion that for a decade at least the reclaimed lands cannot be expected to do much more than pay interest on the cost of reclamation. We have more than once, on the other hand, called attention to the freely expressed belief of the dominant party on the Harbour Board in the potential value of these lands. We agree that there is a potential value, but we submit that the potential value should be studied and assessed on business lines, and that extravagant values and statements should be avoided.

#### POTENTIAL VALUES OF RECLAIMED LAND.

It cannot be denied that these lands will in the more distant future possess a value in excess of their present-day value, or of their probable value ten years hence, but we think that their future potential value is not nearly as great as some of the representations we heard might lead us to believe. We submit that there are two ways in which these potential values may be realized. One is by the value of land generally so increasing in the borough and its environs that the rents of all residential blocks will be raised at the periodical renewals of the leases and revaluations of the rentals; another way is by the growth of the business and residential area of Napier causing the surrounding areas to be subdivided into residential allotments and thus leading to a larger proportion of the Board's endowments producing suburban rents instead of rural rents. It seems to us that there are limits to the operation of both these tendencies. The present average ground-rent of a 26-perch section is about £7 per annum, and in a typical block of such sections which we inspected the class of dwelling now being erected thereon is worth on an average about £800 (see page 250, Notes of Evidence). We suggest that on that basis the ground-rent and interest on cost of buildings taken together constitute an annual charge upon the householder which is just about as high as it is possible to go without becoming excessive. It is not apparent, therefore, how the Board can expect much increase in these suburban rentals from householders of that class.

It is not easy to see how the Harbour Board can for many years expect much increase in these rents, unless it comes as part of a very general increase in the cost of living, in which case the benefit to the Board will tend to be offset by the increase in its own cost of administration. Secondly, the values of land in the outlying townships, Hastings, Taradale, and Greenmeadows, will always tend to have a steadying effect on land-values in Napier. We have already referred to the evidence of experts in the matter, which convinced us that one of the results of the land-hunger and high rents in Napier had been to cause prospective residents in Napier to settle in Hastings, and to travel backwards and forwards daily to their businesses in Napier. Present-day motor transport tends to annihilate distance and to facilitate the growth of outlying residential areas, and this inevitably governs the rate of advance in the valuations of residential areas nearer the business centres.

Mr. J. H. Oldham gave evidence (see page 596) that sections situated within one and a half to two miles radius from the chief post-office in Hastings could be obtained at from £120 to £150 per quarter-acre section. Taking £135 as the average of those two prices, and calculating 5 per cent. on the capital value (5 per cent. being the basis on which the Napier Harbour Board rentals are fixed), we have an annual value of £6 15s. for a  $\frac{1}{4}$ -acre section of natural soil in pleasant surroundings, and