

raising the necessary loan-money to complete the harbour; (2) the extra cost of maintenance of the completed and enlarged harbour; (3) the extra working-costs, including under this heading the cost of handling at the wharf and sheds the goods which at the present time are lightered in the bay; and, on the other side, (4) the extra revenue to be derived from the use of the completed and augmented harbour facilities; (5) the assistance to this direct harbour revenue which may be obtained from rates levied on land within the Harbour Board's province; and (6) the rents to be received from the Board's endowments, principally in the shape of reclaimed lands, as they will be as the Board's reclamation schemes proceed with the recommended harbour scheme. Another factor to be accounted for on the credit side is the saving of lighterage to the community, although this would not directly affect the Harbour Board or be recorded in its accounts. Finally, by way of fully defining the question before answering it, we place a time-limit on the scope of the question. We are not viewing it as a question whether eventually the completion of the harbour can be justified financially and economically, but as to whether now or in the near future—say, within a period of ten to fifteen years—the undertaking of this work can be justified. Our answer to Your Excellency's question is, "No." It is our opinion, after a perusal of all the evidence and taking into account all the foregoing factors, that from the financial and economic point of view the completion of the Breakwater Harbour cannot be justified now or in the immediate future. We proceed now to set out the considerations that have led us to this conclusion, and this requires us to make (1) an economic survey of the trade, industry, and resources of Hawke's Bay and surrounding districts, and (2) an analysis of the financial position of the Napier Harbour Board and the Harbour Rating District.

ECONOMIC SURVEY OF THE TRADE, INDUSTRY, AND RESOURCES OF HAWKE'S BAY.

(1) A trade analysis for the four years ending the 30th September, 1926, shows that Napier Harbour is the clearing-house for 216,633 tons of inwards and outwards cargo, the respective average quantities per annum being—134,330 tons inwards, 82,303 tons outwards; annual average trade of port, 216,633 tons. The harbour serves a population of 65,600 in Hawke's Bay, and about 22,200 in adjoining districts.

The area of production, indicated by the red boundary on the map appearing as Map I in Commission's Exhibit No. 3, is 6,860,000 acres, which is classified as follows: Pastoral lands, 4,500,000 acres; agricultural and grazing, 710,000 acres; unoccupied, 1,650,000 acres: total, 6,860,000 acres. It will be noted that the area occupied by the various towns is not represented in this classification, for the obvious reason that the total area so occupied is comparatively small, and a separate heading is not required for the purpose of the foregoing classification.

EXPORTS (ACTUAL).

(2) The principal exports from Hawke's Bay are meat and wool, and, taking the Harbour Board returns for the four years ending the 30th September, 1926, the average annual export trade in these products is—Wool and skins, 88,272 bales per annum; mutton and lamb, 901,680 carcasses per annum; beef, 4,933 tons per annum.

(3) In comparison with the four other main ports, Napier ranks third in volume of meat, wool, skins, and tallow combined, and fourth in the total volume of all exports, including dairying produce. The comparative figures showing the *average annual volume* (in tons) of pastoral produce shipped at main ports as compiled by the Government Statistician for a period of four years ending the 30th September, 1926, are as under:—

	Wellington.	Auckland.	Lyttelton.	Napier.	Dunedin.
Meat	33,888	12,236	23,614	20,421	6,659
Wool	28,893	10,589	19,437	19,134	15,127
Skins and hides	4,882	4,854	948	1,180	3,743
Tallow	5,620	3,813	3,593	2,464	1,420
Dairy-produce	27,683	45,063	3,222	548	4,412
Total (in tons)	100,966	76,555	50,814	43,747	31,361

(4) EXPORTS (POTENTIAL).

Fruitgrowing.

Climatic and soil conditions in certain parts of Hawke's Bay, notably near Hastings, are particularly favourable for apple and pear growing for export. The orchards are also well situated for internal trade, and a large business in fruit is carried on with other centres in the North Island. The output for exports in pears and apples last season was 50,000 cases, and in the course of the next two or three seasons is expected to reach a total of 150,000 cases per annum; while in the more distant future, when orchards just planted have come into full bearing, the total output will be very much larger. In fact, an optimistic calculation indicates that under favourable conditions the annual output might in eight or ten years reach a total of 500,000 cases. At present the whole of the fruit is shipped via Wellington under the auspices of the Fruit Control Board, but, as Hastings is only distant about fourteen miles by rail from the port of Napier, the Hawke's Bay fruitgrowers naturally look towards Napier as their ultimate shipping-point.