

The salient features are the excess of expenditure for the twenty-one months ending 30th September, 1927, and the estimated surplus for the twelve months ending the 30th September, 1928. Apart from interest on fixed deposits and sundry small items of revenue, the main sources of income are: Harbour revenue, rentals from reclaimed land and endowments, and rates; while expenditure is summarized under the headings of interest and sinking-fund charges, departmental expenses, plant, harbour-works, reclamation, depreciation, and sundries.

The following analysis of the revenue and expenditure for the three periods under review illustrates the movement, actual and estimated, of the various items of account:—

(22) REVENUE.

	Harbour Revenue.	Rentals.	Rates.	Interest.	Sundries.
	£	£	£	£	£
1926 (nine months)	51,145	5,998	14,731	2,412	252
1927 (estimated)	71,198	7,960	14,693	2,999	400
1928 (estimated)	78,708	8,000	14,750	2,200	400

(23) EXPENDITURE.

	Interest and Sinking Fund.	Departmental.	Plant.	Harbour-works.	Reclamation.	Depreciation.	Sundry.
	£	£	£	£	£	£	£
1926 (nine months)	39,081	16,509	2,844	10,997	1,225	6,555	5,416
1927 (estimated)	41,413	23,410	4,844	7,452	3,400	9,843	7,837
1928 (estimated)	37,058	27,065	4,950	8,500	1,350	7,780	9,080

(24) COMMENTS ON REVENUE AND EXPENDITURE.

Owing to the change in the date of the financial year in accordance with the provisions of the Harbours Act, the accounts as closed on the 30th September, 1926, only cover a period of nine months. It is therefore impracticable, except by means of complicated calculations, to compare that period with succeeding years, and for purposes of comparison the estimates for the years 1927 and 1928 may be assumed to be sufficiently accurate. An analysis of these estimates shows a considerable movement under the various headings. Harbour revenue gives an increase of £7,510 for 1928, partly as the result of the operation of the new scale of dues and charges, and partly from the anticipated increase in trade. Interest on deposits, on the other hand, shows a decrease of £799, owing to the shrinkage in the amount of fixed deposits, due to the expenditure of loan-moneys. The other items—rentals, rates, and sundries—show little or no change. The net increase in revenue on the estimate of 1928 as compared with 1927 is £6,808.

On the expenditure side a considerable movement is foreshadowed during 1928 as against 1927. Interest and sinking-fund payments show a welcome decrease of £4,355, the result of the repayment of the loans maturing on the 1st January, 1928 (paragraph 14). Reclamation expenditure is lower by £2,050 and depreciation is less by £2,063 than in the preceding twelve months, largely owing to harbour-works and plant being brought into a better state of repair. These three decreases in expenditure total £8,468. On the other hand, department expenditure shows an increase of £3,655. This is largely due to the special expenses in connection with exchange and commission which will be incurred in paying off the loans maturing and arranging renewals of loan-money (paragraph 14).

Harbour-works are expected to increase by £1,048, and plant by £106, due to special repairs and replacements already referred to; and sundries will show an anticipated increase of £1,243 in comparison with 1927, owing to provision for cost of the present Commission of Inquiry. The increase in expenditure in department expenses, works, plant, and sundries for 1928 as against 1927 is £6,052, which deducted from the decrease of £8,468 in interest, reclamation, and depreciation shows a net decrease for the period of £2,416. This net decrease in expenditure, plus the net increase in revenue, makes up a total of £9,224, which, less the estimated loss of £950 in 1927, gives a surplus for 1928 estimated at £8,274.

(25) The general movement of revenue and expenditure is therefore apparently in the right direction, and *provided always* that the estimates for 1928 in regard to increased harbour revenue are reliable, the indications are that after the present repairs and replacements have been carried out and the harbour put into a good working condition, the Board (after providing for depreciation, and the usual maintenance charges on plant and harbour works, and the ordinary cost of administration) may in future look forward to an annual surplus.

(26) These annual surpluses should be devoted to building up reserve funds, available for further harbour-development. It is also recommended that the amount charged against revenue each year for depreciation of plant be represented by an actual fund, created by taking an equivalent amount out of cash each year and specially investing it. This is precisely what is done with the annual charge for Sinking Fund, and the reason is precisely the same. That reason is that if this course is