

SESS. II.—1887.  
NEW ZEALAND.

# NEW PLYMOUTH HARBOUR BOARD COMMITTEE

(REPORT OF THE), TOGETHER WITH MINUTES OF PROCEEDINGS, AND EVIDENCE.

*Report brought up 16th December, 1887, and ordered to be printed.*

## ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

WEDNESDAY, THE 23RD DAY OF NOVEMBER, 1887.

*Ordered*, "That a Select Committee be appointed to inquire into the financial position of the New Plymouth Harbour Board, and to report their opinion whether the Board is likely to be able to continue to meet its annual charges; and, if not, whether such failure is in any respect owing to causes outside the control of the Board, and which it could not have anticipated at the time of the raising of the New Plymouth Harbour loan; and to make such recommendations as they may think desirable. The Committee to consist of ten members, five to form a quorum; to report in a fortnight. The Committee to have power to call for persons and papers; and to consist of the Hon. G. F. Richardson, Mr. Jones, Mr. Larnach, Mr. Stuart-Menteath, Mr. O'Connor, Major Steward, Mr. Tanner, Mr. Ward, Mr. Whyte, and the mover."—(Mr. SAMUEL.)

WEDNESDAY, THE 30TH DAY OF NOVEMBER, 1887.

*Ordered*, "That the petition of W. Carroll and others be referred to the New Plymouth Harbour Committee."—(Mr. SEYMOUR.)

## REPORT.

YOUR Committee, having been directed "to inquire into the financial position of the New Plymouth Harbour Board, and to report their opinion as to whether the Board is likely to be able to continue to meet its annual charges, and, if not, whether such failure is in any respect owing to causes outside the control of the Board, and which it could not have anticipated at the time of the raising of the New Plymouth Harbour loan, and to make such recommendations as they may think desirable," and having considered the petition of ratepayers of Waimate Plains, referred to them by order of the House, have the honour to report—

That they have examined a number of witnesses, whose evidence is attached hereto, viz., Mr. Samuel, M.H.R.; Mr. T. King, Chairman of the Board; Mr. J. C. George; Mr. T. Bayly; Mr. W. Milne; Mr. E. Godsal; Hon. Major Atkinson, M.H.R.; and Mr. Marchant, M.H.R.; and that the result of the inquiry is to show—

1. That the Board will have great difficulty in meeting the interest-charges after the next half-yearly payment falls due (1st May, 1888), and that unless some change is made as regards the land administration it will be unable to do so after the 1st November, 1888.

2. That the difficulty arises almost entirely from the large extent to which land has been disposed of during the last two or three years upon the deferred-payment and perpetual-lease systems, and to the consequent diminution of cash sales, from the proceeds of which the Board is by law entitled to receive 25 per cent.

3. That the Board is unable to raise any larger sum by way of rate than at present, the full amount of rate authorised by law, viz.,  $\frac{3}{4}$ d. in the pound on the capital value, being now imposed.

4. That this rate (equal at present to about 1s. 3d. on the annual value), added to other local rates, presses with great severity on the settlers, and is calculated seriously to retard settlement.

Your Committee are of opinion that the difficulty might be, to some extent, decreased by raising the landing-charges, but that after this is done the Board will still be unable to provide for its annual charges, notwithstanding the heavy rate at present imposed upon the lands of the district.

Your Committee consider that it may be possible to devise some means of relief without entailing any additional burdens on the colony; and your Committee recommend that this report, and the evidence attached thereto, be referred to the Government, with a view to proposals to that end being submitted to Parliament.

W. J. STEWARD,  
Chairman.

## MINUTES OF PROCEEDINGS.

TUESDAY, 29TH NOVEMBER, 1887.

The Committee met this day pursuant to notice.

*Present*: Mr. Jones, Mr. O'Connor, Mr. Samuel, Major Steward, Mr. Stuart-Menteath, Mr. Whyte.

The order of reference appointing this Committee was read.

On the motion of Mr. Whyte, *Resolved*, That Major Steward take the chair.

On the motion of Mr. Samuel, *Resolved*, That Mr. King, Chairman of the New Plymouth Harbour Board, or such other person as the Harbour Board may appoint, be summoned to give evidence before the Committee, and to produce all documents bearing on the financial condition of the New Plymouth Harbour Board.

On the motion of Mr. O'Connor, *Resolved*, That the services of a shorthand reporter be obtained to take down the evidence.

The Committee then adjourned.

WEDNESDAY, 7TH DECEMBER, 1887.

The Committee met pursuant to notice.

*Present*: Major Steward (Chairman), Mr. Jones, Mr. Larnach, Mr. O'Connor, Mr. Samuel, Mr. Tanner, and Mr. Whyte.

The minutes of the previous meeting were read.

An order of reference, dated the 30th November, 1887, was read.

A petition, No. 297, Session II., from W. Carroll and 325 others, ratepayers resident on the Waimate Plains, asking to be relieved from the rate levied upon them to pay interest on the New Plymouth Harbour loan, was also read.

The Chairman read a letter from Hon. Major Atkinson, M.H.R., Mr. Samuel, M.H.R., and Mr. Marchant, M.H.R., requesting that certain witnesses be examined before the Committee, and his reply thereto; as also the written consent of the majority of the Committee that the witnesses named should be summoned to appear.

On the motion of Mr. O'Connor, *Resolved*, That a Sub-Committee, consisting of the Chairman, Mr. Jones, Mr. Samuel, and Mr. Tanner, be empowered to take evidence; two members to form a quorum.

Mr. Samuel, M.H.R., gave evidence before the Committee.

Mr. King, Chairman of the New Plymouth Harbour Board, gave evidence before the Committee.

The evidence of these two witnesses was taken down.

On the motion of the Chairman, *Resolved*, That the Chairman move the House for leave to print the evidence and report.

The Committee then adjourned to Thursday, the 8th December, 1887.

THURSDAY, 8TH DECEMBER, 1887.

The Committee met pursuant to notice.

*Present*: Major Steward (Chairman), Mr. Jones, Mr. O'Connor, Mr. Samuel, Mr. Tanner, Mr. Whyte.

The following witnesses were examined before the Committee, and their evidence taken down, viz., Mr. Thomas Bayly, of Waitara; Mr. James Cartwright George, of New Plymouth; Mr. Wilson Milne, of Manaia; and Mr. Edward Godsall, of Manaia.

The Committee then adjourned to Saturday, the 10th December, 1887.

MONDAY, 12TH DECEMBER, 1887.

The Committee met pursuant to notice.

*Present*: Major Steward (Chairman), Mr. Jones, Mr. Larnach, Mr. Samuel, Mr. Stuart-Menteath, Mr. Tanner.

The minutes of the previous meeting were read and confirmed.

The Chairman said that it had been impossible to meet on Saturday owing to the House sitting at 10 a.m. on that day. He had therefore adjourned the meeting of the Committee until to-day.

The Hon. Major Atkinson, M.H.R., attended before the Committee and gave evidence.

Mr. Marchant, M.H.R., also gave evidence before the Committee.

Mr. Samuel, M.H.R., gave further evidence.

The Chairman read a draft report which he had drawn up for the consideration of the Committee; and it was resolved that it be printed and circulated amongst the members of the Committee.

The Committee then adjourned.

FRIDAY, 16TH DECEMBER, 1887.

The Committee met pursuant to notice.

*Present*: Major Steward (Chairman), Mr. Jones, Mr. Larnach, Mr. O'Connor, Mr. Samuel, Mr. Stuart-Menteath, Mr. Tanner.

The minutes of the previous meeting were read and confirmed.

The Committee considered the draft report.

On the motion of the Chairman it was resolved that the report as amended be presented to the House.

The Committee then adjourned *sine die*.

## MINUTES OF EVIDENCE.

WEDNESDAY, 7TH DECEMBER, 1887. (Major STEWARD, Chairman.)

Mr. SAMUEL, M.H.R., examined.

1. *The Chairman.*] Will you inform the Committee as to your views on this question, and as to the scope of the inquiry?—I have been the cause of this Committee being formed, because it had come to my notice that it appeared certain that within a short time the Harbour Board of New Plymouth would be unable to meet the interest on their loan; and, recognising that this was a matter of the greatest importance, both to the colony at large as well as to the locality I represent, I felt it my duty to bring the circumstances fully before the House and before Parliament. The position of the Harbour Board is shortly as follows: In 1877 it was authorised to borrow a sum not exceeding £200,000 upon debentures, and as security for this loan it was authorised to levy a rate not exceeding 1s. in the pound on the annual value of property within the rating district defined in the Act of 1877. This limit of rating-power has since been converted by "The Rating Act, 1882," into a limit of  $\frac{3}{4}$ d. in the pound on the capital value. The Harbour Board was also endowed with 25 per cent. of the gross land-revenue derived from the disposal of lands in the Provincial District of Taranaki. Under these circumstances, and with the prospect of a very large land-revenue in the future, the Harbour Board raised its £200,000 loan at 6 per cent., thus involving the necessity of paying £6,000 every half-year for interest and other charges, amounting to £75 8s. 3d., so that the half-yearly charge for the loan is £6,075 8s. 3d., and the yearly charge £12,150 16s. 6d. Until lately the Board was able to meet the interest on the loan, and indeed also to pay away certain money into a sinking fund, but it was lately found necessary to levy a rate, which was accordingly levied over the lands in the district. With the aid of this rate the interest has been paid up till the 1st November last, and there is no more due until the 1st May next. On the 1st May, £6,075 8s. 3d. will be payable, and to meet this, so far as I have been able to ascertain, the Board has £900 standing to Trust Account (being the unexpended portion of the half-year's rate collected), £2,000 for arrears of the same rate, which have yet to come in, and there will probably be also about £2,100 land-revenue yet to be received before the 1st May, making £5,000 in all, and leaving deficiency for the next half-year of £1,075 8s. 3d., as the next half-year's rate will not be payable until the 1st June, 1888.

2. Are there no harbour dues?—I am coming to that in a moment. In addition to this, the Harbour Board have a claim for £1,027 against the Government for railway-buildings, which were taken over in connection with the Moturoa-New Plymouth line, and which were the property of the Board; and also a claim for £1,318 14s. 2d. on the Government for special rates for the year 1887-88, payable under the Crown and Native Lands Rating Act.

3. *Mr. Whyte.*] Are both of these sums available for revenue purposes?—Neither of them has been yet received. The latter could not be used for ordinary-revenue purposes, as it is part of the special rate for paying interest on the loan, and is earmarked accordingly. This item, however, is disputed, and the Government have not yet conceded that they are liable to pay this rate in respect to Native lands; but I can see no ground whatever for disputing liability for, at any rate, the bulk of the claim. However, there can be little doubt that out of these funds, that is to say, the proceeds of the claim against the Government, and of the rates payable under the Crown and Native Lands Rating Act, there will be sufficient to meet the deficiency for the half-year's interest payable on the 1st May next, so that we need not expect that there will then be any failure on the part of the Board to pay the interest on the loan, although it is possible that it may be so; but the reason of my getting a Committee appointed to investigate the matter is that after that date there will, in all probability, be a serious deficiency on the 1st November, 1888. The net revenue for the last ten months of this year of the Board for shipping and other dues amounted to £1,640 10s. 2d.; the expenditure in connection with the shipping, &c., was £889 16s. 4d.; leaving a net balance of £750 10s. 10d. To this add for the other two months of the year one-fifth of £750 10s. 10d., namely, £150 2s. 2d., and that brings the total for the twelve months to £900 11s.; from this has to be taken, however, general charges, amounting to £344 3s. 10d. for the ten months' period.

4. *The Chairman.*] I do not quite understand that. In the first figures you gave us you gave £1,640, less £889 expenses. Were those ordinary expenses?—They were the ordinary port expenses; but to these have to be added the regular expenses of the Board, including collection of rates and office expenses not hitherto charged against the shipping receipts, but which will have to be so charged in the future.

5. *Mr. Jones.*] Have you not got the figures per annum?—Yes. I was going to proceed to say that to the last figures I gave you, viz., £344 3s. 10d., for Board expenses for the ten months, was to be added one-fifth for the remaining two months of the year, making the annual charges £413 0s. 6d. I have given you £900 11s. as the balance of revenue for the year, from which if you take £413 0s. 6d. it leaves £487 10s. 6d. as the only net surplus that the Board can count upon, and this should, I think, be left either for the purpose of repairs, or for necessary work in connection with providing facilities for shipping. It would not be safe to leave the Board without as much as £400 per annum to come and go upon.

6. *The Chairman.*] If this course is followed, there remains only, as against interest on loan, the amount derivable from the rates. Yes; that and the land-revenue.

7. Then, the permanent charge will be £12,150, and you will have to cover this first; the proceeds of rate amounting to, at a maximum, how much?—We expect £4,500 per annum.

8. Are you levying up to the full limit?—Yes. Our rate-book shows a larger amount than £4,500, but not all capable of being collected.

9. Then, what about the balance?—There is the land-revenue, which will probably amount to about the same this year as last year. We received £3,238 for the nine months, and the other three months might bring the amount up to £4,500.

10. Then, this would show, in round figures, a deficit of £3,000 per annum?—Yes; £3,150.

11. *Mr. Whyte.*] You have stated that the rate-book shows a larger amount than £4,500. How is it that that has not been collected?—Well, you are aware of the difficulty of collecting such small amounts as 4s. 6d., 2s. 6d., and so on, which they cannot possibly sue for without great trouble and expense.

12. Practically speaking, then, you cannot raise more than the amount you have mentioned?—No; we cannot count on it, and we have to bear in mind that in the future, as soon as property is reassessed, the valuation will go down about 25 per cent. At the next valuation we may expect this deterioration in property, which will leave the Board at least £1,000 worse off than now, and leave a deficit of £4,000 or more for each year. There is a large quantity of land which will become saleable in the future, and the funds from this may or may not increase in consequence of the policy of the new Land Act. One great object for the appointment of the Committee is to bring into prominence the impoverished condition of the settlers in this district, and I think the witnesses will unite in testifying that there is no doubt about that: that the rates pressing so heavily on the people in the district, coupled with the low price of produce, is causing many farms to be thrown up, especially bush farms which have been cleared and partly laid down in grass; many of these are now being thrown up, and the settlers are leaving the district. In the Town of New Plymouth, where the rates are already 4s. in the pound, this extra shilling means crushing a number of the poorer class, who are unable to find remunerative employment, and who are leaving the district or becoming bankrupt, and ceasing to yield revenue to the Board. It would be hard to imagine a district more oppressed with taxation than New Plymouth at the present time. The altered circumstances in connection with the disposition of the waste lands of the Crown have arisen since the loan was authorised. At the time when the loan was raised the people who raised it and took the burden on themselves had a right to expect that the land in their district would be dealt with in the future as it had been in the past, and as it was dealt with at that time, that is to say, be the most part sold for cash. They had also the right to expect that it would be sold in similar quantities as it had been in the past, and that not more land than in the past would be withdrawn for the purposes of reserves, and not sold. From the time of the settling of the district no less than seven-tenths of the whole of the lands dealt with in the district have been reserved and not sold. There have been sold only 182,751 acres, whilst there have been reserved from sale 414,987 acres, making the total land dealt with 597,738 acres. That so very large a proportion of land should be reserved the people of the district could not for a moment anticipate; they had a right to expect that by far the larger part of the land should have been sold; and had this been the case the 25 per cent.—which is the Board's share—would have amounted to a very large sum, and their liability would have been very considerably reduced. These, then, are the reasons why the settlers have been prejudicially affected by the different methods of dealing with the lands of the Crown.

13. *Mr. Jones.*] Do I understand that if more lands had been sold it would have reduced the capital amount of the Board's liabilities?—Yes. There is now in the Sinking Fund Account some £16,818 11s. 10d., but it cannot, of course, be touched except to reduce the capital owing. It is not available for revenue purposes. It has been supplied from land-revenue and the interest which has accrued in the account itself, and would have been larger had there been more land-revenue.

14. *Mr. Whyte.*] Although this land has not been sold, does it not yield any revenue?—No; but had it been sold it would have yielded money, which we would have used partly as sinking fund for buying up debentures, so as to reduce the amount we would have to pay as interest, and partly for the purpose of paying interest and postponing a rate.

15. You complained that the land has not been sold: does it not yield you anything?—No; it has been reserved for the Natives and other purposes, and no revenue has been derived from it.

16. *Mr. Tanner.*] What is the position of the land reserved?—It is principally reserved for Maoris, but a large portion for educational and other general purposes. We have exceptionally large reserves for Natives under the West Coast Settlement Reserves Acts.

17. Was it not reserved at the time the rate was raised?—No; I feel sure that it was then merely confiscated land.

18. *Mr. Whyte.*] Then, your endowment has practically been very largely curtailed?—Yes, very largely indeed. And not only was the mode of dealing with the lands of the Crown in respect of making these large reserves against the interest of the settlers in this respect, but they have still more severely suffered by the policy of the Legislature in reducing the amount of cash sales by bringing into force and encouraging the deferred-payment system and the perpetual-lease system. Though in future there may be a large amount to come in from these comparatively new tenures, at present the instalments and the rents are very small. With regard to what might be recommended by the Committee, it is only right for me to say that there is a very strong feeling that not only might it be better for the district, but that it might cost the colony little or nothing if something should be done in the direction of relieving the settlers from the additional rate, and at the same time relieving the colony from the necessity of giving 25 per cent. of its land revenue in the future, and from paying Crown and Native land rates until the loan is paid off. The land unsold in the District of Taranaki is 669,230 acres. Putting this as worth 15s. an acre the amount will be £501,922 10s. The land sold on deferred payment, the conditions of which are not yet fulfilled, is 78,863 acres, which, at the value of £1 5s. per acre, amounts to £98,578 15s. The perpetual leasehold land is 16,372 acres, which, at £1, is £16,372, making in all £616,873 5s. A quarter of this would come

to £154,218 6s. 3d.: so that in future, from lands yet unsold, the colony would have to give to the Board, for land which it now possesses, £154,218 6s. 3d. The whole will be brought before you; and what I would urge is this: whether, seeing that there is to come from the Government so large a sum of money—so nearly amounting to the whole of the loan which is payable—and seeing also that this does not include the lands which must hereafter be acquired from the Natives for the purpose of carrying out the work of settlement, which, when acquired, will be subject to the Board's claim; and, seeing also that the present annual charge on the colony is £1,318 14s. 2d. for Crown and Native land rates, will it not be well for the Government to take into consideration whether some arrangement cannot be made to at the same time free the colony from this burden in the future, and relieve the settlers who are in so bad a condition and are unable to pay the rate to provide the interest on the loan? The deficiency between what will come to the Board from Crown lands with the sum to the credit of the sinking fund added (in all £171,036), making some allowance for necessary expenses, would not amount to more than £30,000, or, say, £35,000, and the district and settlers would be well able to meet this deficiency and to be rated for it; so that there would be no necessity to throw any loss on the colony at all if any arrangement of the sort could be effected. At the present time, even if the Board were able to pay their interest, the settlers would not be able to pay the rate without great difficulty.

19. *The Chairman.*] You have said that owing to the change of policy with regard to the administration of the waste lands the position of the Board has been less satisfactory than was originally contemplated?—Yes.

20. In connection with this, is it not a fact that originally, when this transaction was first entered into, when the 25 per cent. of land sales was secured to the Board, there did not exist that area of confiscated land which now exists?—To the best of my knowledge the confiscation took place previous to this.

21. I have heard it stated that a large area became the property of the Crown of which the Board would receive its 25 per cent. subsequent to this agreement, and therefore that it would appear that there was a considerable offset as against the disadvantage?—I have no doubt that this is an entirely erroneous statement. The whole of the confiscations were previous to the raising of the loan, and previous to the passing of the Loan Act of 1877.

22. Were there no confiscations since 1877?—None whatever, I feel sure.

23. You spoke of the rates as pressing with peculiar severity on persons having borough property?—That is so, with great severity.

24. Then, do you say that the rates in the borough are 4s. in the pound on the annual value?—I am informed so.

25. And that with the 1s. rate of the Board makes 5s.?—Yes; that is so.

26. I find that you have used the argument that the colony is responsible to the Board under the Crown and Native Land Rating Act for the sum of £1,318 14s. 2d. per annum: of course it is within your knowledge, as a member of the House, that it is proposed to repeal that Act?—That could not be retrospective because the debenture-holders, have stepped in, and the rate being pledged to them as security the colony cannot break faith with them.

27. Then, you contend that the Government would be obliged to pay rates on such land as is subject to this Act?—Yes.

28. You gave us figures which, worked out, amount to about £154,000, which would be derivable by the Board from their proportion of land sales?—Yes; from sales of land in the district owned by the Crown.

29. Do I understand you correctly to say that this £200,000 loan was raised at 6 per cent.?—Yes.

30. Did the Board obtain par for their debentures?—I am not able to say for certain, as I was not then a resident in the district; but I believe that they were sold considerably below par.

31. What was the interest per cent. on the money raised?—I do not know exactly how much the low price obtained for the loan increased the interest. Mr. King will be able to tell you. Probably but little over the actual rate of 6 per cent.

32. Seeing that the colony borrows money at 4 per cent., if it were to take over the liability of the Board there would not only be the remainder of the £35,000, but there would also be the fact that it would have to pay the, say, 6½ per cent. on £200,000, whereas the colony borrows money at 4 per cent.?—That is true.

33. Then, that is a factor in the case?—Yes.

34. We are to understand that, the maximum rate being 1s. in the pound, the Board, having levied up to this, has no other means of raising the revenue in this direction?—None at all.

35. *Mr. Larnach.*] What percentage do you say is to come to the Board of the land-fund?—25 per cent. of the proceeds of the lands both now owned by the Government and which may hereafter be purchased by them.

36. Can you state what that percentage has amounted to in detail?—Mr. King will be able to supply you with these figures.

37. And you value the amount of land yet available as something like half a million?—£616,673; of which the Board's share will be £154,218.

38. And the debt on account of the works is?—£200,000, less accrued sinking fund £16,818.

39. *The Chairman.*] Have you any territorial endowments?—As respects present value, virtually none.

40. *Mr. Larnach.*] But there is something?—There are a few town sections worth a few thousands; not more than would realise interest on £6,000 or £7,000.

41. You mentioned a large sum that was payable in connection with the Crown and Native lands; in what way is this payable?—The holders of these debentures have, as security for the loan, a rate of three farthings in the pound on the capital value of all lands in the district; and

under the law now in force the Government have to pay the Crown and Native land-rates, and therefore the debenture-holders lent upon this security, and now can rely on it.

42. Has Government to pay rates still?—Yes.

43. Then, the Government could not abolish the Crown and Native Lands Rating Act?—Not as regards the New Plymouth Harbour Board loan; it is a vested interest.

44. What did you say the amount was, again?—£1,318 14s. 2d. per year is the amount claimed. In 1886 we passed the Harbours Act Amendment Act, and provided for the Crown and Native land-rates not being payable to provide interest on any loan, but that could not affect the past. The words used were such as to prevent the Act being retrospective, and it was because Government was liable to this rate in the past that this clause was inserted in the Amendment Act.

45. Is there any other object in the business before the Committee beyond what is shown in the reference?—I believe there is no other object. The witnesses, I believe, or, at any rate, some of them, will point out that this rate presses more heavily on one portion of the district than on the other. Of course, there are the usual local jealousies and differences of opinion, but I do not imagine that the Committee will attach much weight to the complaints in connection with the difference between different portions of the district. The only object I have in taking this matter up is to bring before Parliament the certainty that a local body will, before long, be unable to meet its engagements, which might entail consequences on the colony as a whole, as well as upon the locality itself, so serious that I thought it of sufficient importance to bring the matter before the House.

46. Do I understand that the rates are unequally divided throughout the district?—No; there is no differential rating, but it is asserted that the rate presses with greater severity on the parts which are farther distant from the harbour; for instance, Waimate Plains, and also at Waitara, which has a port of its own. They say that they are not well served by the New Plymouth Harbour. Although Waitara has a harbour of its own, yet the settlers there are liable to rates for the New Plymouth Board.

47. Can you suggest any way by which the pressure might be more equally distributed?—No, I cannot. To have differential rates, now that we have had the loan and spent it, would be to open up such a field of discussion that it could not be contemplated to raise such a question now.

48. Would you suggest the prudence of the State stepping in to take the responsibility?—The Legislature have already done so with respect to the district railways. In that case the settlers were crushed by taxation, and the colony, being able to borrow money at a less rate of interest, went into the question and relieved them to a very considerable extent.

49. But you are aware that the district railways were on rather a different footing to Harbour Boards; they were promoted and built up by private capital?—That is so; but the object of the State's interference was the same—for relieving the settlers and promoting settlement, not to reward individuals for spending money to improve their own land.

50. My object is to gather what your intentions are, because it is a large question?—I take it that in the case of the district railways the relief was given not in recognition of any claims of the settlers for relief, but as a matter of expediency to relieve impoverished settlers and to promote settlement. If that was so, the same reasons would apply equally in this case.

51. *Mr. Jones.*] Can you give particulars of the endowments of the Board?—I would rather that you should obtain this information from the Chairman, Mr. King. I am not a member of the Board, and I wish, therefore, to leave such information to be elicited from official sources.

52. Can you tell us for how long a period the finances of the Board have been affected by the change in the land-policy?—The Chairman will give you a list of the amounts paid during the past, and the information you ask will be easily got from that.

53. Can you say what the benefit would have been to the ratepayers if there had been no change in the land-policy: would it have relieved them?—Judging from the anticipations of Major Atkinson, as attributed to him, there would have been no rate for many years to come. I understand that he said as much when addressing his constituents, and that he said he had made calculations which satisfied him of this. I should like to add a few words with respect to the petition which has been read. It sets forth grounds why special consideration should be given to settlers on the Waimate Plains; but what applies to the one part applies to the whole district. They say that they bought their land subsequently to the raising of the loan, and that they knew, or might have learned that there was a rate empowered to be levied over the district; but they thought it was merely a security, and would never be levied. But the same thing applies to all in the whole district; no one thought there was going to be any rate levied.

54. Do you think that the knowledge that the land was subject to a rate affected the selling price?—Personally, I do not think so at all. My experience of human nature in connection with business in the past speculative times is that people did not look at what might happen in years to come. They have not done so in the past, although they may, and probably will, be more careful in the future. In buying land people did not formerly let the consideration that it might thereafter be subject to a rate in the far future affect their offer.

55. There is another point with regard to the releasing of £20,000 out of the sinking fund, as mentioned in the petition. I brought in a Bill to raise further money for the Board with which to build a new wharf. I was unsuccessful; the Bill, although a large majority were in favour of it, was stonewalled and talked out for three days. After that I went into the affairs of the Board; and I found that from the beginning they had been under a mistake in thinking it was necessary to set aside 1 per cent. for sinking fund. I found also that they had accumulated what they called a "Sinking Fund No. 1 Account," and that the funds therein were not properly appropriated as sinking fund, and I was successful in getting this fund back for them and obtaining the money to build the new wharf with, and also to provide the appliances necessary. This was considered to be desirable, and the Board used the money accordingly; and they have now in course of completion very convenient wharves, which make the breakwater really of some practical use. I succeeded in

convincing the Supreme Court (after a lengthy trial, and two counsel being retained and heard against me) that the sum had been improperly paid into the Sinking Fund No. 1 Account and had not been permanently devoted to sinking-fund purposes. The Court gave judgment for the Board against the Sinking Fund Commissioners. The matter was argued out before the Supreme Court, the Board having myself as counsel on their side, and the Commissioners with two counsel fought the thing right through in the interests of the debenture-holders whom they represented.

THOMAS KING examined.

56. *Mr. Samuel.*] You are Chairman of the New Plymouth Harbour Board, and have been specially appointed to attend this Committee for the purpose of giving evidence?—Yes.

57. I believe the Board has to pay the sum of £12,150 interest and charges on a loan raised?—It has. The payments become due on the 1st May and the 1st November each year.

58. The interest has been duly met until November last?—It has.

59. Will the Board be able to meet its next payments on the 1st May next?—I have every reason to believe it will; but it is a question whether the Trust Fund, from which the coupons should be paid, will be sufficient, and it may be necessary to take some out of the Harbour Fund Account. The Trust Fund Account consists of a quarter of the land revenue, and the rate. This can only be used for the particular purpose of paying interest and Sinking Fund, if there is any Sinking Fund.

60. Can you tell us what you expect will be the funds available for paying the next payment of interest?—There is a balance to the credit of the Trust Fund of £909 16s. 1d., and the amount to come in for rates, which will be about £2,100 probably.

61. Is there any Land Fund to come in before the 1st May?—I do not think I could estimate more than £2,000 from that source—perhaps £2,100.

62. That would make £5,000?—Yes.

63. You would want another £1,075?—Yes.

64. You have two assets, I believe—one a claim on the Government for railway-material, which ought not to go into this Trust Account?—Yes: for £1,027.

65. Has that claim been recognised by the Government?—They have taken a goods-shed and cattle-yards.

66. What do the rates under the Crown and Native Lands Rating Act amount to?—£1,300; but there is a deduction to be made from that, because in the return of the Property-tax Commissioners they put down many Crown lands and Government buildings, &c., which would have to be deducted. The amount which would go to the Trust Account might perhaps be put down as £1,000—i.e., for the year. It was due this month.

67. You have very little doubt that, with the purchase-money of this railway-building, &c., which have been taken, and the Crown and Native land rates, you would have sufficient to make up the deficiency of £1,075?—I think so.

68. When is the first half-yearly payment due?—On the 1st May.

69. But on the next half-yearly date—the 1st November—you will not have the £1,027 (the amount of your claim upon the Government), nor the £1,300 under the Crown and Native Lands Rating Act?—No; we shall only have £650 for the half-year.

70. Then, all you would have would be the 25 per cent. of the Land Fund?—There would be the rate for the year 1888, which is not due till June; but what the rate will be next year I do not know, because if a revaluation of property were to take place it would fall about 25 per cent. in value.

71. *The Chairman.*] The rate would be, then, half the amount as above calculated, less any depreciation in value?—Yes.

72. *Mr. Samuel.*] What do you estimate the rate to realise?—According to the rate-book it is set down as £5,295; but we have put down about £4,500, because in many cases the money is unable to be got in.

73. Would £250 be enough to put down for depreciation in value?—No; that would not be sufficient.

74. What do you expect it would be?—About £500.

75. That would only leave £1,750, which, with £650 Crown and Native land rating, would make £2,400. Then, what do you estimate the Land Fund to produce?—I have no means of calculating it. The Government estimated it to bring in during the present year £4,500 a year; but I do not think it will amount to £4,000, as far as I am capable of judging, because in 1886 it was estimated at £4,058, and it only produced £4,000, and in 1887, for the first three quarters, only £3,238 has been taken, and the last quarter of the year is generally the smallest. I do not think, therefore, that it will amount to £4,000.

76. Then, assuming it to be £2,000 for the half-year, that leaves a deficiency of £1,075?—Yes.

77. Then you have no doubt that the Board will be unable to meet the coupons falling due on the 1st November, 1888?—Quite so. I do not think anything can be calculated upon from the Harbour Fund, because if anything were to fall in from that source it would be absorbed by maintenance of the breakwater, repairs, &c.

78. Can you give us an estimate of the land revenue paid to the Board for the previous years, in round numbers?—In 1879, £4,123; 1880, £2,638; 1881, £32,986; 1882, £17,145; 1883, £20,138; 1884, £6,367; 1885, £4,927; 1886, £2,364; and 1887 (first three quarters), £3,238.

79. I believe none of this has ever been spent on construction?—No.

80. It has all been devoted to paying interest on loan and providing for Sinking Fund?—Yes, the land revenue and the interest accruing therefrom.

81. *Mr. Jones.*] Do I understand that the sums you have mentioned are the sums you have received?—Yes: a total of £93,926.



82. And none of this has been spent on construction, or anything besides interest and Sinking Fund?—No.

83. Can you give the amounts you have in each year placed to Sinking Fund and the amounts paid in interest?—The total amount for Sinking Fund for seven years has been £2,000 per annum, and with accumulations of interest now amounts to £9,500 in the Board's hands, and £7,318 11s. 10d. at credit with the Bank of New Zealand. But this £93,000 is not the sole amount we have received from land revenue because the interest on Sinking Fund has, of course, been added, so that the amount is much larger.

84. Have you ever in the past made a calculation as to what would be the probable results if a rate were to be levied?—No, never. I thought it was so extremely remote that it never entered into my head to do so.

85. *Mr. Larnach.*] When did you commence to levy rates?—In June of the present year, because as long as the Land Fund lasted we did not require to do so. The rate in June was levied as from the 1st June to June next year.

86. *Mr. Samuel.*] To what do you attribute the necessity to levy a rate?—To the altered mode of disposal of the land, and also the fact of £23,401 6s. 4d. being taken by the judgment of the Supreme Court from myself and the other Sinking Fund Commissioners, on an action of the Harbour Board.

87. *Mr. Larnach.*] What was the rate?—Three-farthings in the pound on the capital value.

88. *Mr. Samuel.*] Will you explain to the Committee why the change in the disposition of the land has had this effect?—Because we had a quarter of the gross proceeds of the Land Fund as arising from sales; and when the change was made to sales on deferred payment and to perpetual lease, in the one case we now receive only one-tenth, and in the other only one-hundredth part.

89. *The Chairman.*] But the rest is to come?—Yes; but that does not satisfy our requirements at present. It is just the difference between capital and interest. We want all the capital we can get to pay our coupons from day to day.

90. *Mr. Samuel.*] Is there any other cause besides those you have mentioned—in connection with reserves for instance?—I know that very large reserves have been made; but I know nothing about that subject. That is a question for the bondholders to raise, who relied principally on the land-revenue. It was reliance on the land-revenue almost entirely that induced the New Plymouth people to raise a loan at all, because if a rate had been imposed at the time the loan was raised it would not have realised £2,000 a year.

91. If a rate was to be one of the conditions under which money was to be borrowed, the promoters of the harbour scheme would have abandoned it?—Yes, most certainly. With regard to the sum that has been mentioned as having been taken from the Sinking Fund Commissioners by the Board, the facts are these: When I became a member of the Board I represented to the others that things were not going on so satisfactorily as they might be, and I recommended the establishment of a Sinking Fund Commissioners Account No. 1, and they agreed to pay into this account all moneys derived from the sale of land, and interest accruing on the unexpended balance of the loan, together with rents, port charges, &c. But the Harbour Board brought an action against the Commissioners, of whom I was one, and the judgment of the Court was given against us, and we had to hand all moneys not derived from the Land Fund to the Board; whereas if we had not had to refund it it would have paid up interest for another two or three years.

92. *The Chairman.*] The money had been really erroneously placed to the Sinking Fund?—Yes.

93. Can you give us the total cost of the harbour-works to date?—In round numbers it has been about £213,000.

94. This sum, then, has been provided out of the proceeds of the loan and other moneys accruing to the Board?—Yes: interest and unexpended balances from time to time.

95. When was the loan floated?—In 1879.

96. What was the currency of the debentures?—Thirty years: they fall due in 1910.

97. What was the price at which they were sold?—£95.

98. At what rate of interest?—Six per cent.

99. *Mr. Jones.*] Where are the bonds payable?—In London.

100. *The Chairman.*] There is some revenue derived now, I suppose, in the shape of harbour-dues?—Yes.

101. That is to say, wharfage charges, pilotage, and other things?—Yes: shipping charges.

102. But that revenue is entirely swallowed up by expenditure in connection with the harbour?—Yes; and probably will be.

103. When did revenue from harbour-dues first become valuable?—About three years ago.

104. Has it been increasing in amount, or decreasing, or at a standstill?—It has not been increasing much, as from the first we were obliged to provide accommodation with improved appliances, and have been anxious to establish trade as quickly as possible.

105. Can you give, in round numbers, the amounts you have received?—The annual balance-sheets show in 1884 a net balance of £390 from that class of revenue; in 1885, £467; and in 1886, £1,013.

106. What was the cost of management of the port during those years?—The gross wharfage and other receipts for the first ten months of this year were £1,640, and the payments £889.

107. These are current charges?—Yes.

108. That would show apparently that there is a net revenue of about £490?—About that. But that is also deducting general charges which have not been charged against harbour-dues previously; and why in previous years the amount was higher was, that we had to reduce our charges afterwards by 6d. per ton.

109. I wish to find out whether or not there was any probability of there being an increasing balance in aid of interest on loan arising from this class of revenue. If you could give us the gross



revenue from harbour dues and charges in the years you have mentioned, and the expenses of harbour-management for each of these periods, the Committee would be able to see whether there is an increasing balance from these sources?—It is only in the figures for the present year that the items are mentioned in detail.

110. When did the change that you refer to in the land-policy of the Government, from direct sales to deferred-payment sales and perpetual leasing, first occur?—Looking at the receipts from Land Fund, I find that they fell suddenly from £32,000 in 1883 to £6,000 and £5,000 in the following three years.

111. Then you say that this large difference is distinctly traceable to the change of policy in the administration of the land?—Quite so.

112. *Mr. Larnach.*] What did you say the total amount of dues were?—£750, net returns.

113. Do I understand you to say that you had a claim for £1,027 against the Government, that had been recognised by them?—I had some correspondence on the subject with the late Minister for Public Works, in which he admitted that it was an equitable claim—at least, for the greater part of the amount claimed.

114. Then the Government will have to pay?—Not the whole of it. One portion of the claim was for a goods-shed and cattle-yards they took over from us; but we have to allow cost of removal, &c.

115. There is £1,318 which must come from the Crown and Native Lands Rating Act rates?—That is according to the Property-tax Commissioners' returns; but that will be diminished probably because the returns include some valuations of properties which are not liable to the rate.

116. You said you did not see how the Board would be in a position to pay their interest due next May?—Yes; from trust account only.

117. You have then due £6,075. Then you have credit of Trust Fund, rates £2,000, Land Fund £2,100, and claim against the Government £1,027; making £5,000. If you add to that £1,318 from rates under Crown and Native Lands Rating Act, that gives £6,318, as against £6,075, which leaves a credit balance?—Quite so.

118. Then you start with a debit of £6,075 on the 1st October; against which you have the rates £2,000, Land Fund £2,000, and claim against the Government for £1,027; which gives you a credit of £5,427: which leaves you, after paying debentures for December, a debit account of £400 without taking any credit for harbour-dues, which amount to some £900: so that if you get your claim from the Government you will not be stumped after all?—There is not £900 from harbour-dues or from the £1,027.

119. *The Chairman.*] When you were first induced to start these works on the faith of getting the 25 per cent. of the Land Fund, am I right in thinking there was no deferred-payment system?—No; and no leasehold system. There was a very little land sold on deferred payment, but only a very small portion.

120. Then, since the leasehold and deferred-payment systems came into vogue, has much land been placed under those systems?—I have got no returns to show.

121. Since those systems came into force did you notice a serious and great diminution in the percentage that the Board received from sales?—Of late years there has been scarcely any land sold for cash.

122. When did the deferred-payment system first obtain in your district?—About eleven years ago, I think; but the large quantities have been disposed of in that way more recently.

123. Was it in force in your district in 1880?—To a very small extent.

124. In 1881 your receipts were the largest?—Yes: there were then large sales for cash—nearly all the Waimate Plains were sold that year for cash. The deferred-payment system has generally been adopted for bush-land.

125. Is it not probable that cash sales will take place again?—I cannot say.

126. If opportunity offered to the public to buy for cash, would they not do so?—If they had the alternative of getting it on lease, and the cash purchaser had to improve the land equally with the leaseholders, they would not necessarily do so. And at the present time freehold land has very much fallen in value on account of land being sold on deferred payment.

127. Do you not think that your rates hovering over this land would have the effect of reducing its value?—I have no doubt it would.

128. *Mr. Jones.*] The revenue you have been deriving from the works up to now is quite independent of the new wharf-accommodation?—Yes; the wharf is only in course of erection now.

129. When will it be completed?—Within two months.

130. Do you anticipate an increase of revenue from its completion?—Yes: we look for an increase in the wharfage and other returns from year to year as the trade of the district increases and as the district increases; and the greater facilities offered by the new wharf will lead to increased business. For instance, a large quantity of cattle are now shipped from Waitara which will probably be shipped from our harbour when the wharf is complete.

131. Will not this materially affect the figures that you gave just now?—I should not think there will be any immediate large increase, on account of the depressed condition of the country; but it follows in the natural course of events that, as the district improves, there will be a steady increase in the trade of the port. But there will be nothing worth noticing for a few years to come.

132. What endowments have you?—We have a few that will be valuable in future years. There is Mount Eliot, in the centre of the town—I think that is about three acres; and another called Kawau Pah, in the centre of the town, one portion of which is let—half an acre—for £9 a year.

133. *The Chairman.*] I see that is set down as of a capital value of £2,500?—Well, it will no doubt be valuable some day.

134. *Mr. Jones.*] What is the extent of it?—About two acres. Then there are also three shops in Brougham Street, which let for about £90 a year.

135. What are these set down at in the valuation?—£6,000 with Mount Eliot; but the valuation is a merely nominal one.

136. When was this valuation made?—Some years ago; but there was really no notice taken of it. The income from the endowments is covered by district and other rates, which sweep them up. There is about sixty acres, for instance, of sand-hills, which are rated by the Road Board, and from which there is no return at present, whatever there may be in the future.

137. If you collected all your rates for this year, and assuming that the land-revenue for next year—November, 1888, to November, 1889—was the same as that of last year, what would be the deficiency?—About £4,400.

138. *Mr. Larnach.*] What do you estimate the value of the Board's interest in the Land Fund to come to?—It is impossible for me to form any judgment at all. Mr. George will be able to tell you.

139. Can you say what is the gross amount derivable from your portion of the purchase of unsold Crown estate?—I cannot say.

140. Would the people of New Plymouth be satisfied to part with all their endowments to get rid of the responsibility in connection with the Board?—Yes, quite willing.

141. *The Chairman.*] Would the New Plymouth people be satisfied if they were simply asked to make up the difference, by way of rate, between the amount which would be payable supposing the money were borrowed by the colony, and the rate at which the money was borrowed by the Board?—They would be glad to get any relief they can.

142. Have you funds enough to pay for all contracts in hand?—Yes.

143. The work will be completed when the new wharves are finished?—Yes, as far as it is intended to carry it at present.

144. Has it been damaged by storms?—Yes; but it is being made good, and there is every material for doing so.

THURSDAY, 8TH DECEMBER. (Major STEWARD, Chairman.)

JAMES CARTWRIGHT GEORGE examined.

145. *Mr. Samuel.*] I believe you were the Secretary of a Committee which was appointed by a meeting held for the purpose of inquiring into the affairs of the New Plymouth Harbour Board, more especially in connection with the reasons which rendered them unable to pay the interest on the loan without levying a rate?—Yes, I was.

146. You have collected certain figures for that Committee which are now available for the Committee?—Yes, I have done so. The figures I have compiled for the Committee to which you refer were based on the Crown land returns of 1886; but, since I first compiled them, I have amended them and made them up to the last available returns for the year ending the 31st March, 1887.

147. Will you give us the figures in support of the ground which, I understand, the Committee thought a good ground for thinking that there were circumstances existent at the time the loan was raised which have since changed so as to render necessary the levying of a rate?—I presume it is in the knowledge of the Chairman of the Committee that, since the loan was authorised, the system which then obtained for the disposal of the land had been changed; and this change has caused very great loss to the Harbour Board and a serious deficiency in the revenue.

148. That is, since 1881?—Yes; since that time the Government have been selling part of the lands on deferred payments, and a considerable portion has been disposed of under the perpetual-lease system, so that the Board has been unable to get the 25 per cent. of the capital value which the Government had set apart for them, and which formed part of the security on which the £200,000 loan was raised.

149. Can you give us any figures to show the effect of this on the Board?—Since the time I have referred to, deferred-payment lands have been sold to the extent of 78,863 acres.

150. *The Chairman.*] What sum of money would that represent as the capital sum which the land would have realised if sold for cash?—I will give you those figures later on. The area disposed of under perpetual lease is 16,372 acres since 1877. The perpetual-leasing system was introduced since the loan was authorised. Seeing, then, that the Board is quite unable, with the present revenue, to meet the interest on the loan, I have a scheme of my own to help them out of the difficulty.

151. *Mr. Samuel.*] Let us have the figures and facts first, and any proposals you may have to make afterwards?—The value of this land I am placing at a low figure, so as not to make the thing look better than it really is—in fact, I have been working out my figures rather under than over the mark. Setting down the deferred-payment land at £1 5s. per acre, it would have yielded £98,578 15s. if sold for cash. The land disposed of under perpetual lease would not be of quite so much value. This I value at £1, which is the upset price at which agricultural land is sold by the Government. This, then, would have realised £16,372, and the two amounts together would have made £114,950 15s., 25 per cent. of which would have been apportioned to the Board, and would have yielded £28,737.

152. And that would have prevented the rate from having to be levied at all for some years, would it not?—Yes, for about five years.

153. Are there any other reasons which you know of which have operated in bringing about the present position of affairs?—Yes; the district has suffered considerably from the fact that a considerable proportion of Crown lands has been reserved for colonial purposes—in fact, a greater proportion than in any other provincial district in the colony; whereas in some districts, as Hawke's Bay and Nelson, the proportion reserved out of the whole area disposed of is only 0.1; the proportion reserved in Taranaki is 0.7 to that disposed of. I have compiled a list which gives the figures for the various provincial districts. In Auckland there has been sold 1,674,055 acres, and

reserved 2,546,616; Hawke's Bay, 1,013,387 sold, and 156,257 reserved; Taranaki, 182,751 sold, and 414,987 reserved; Wellington, 1,666,799 sold, and 537,070 reserved; Nelson, 1,050,527 sold, and 137,003 reserved; Marlborough, 783,948 sold, and 177,933 reserved; Canterbury, 3,011,920 sold, and 571,804 reserved; Westland, 52,394 sold, and 73,408 reserved; Otago, 2,244,501 sold, and 811,956 reserved; Southland, 1,048,399 sold, and 288,893 reserved. The proportion reserved in Westland approaches nearly that in Taranaki, but then Westland is a large mining district, and considerable reserves have been made there for the benefit of that district exclusively, and not for colonial purposes.

154. And especially lately in connection with the Midland Railway?—Yes; a reference to these figures will enable the Committee to see that more than two-thirds of the lands contained in the Taranaki Provincial District have been reserved for colonial purposes.

155. *Mr. Tanner.*] These lands cannot have been alienated if they have been reserved?—They have been alienated from the Crown, set apart, and are not available for sale.

156. But alienation applies to what the Crown has sold; you cannot apply that term to lands reserved by the Crown?—I believe that in the Crown Lands Department all lands are called alienated which have passed from their control. I compiled my figures from the Crown lands returns. If lands are once gone from the control of the department, they are alienated from the Crown.

157. It means, then, that they are no longer available for selection or sale?—Yes; and the Board, therefore, cannot get its proportion of the value of this land.

158. *Mr. Samuel.*] The area reserved includes, does it not, the lands contained in the Native reserves?—Yes.

159. Have you the particulars of these lands as distinguished from the others?—No; it includes also educational reserves, military reserves, and reserves for Volunteers and discharged soldiers.

160. *Mr. Tanner.*] Are there any lists of these reserves?—There are complete lists in the department.

161. *Mr. Samuel.*] Have you any other facts to give the Committee before you come to your proposal which struck you as a feasible one?—These are the principal reasons. I have also ascertained that the area of Crown lands left in Taranaki is 669,230 acres.

162. Have you found out the value of this?—Yes. I put a low value upon it for the reason I have before stated. I value it at 15s. per acre, and that area would therefore realise £501,922 10s.

163. Is not this a somewhat low value?—Yes; but, as I stated, I wished to undervalue rather than overvalue, and I calculated that this was a reasonable value, for the reason that 20s. is the upset price for all agricultural land and 10s. for pastoral. Assuming, then, that this land is of average quality, and I believe that it is fully that, I am quite warranted in believing that it will realise an average of 15s. an acre. This sum added to the other sums—that is to say, the value of deferred-payment land and the perpetual-lease land—brings the amount up to £616,873 5s., 25 per cent. of which we may fairly assume to be the Board's share, namely, £154,218 6s. 3d.

164. There is something else to come in the future, is there not, from the colony—Crown and Native land-rates to the extent of £1,300 a year?—Yes; I make it about £1,318 a year. My idea was that the colony could at once get rid of its liability in respect of rates, and assist the district very considerably, and increase the value of its own estate in the district by almost removing the rate if they would follow this plan: resume their right over the 25 per cent. of the land fund which would accrue from future sales, and, being released from the burden of the Harbour Board's claim to 25 per cent. of deferred-payment and perpetual-lease land, they could then assume at least three-fourths of the responsibility of our loan. As I pointed out to the Committee, the value placed by me upon the land is a low value, yet at that rate it would yield £154,218; and, if the Government adopted this plan, it would at once get rid of their liability for rates year by year; and this would have the effect of at once increasing the value of the undisposed lands, as purchasers would give a much higher price for the land if it was not subject to the harbour rate.

165. I presume you mean this: £154,000 to be paid by the colony for the 25 per cent. of the land fund, with £1,300 to be paid for twenty years, which is the term during which the loan runs; that would make £26,000 more, which, added to the other, would make £180,000? Then you are aware we have now in the hands of the Sinking Fund Commissioners about £17,000, which would make £197,000 as against the loan of £200,000? Your idea is that the colony might free itself from the liability to pay £154,000, and from all charge of unfairness to the Board which might be brought against it in connection with its method of dealing with the lands as it chooses, and also free itself from the necessity to pay £1,300 a year until the loan was determined by taking over the assets of the Board and its debts?—Yes.

166. In addition, then, to this £154,000, and the amount resulting from sale of Crown lands and rates, there are other endowments of the Board?—Yes; it has endowments, but I have not the particulars of them; it has some valuable endowments in the centre of the town.

167. Did you, or the Committee for whom you acted, contemplate the Government taking over the works and the profit which comes yearly from the works?—The Committee did not take that view at all; they never thought of it.

168. Do you think that the people of the district would be favourable to that?—I think so.

169. So that they might supply any deficiency from the profits arising from the harbour?—Yes.

170. *Mr. Tanner.*] Is the deferred-payment land which you valued at £1 5s. bush or open land?—A considerable portion of it is open land.

171. And the perpetual-lease land which you value at £1?—Principally bush-land, but a portion of it is open, so that you see the value I have placed upon it is really considerably less than the market-value.

172. Then you said that about £28,000 would be the 25 per cent. to which the Board would be entitled if the tenure had not been changed?—Yes.

173. Would that amount have been paid off the capital or into the sinking fund?—It would have been paid to meet the interest in the meantime for the next five or six years.

174. Then, in point of fact, it would just have put off the evil day for a few years?—Yes.

175. Then, you would utilise it in this way, in the hope that property would rise in value at the end of that time?—Yes; and it would also induce settlement.

176. Were all these reserves you have referred to made after the loan was authorised?—No; they were not.

177. This 669,000 acres which you value at 15s., and which is in the hands of the Crown, is that open or bush land?—It would be both open and bush.

178. Why do you make the difference between the value of this land still in the hands of the Government for disposal, and also the land for perpetual lease and that sold on deferred payment? Deferred-payment land is generally of a better class than the perpetual-lease land, and the unsold land is further removed from the coast and port, but in point of quality a considerable portion of the one is as good as the other.

179. You did not quite understand my question in reference to the reserve lands: what I meant was, did you include in those reserves land which the Government puts by as reserved from sale and not specialised?—No; all these reserves have been made for specific purposes. They are not lands temporarily withheld from sale.

180. *The Chairman.*] In connection with this suggestion of yours as to the colony, under certain arrangements, taking over the liability of the loan, I presume that the £154,000 which you have calculated as derivable from the 25 per cent. of the land fund, if it is all available, would accrue for a considerable number of years?—Yes.

181. Under the Crown and Native Lands Rating Act the colony has to pay you for the next twenty-one years £1,300 a year or thereabouts?—Yes.

182. The £200,000 loan was borrowed at 6 per cent., as I understand, and the debentures sold 95, or 5 under par, and, as a matter of fact, the loan is costing more than 6 per cent.?—Yes.

183. But supposing we take it at 6 per cent., there is actually to be paid in respect of the loan about £12,000 a year?—Yes.

184. Towards this interest the colony has to contribute, under the present arrangements, £1,300 a year?—Yes.

185. If the colony had borrowed the money at 4 per cent. it would have cost £8,000; there therefore remains a difference of £4,000 between the two rates at which it was borrowed?—Yes.

186. The cost is £4,000, the colony is paying £1,300, and the plan would include the possibility of taking over a liability of £2,700 per annum?—Yes.

187. Assuming this, when the amount of £154,000 becomes valuable, as against the £200,000 of liability there would remain £50,000 which the colony would have to contribute to extinguish the loan?—Yes.

188. It does not appear to be a very good bargain for the colony?—No, it does not at first sight; but, on the other hand, if the colony does this, its own estate in this district will rise immediately very considerably.

[*Mr. Samuel* was here allowed to interpolate that there was a large quantity of Native lands in the Taranaki District; and that, for the progress of settlement, it would be absolutely necessary for the colony to acquire them; and that, when they are so acquired, the claim of the Harbour Board for 25 per cent. of that purchase-money will immediately arise.]

189. *The Chairman.*] Then, as regards the capital sum, if it is shown that the value of the Crown estate would be increased owing to the amount of settlement induced by the removal of the rate, which evidently presses heavily on the settlers, it may perhaps be urged that this would be an offset as against the difference between the £155,000 and the £200,000 liability. But there is another point: the difference between the cost of the money under ordinary circumstances and the cost of the money as borrowed by the Board being £4,000 a year, against which there is only the offset of £1,300, there remains a difference of £2,700 per annum for twenty years; and, if the rate were removed altogether, there would then be a period of twenty years to carry £2,700 a year in addition to the capital liability. How are you going to proceed to make up to the colony for the actual annual loss?—There is the amount of money that the Sinking Fund Commissioners have in hand and the net revenue of £400 a year from the harbour works.

FRIDAY, 9TH DECEMBER, 1887.

WILSON MILNE examined.

190. *Mr. Samuel.*] You are a settler on the Waimate Plains, and you are a delegate from the settlers there for the purpose of attending to give evidence before this Committee?—Yes.

191. You are one of the purchasers of land from the Crown?—Yes; and from private individuals.

192. When did you settle there?—My son settled there directly after the first sale of land; I did not myself settle there till four years ago. We have resisted this rate on every opportunity that occurred. Very few of the settlers on the Waimate Plains were aware, when purchasing the land, that it was liable to the rate. The people who were living on the lands before knew of it, but those coming from a distance knew nothing about it at all. I was one of those who came from a distance and purchased land; and after I had purchased land I asked my son if he was aware that the land was liable to a rate for the New Plymouth Harbour Board and he said that he was not aware of it at first, and did not know of it till after he had bought his land; but even when we did know of it we did not expect to have to pay anything for twenty-six years. We thought that

the real guarantee for the harbour loan was the land revenue ; and that when the land was all sold we might have to pay a small rate. We did not complain about this ; but one reason why we objected to pay the rate at all was because we scarcely ever use the New Plymouth Harbour. It is about sixty miles away, and in order to get there we have to pass through about twenty miles of land which is exempt from the rate. There is a great deal of land around Hawera that is not liable for the rate at all, and it is very unjust for us, who live at a greater distance away, to have to pay the rate.

193. Then, there is an unrateable district between you and the harbour?—Yes ; a long strip lying close to the beach ; and to get to New Plymouth we have to go along the coast-road and get to Hawera, and then by railway to New Plymouth ; and we pass through twenty miles of settled country, that was settled long before we bought our land, and yet has not to pay any rate. The farming community in our district scarcely ever use the harbour, and the few who have used it have been very unfortunate.

194. How do you export your produce?—Our stock is shipped from Waitara. My son has been shipping cattle and sheep from Waitara, and has never shipped any from New Plymouth until quite recently. He shipped some for the first time the other day from there to Greymouth, and the only reason he did so was because the steamer came alongside the breakwater. He says he would sooner go ten or twenty miles beyond New Plymouth than ship at the New Plymouth Harbour. Another shipper could not get shipping at Waitara, and he shipped them to Auckland by way of New Plymouth, and they sold for only 5s. 6d. per head ; whereas I know if they had been shipped straight from Waitara they would have realised at least 8s. Another man I know of who shipped sheep at New Plymouth lost a number of them, which were drowned through mismanagement ; and another farmer I know of in our district lost a great deal by shipping cattle and sheep at New Plymouth.

195. Your contention is, then, that the facilities for shipping at New Plymouth Harbour are not complete?—Yes.

196. *The Chairman.* Then, those who need to use the harbour do not find sufficient facilities there, and the large number of those who do not use the harbour are called upon to pay a rate for it?—Yes ; and have no means to pay.

[Mr. Samuel asked leave to explain that the wharves now being erected would soon remove all cause of complaint, and make such losses impossible for the future.]

197. *Mr. Jones.* I understand you to say that you would not complain of a small rate : what do you call a small rate?—Three pence in the pound on the annual value. The annual value was computed at 5 per cent. on the capital value. Now it is taken at 6 per cent. on the capital value.

198. *Mr. Tanner.* When you purchased this land from the Crown, was that after the New Plymouth loan was floated or before?—After it was floated in 1879. The first sale of the lands was in 1880.

199. Then, when you purchased the lands, you were all aware that they were liable to a rate?—No ; a great number were not aware. The people living there knew it.

200. Was any reference officially made at the time when the Government threw the lands open for sale to the fact that it was liable to rates?—No ; it was not notified at all. But at the first sale, when Captain Wray, the Land Commissioner was there, the question was put to him by more than one, whether the land was liable to this rate, and he said that it was, but that it would be more than twenty-six years before it would be required ; and he explained about the 25 per cent. of the land revenue.

201. Did you look upon his answer as official?—Well, we thought it would be correct as coming from him. And after that, in 1881, there was a Commissioner appointed to examine the New Plymouth Harbour Works, and they were condemned, and we memorialised the House to adopt the report of the commission, and relieve us of the liability for the rate, for fear it should come sooner than we thought ; not that we cared anything about the harbour. However, the report was thrown out, and not adopted. Major Atkinson came round addressing his constituents, and he was aware of the sending of this memorial ; and he made this statement, and gave us figures : " That the area of land for sale in Taranaki District would be sufficient to realise a certain amount of money, and that the quarter of it would be falling to the Board, and so there would not be required a rate." And he said then that a small rate might be needed when all the land was disposed of. I believe that his statement was pretty well correct, if the method of dealing with the land had not been altered.

202. In other cases lands are made subject to a loan by consent of the majority of ratepayers. How was this land, the property of the Crown, handed over as part security for the loan : was it by Act of Parliament?—Yes, the Act of 1877, which provided that all the lands in the rating district were liable.

203. Then, land, both sold and unsold, was made liable whether the ratepayers were willing or not?—Yes.

EDWARD GODSAL examined.

204. *Mr. Samuel.* You are a settler at Otakeho, on the Waimate Plains?—Yes.

205. You have been deputed to come before this Committee and give evidence?—Yes. I think the settlers in my district consider that they are entitled to consideration in this matter owing to the fact that they had no knowledge of the rate at the time that they bought their lands, for if they had they would have given a less price than they did. At the first sale, in 1880, I may say that nothing was said in the Government plans or maps about the land being liable to a harbour rate. I never saw land, either at Home or anywhere else, more extensively advertised, or even to the same extent, as this land, and yet nothing was said in the advertisements about its being subject to a rate ; and nothing was said by the auctioneer at the October sales in 1880, until

Mr. Peat asked him if the land he was selling was liable to a rate. He then said, "Officially, I can say nothing; but the land is liable to a rate, but it is not likely to be required for some twenty-six years, and possibly not then." The same question was asked at the December sales in the same year. In 1882 I bought my land, and on that occasion the auctioneer said, "That the land was liable to a rate for the New Plymouth Harbour, but that it was not likely to be required for at least twenty years, and possibly not then." I had made up all my plans as to how much land I would buy, and the price I was prepared to give for it, and what was said about the land being liable to a possible rate at so remote a period did not induce me to alter my plans. No man would have taken into consideration the possibility of a rate being leviable in twenty years' time. I think we were entitled to a voice in the matter as to whether we were to be rendered liable for a rate or not. If there is a question of making a rate on my land I think I should have a voice in the matter. In this case I had no voice at all. In 1881 we had no less an authority than Major Atkinson, who told us that, in his opinion, a rate would not be required for twenty-six years, and after that time it would be at the most 3d. in the pound. That was before I bought my land. Then, I would say that the alteration in the tenure of land has thrust the rate upon us. I had believed Major Atkinson's calculations, which were based upon the system prevailing then of land sales. And I may say that the rate is most oppressive: it is almost impossible for some of the settlers to pay it, some cannot do so without borrowing to do it. I am fortunately in a position to pay it, having other means, but if I had not these other means I could not pay it without borrowing. My farm shows a loss, owing to the drop in the price of cattle; and I know many of the adjacent settlers who cannot afford to pay for the same reason. I happen to live as far off from the New Plymouth Harbour as any of them—four days' drive for fat stock to the harbour; and the trade of the district is done principally with Wellington *via* Patea and the railway, and with Auckland *via* Waitara.

206. *The Chairman.*] Then, your contention is that, as regards many, if not most, of the purchasers of this land, they were under the impression that the liability under which the land lay was only a nominal one, and would only occur, if at all, to a small extent?—Yes; they looked upon the rate in fact as a collateral security, the primary security being the land; and, if the alteration in the method of dealing with it had not been made, the rate would not have been required. Major Atkinson calculated that if thirty-two thousand pounds' worth of land was sold every year a rate would not be required; and this was not an extravagant estimate.

207. *Mr. Samuel.*] When Captain Wray made the statement referred to when he was selling the land, did he give any reasons for anticipating that no rate would be levied?—No; not at the sale at which I was present in 1882: about the other sales I cannot answer. I have not heard from any who were present at the other sales that any such reasons were given.

208. Did he not say that the reason he did not anticipate a rate was that the amount likely to be received from the land fund would be a large one?—I cannot say. [Mr. Bayly here stated: At the sale at which I bought my land Captain Wray was asked about the rate, and he replied that it was the opinion of a very high authority that it would not be required for twenty-six years, if at all, and certainly would not exceed 3d. in the pound. He gave no reason.]

209. *Mr. Jones (to witness).*] If it had not been for the severe fall in the value of produce, stock, and so on, would this difficulty have arisen?—Of course the settlers would have been in a better position if things had continued as prosperous as they were five or six years ago. Now they are in a very bad position at present. The bush-settlers are suffering very severely at the present time; they have had to go to great expense to clear their land, which is yielding them a very small amount. The injustice would have been just as great in any case. The Government altered the system of their land sales, and it is this which has brought on the rate. Most likely in ten years' time they will be in a better position to meet it than they are now.

210. *Mr. Tanner.*] How do you understand that the Government has altered the tenure?—By the deferred-payment system, allowing the capitalisation of land under the deferred-payment system, and by the system of perpetual lease.

211. Both of which came into operation since your purchase of land?—No; but since the harbour loan was raised. Land was sold to a considerable extent on the deferred-payment system in 1882, but the principle allowing the capitalisation of deferred-payment land has come in since.

THOMAS BAYLY examined.

212. *Mr. Samuel.*] You are Chairman of the Clifton County Council, and a large landowner in Taranaki?—Yes.

213. You are a member of an association that have consulted together in respect of this rate of the New Plymouth Harbour Board; and you have been resisting without success the enforcement of the rate, and in doing that your attention has been specially called to the circumstances under which the cause of its being struck arose?—Yes; I with others have consistently opposed the loan of the Harbour Board. Colonel Trimble and I came to Parliament in 1877. He was not a member at that time, but we were deputed by the Waitara people to oppose the loan. We forwarded a petition to the House at that time, and one to the Board; but we were unsuccessful, and the loan was carried out. We have consistently since that period opposed it at every step. We thought that it was involving the country in an unnecessary tax, a tax that we had no opportunity of recording our vote against, which we consider a great grievance. It was forced upon us against our will. Another point is this: when the lands were sold on the Waimate Plains (although I am not a resident, I am a landowner there) the question was put to Captain Wray, who conducted the sale, whether these lands were subject to the New Plymouth Harbour rate. He replied that the lands were subject to the rate, but that there would be no rate levied for at least twenty-six years (this was in 1880), if at all; and if it was then levied it would not exceed 3d. in the pound. We find now that, in place of that, it has been levied within eight years, and that, in place of its being 3d. in the pound, it is 1s. 3d. The settlers were always led to believe that the rate would not



exceed 1s. in the pound, and there has been a good deal of argument about it. They were told positively that it could not exceed 1s., whereas it has now been increased to 1s. 3d.

214. *The Chairman.*] You are speaking only of the harbour rate?—Yes; it is equal to 1s. 3d., being  $\frac{3}{4}$ d. in the pound on the capital value. The people of Waitara, who are only twelve miles from New Plymouth, have a harbour of their own sufficient for all their purposes; and they are well satisfied with their harbour, and there is no rate for it. Notwithstanding this, they are called upon to pay a rate for the New Plymouth Harbour, where they do little or no trade. I may mention that the lands belonging to the Waitara Harbour Board are liable to pay the New Plymouth Harbour Board rate. I am pointing out the inconsistency and the hardship of this matter.

215. Do you mean to say that the land which is the property of the Waitara Harbour Board pays rates to the New Plymouth Harbour Board?—Yes; and is still vying with them for trade; and it is handicapped in this way, and so is the land lying right round the harbour, whether private or Board's land. I have been understood to be one of the great opponents of the New Plymouth Harbour rate from the beginning. I have had an account rendered to me by the Board, with a threat that if I did not pay my rates within a certain time proceedings would be taken against me. Judgment has been given against me, and I have not paid the amount, but probably I shall be compelled to, and I take it as next to confiscation. These are the complaints that we have been labouring under for a long time; and, taking the great number of settlers, I feel sure that they will be unable to pay the rate. They are mostly dairying people in a small way, and they get a very small price for their produce; and I think they are really unable to pay the rate in many cases; and it is taken generally to be a very great hardship.

216. *Mr. Tanner.*] How do you propose to be relieved from this hardship?—The Government might take the thing over.

217. That is the only proposal you have; the only way you can think of of getting relief?—Yes; for the Government to take over the Board's assets and liabilities.

218. Have you a rate or are you liable to a rate for the Waitara Harbour?—No.

219. You have a loan, have you not?—Yes; but no rate: the interest is found by the harbour dues and the endowments.

220. The dues and the value of the endowments are sufficient to pay the interest?—Pretty well.

221. But supposing they are not, are you then liable for a rate?—No.

222. *Mr. Jones.*] Have you a loan?—Yes.

223. What security is there for the payment of the interest?—The dues arising from the harbour and the amount of the money arising from the endowments.

224. And if they fail, would the lenders have to go short?—Yes; they lent the money on this security.

225. *Mr. Tanner.*] What is the amount of the Waitara Harbour loan?—£21,000.

226. Was it floated locally?—Yes.

227. At what per cent.?—At various rates. It was borrowed in different sums from different people. The rates were 5, 6, and 7 per cent., I think, with a sinking fund in each case, and there has been a great deal of sinking fund accumulating against it.

228. *Mr. Jones.*] Do you keep up your sinking fund?—Not fully; it is somewhat behindhand.

229. What have you got in hand?—About £5,000 or £6,000, not more.

230. *Mr. Tanner.*] What is the port the people in your district mostly use?—The Waitara Harbour; and the harbour receipts are some £2,500 per year.

231. Has your loan been expended on improvements on the Waitara Harbour?—Yes; it has all been so expended.

232. Do you propose to borrow any further for improvements?—No; we do not see our way to do so at present.

233. Are the improvements permanent so far as they have been made?—Yes.

234. You stated that the settlers were told that the rate for the New Plymouth Harbour would never exceed 1s.: who told you that?—Major Atkinson, for one, and Captain Wray.

[Mr. Samuel was here allowed to state: We have had a Supreme Court case about this matter. In 1882 the Rating Act of 1876, which had to do with the annual value, was repealed, and an Act was passed to enable local bodies to have their valuation done for nothing by the Property-tax Department. It then became necessary to take the capital value, and it became therefore necessary to fix some rate on capital value equivalent to a rate on the previous annual value; and it was decided by the Legislature that  $\frac{3}{4}$ d. should be equal to 1s. Therefore, wherever there had been a limit of 1s. annual it became  $\frac{3}{4}$ d. capital. This has had an effect which was not contemplated at the time, as it actually now makes a rate of 1s. equal to one of 1s. 3d.]

235. *The Chairman* (to witness).] Are you a member of the Waitara Harbour Board?—Yes; I am Chairman of the Board.

236. We have had some evidence previously as to the amount of rates in the Borough of New Plymouth, and you stated that the Board rate was 1s. 3d. on the annual value: are there any other local rates at Waitara, such as county or Road Board rates?—Yes; there are the Town Board rates and the county rates.

237. What would they amount to on the annual value—that is, all the other rates besides the harbour rate?—To about 3s. in the Waitara Township. The rate for the Taranaki County is  $\frac{3}{4}$ d., which would be equal to 1s. 3d. Then, the town rate of  $\frac{3}{4}$ d., equal to 1s. 3d., and a charitable-aid rate of about  $\frac{1}{4}$ d., equal to about 5d.

238. That is, within the township?—Yes.

239. What are the rates in the country districts outside the township?—The Taranaki County rate of  $\frac{3}{4}$ d.; the harbour rate of  $\frac{3}{4}$ d.; Road Board rates, some  $\frac{3}{4}$ d. and some  $\frac{1}{2}$ d., as a rule  $\frac{3}{4}$ d.—that would be 3s. 9d.; and the charitable-aid rate of  $\frac{1}{4}$ d., or 5d. in the pound—making in all 4s. 2d.; and in one or two cases there is a special rate.



MONDAY, 12TH DECEMBER, 1887.

Mr. G. A. MARCHANT, M.H.R., examined.

238. *Mr. Samuel.*] You are member for the Taranaki District, and know the whole of the circumstances in the harbour rating district?—Yes.

239. You have heard, amongst other things, the complaints of the settlers who are described as being in a very bad condition at the present time: that they are in very depressed circumstances consequent upon the low price of produce, and that this is increased by the rate that has now been struck?—There is no doubt that that is so.

240. Can you say anything of your personal knowledge?—Yes; I know the condition of affairs pretty intimately. I did not hear Mr. King's or Mr. Samuel's evidence, but I heard that of the four other witnesses who were examined on Thursday, and of Major Atkinson to-day. There is no doubt that the settlers are in a very depressed condition, and that the present rate is intensifying the depression. I may say that I am a member of the New Plymouth Harbour Board and have been for the last three years, and of course I have watched the current of events pretty closely. It appears to me that a great deal, if not most, of the present trouble, is due to the alteration in the system of the disposal of the land, and to the very great falling-off in the settlement of the land during two particular years; and I have obtained some official figures that will corroborate what I say. In 1881 there were sold for cash 15,700 acres, and on deferred payment 24,535 acres; in 1882 there were sold for cash 26,500 acres, and on deferred payment 13,818 acres; in 1883 there were sold for cash 20,150 acres, and on deferred payment 12,374 acres; in 1884 there were sold for cash 5,150 acres, and 5,800 were disposed of on deferred-payment and perpetual-lease systems (the fact being that in 1884 and the following year there was scarcely any energy shown in the way of throwing-open lands for settlement in the Taranaki District); in 1885 1,437 acres were disposed of for cash, and 3,000 on deferred payment and perpetual lease; in 1886 796 acres were disposed of for cash, and 19,000 on deferred payment and perpetual lease; in 1887 51 acres were disposed of for cash, and 20,600 on deferred-payment and perpetual lease. My object in going into these figures is to show the extent to which the Harbour Board's revenue has suffered through the alteration in the method of disposing of the lands, and it shows it in this way: In 1881 the Government only received £12,500 from the lands sold on deferred payment, whereas if they had been sold for cash at the same rate they would have realised £147,210 (the basis I have calculated upon is the price which land sold for cash realised in that year); in 1882 £13,129 was received by Government for land sold on deferred payment, which if sold for cash would have brought in £41,454; in 1883 the land sold on deferred payment realised £18,131, whereas if sold for cash it would have realised £43,000; in 1884 £22,000 was realised for land sold on deferred payment, which if sold for cash would have brought in £8,000 (you observe that there is here a great reversal in the proportions; this is because the deferred-payment instalments had been coming in from land sold in previous years); in 1885 the amount received from land sold on deferred payment was £18,000, while £6,000 would have been the amount of the same land sold for cash; in 1886 £15,100 was received for deferred-payment land, while £23,750 would have been received for lands sold for cash (this alteration again in the proportion of the figures is in consequence of the introduction of the system of capitalisation under the deferred-payment system, which was introduced this year); in 1887 £15,000 was received for land on deferred payment, while £25,000 would have been received if the land had been sold for cash. Adding all these sums together the sum of £113,860 was received by the colony in these seven years for land sold on deferred payment, whereas if the land had been sold for cash at the same price £294,414 would have been realised. But I recognise that it is not fair to reckon that as much would have been received for the land if it had been sold for cash as when sold on deferred payment; and therefore I allow a difference of 25 per cent., which brings the amount to £235,531 that we might very naturally have expected the land to realise. Deducting from this the sum of £113,860 that actually was received, you have a difference of £121,671 lost to the colony by the deferred-payment system. The Board's share of this sum would have been £30,400, and that amount would have been received by the Board if the lands had been sold for cash instead of on the deferred-payment system, in addition to a further £6,000 or £7,000 which would have been received if more energy had been shown in 1884 and 1885. I do think that if the Board had had this increase of revenue in these years this rate would have been rendered unnecessary for a good many years to come, that settlement would have gone on progressing, and that the rate would be as far off now as ever; whereas it has now fallen on the district, and has become a grievous burden, the settlers being hardly able to make two ends meet. Another point is this: this rate will have such a prejudicial effect on settlement, and will be a great drawback to people who might otherwise be willing to take up land, but who would not do so if they knew that directly they occupied it they would be liable to a rate. Mr. Tanner asked a question with regard to the deferred-payment system—as to whether it was in force at the time the loan was raised. I am not quite sure when the deferred-payment system came into force. But for a good many years it was a different one to what it is now. Previously, the deferred-payment settler was obliged to pay his instalments regularly, every six months, and, if he did not, his land was handed over to some one else who would pay; whereas, under the capitalisation system now in force, the settler can get off with paying very little, and the revenue suffers in consequence.

241. *Mr. Tanner.*] What would have been done with these amounts that would have been received by the Board from the purchase of the land? What does the Board do with the amounts they receive?—They are placed on deposit in the bank, and receive 5 or 5½ per cent. interest.

242. Then, this would help you to meet the interest on loan?—Yes, certainly; the money would have been earning compound interest.

243. *Mr. Larnach.*] Would the Board be entitled to 25 per cent. on all lands sold under the deferred-payment system?—Yes.

244. Then, why should the sale of land in this way reduce the income of the Board?—Because the instalments come in so slowly.

245. But the Government is a trustee for the amount?—Yes, so far; but what we want is the actual money.

246. It is true that only a small portion of the value is paid of the purchase-money, but does not the rest remain to the credit of the Board as between the Government and the Board?—The Board gets nothing until the settlers actually pay the amount. If it were otherwise this difficulty would not have arisen, but the difference is this: We will say that the Government sells an acre of land for £4 cash; of that the Board would receive £1 down at once; whereas, if the land were sold on deferred payment, all that the settler pays is one-tenth every year, and the Harbour Board, therefore, would only get 2s.

247. But, as the Board is entitled to a quarter of the price, it appears to me that it should make little difference to the Board whether it gets the money immediately or hereafter, as between the Government and the Board. You are entitled, whether the Government sells the land for cash or on deferred payment, to 25 per cent?—If the Government would give the 25 per cent. to the Board forthwith nothing more would be asked for. But the Board does not get the money, and the consequence is that the rate has had to be imposed.

248. I understand from you that it is only a question of time; it does not militate against the claim of the Board getting its 25 per cent.—this deferred-payment sale?—No; the Board will get it, unless the land on which deferred payments have been capitalised become turned into perpetual leasehold.

249. Is not the deferred-payment system only a temporary inconvenience to the Board?—It is an enormous loss of interest as well. If the Board received its share at once, and the money were placed on deposit, it would be receiving large sums for interest, and the capital would be available also for the purpose of meeting the debentures; whereas now it is not so. This is a great grievance.

250. *The Chairman.*] It seems to me that the difficulty is arising more in respect to perpetual-lease lands than deferred payments; because, as regards deferred-payment lands, the instalments are 10 per cent., and consequently it would only take ten years to get the whole proportion; but in the case of perpetual leases the Board only get a quarter of the 5 per cent. per annum?—Yes; but I want to point out this, as regards the deferred-payment system: the capitalisation system has been introduced, which enables deferred-payment settlers to capitalise, and pay 5 per cent. on the sum so arrived at, and the Board comes out worse therefore under the perpetual-leasehold system.

251. *Mr. Tanner.*] There seems to me to be two grievances—one of the Board and the other of the ratepayers. It does not seem to me that your evidence has succeeded in establishing a grievance on the part of the Board. I think I understand you to say that, supposing an acre of land sold for £4, the Board would have got £1 under the direct-sale system, and this would have been deposited at 5 per cent. and yielded 1s. in the pound; under the deferred-payment system the Government gets only 8s. a year, of which the Board gets one-fourth, or 2s. Is not the Board, then, in a better position under the deferred-payment system, under which it receives the 2s.?—No; because it still, after getting 5 per cent. interest, has the £1 capital at its back; and, more than this, I lay particular stress on the fact that the system has not remained pure and simple. If it had remained so there would not have been this trouble; but these payments have been still further capitalised of late years, and bring in a mere nominal sum.

252. *Mr. Stuart-Menteth.*] But in any case we understand that even when put into the bank the money not only yields interest, but the capital sum is there to make up the payment of interest?—Precisely.

253. *Mr. Tanner.*] How could you use the money if it was deposited at interest? You could not utilise it until the end of the time for which it was deposited?—We used to deposit it at fixed terms; it is a mere matter of financing. But what I want to point out to the Committee is that if the Board had £100,000 capital it would bring in £5,000 a year interest. Well, that would not be enough to pay the whole of the interest to the bondholders, but the Board could draw on the capital sum for the difference that was needed. But, in all probability, the Board would not require to do that, because land would still be sold annually, and, in addition to the interest of money on deposit, fresh land revenue would be constantly coming in to the Board, and it would, in all probability, not have to draw on the capital sum at all to make up the difference.

254. Two shillings a year for ten years would make £1?—Yes; but I want you to bear in mind the capitalisation question. I have not worked out the figures; but if you do so I think you will find that the Board is very much worse off under the capitalisation than under the leasehold system. As to the question of raising the rates of imports at New Plymouth and Waitara, I would like to impress on the Committee that, if this is done, certainly Patea ought not to be allowed to import goods at a low rate. The three harbours are within a small compass, and are connected by rail, and I have considerable doubts as to whether it would be at all fair to raise the charges at New Plymouth and Waitara, and allow them to remain at a low rate at Patea. It would be handicapping the two ports unfairly, and throwing a lot of trade into Patea; and the consequent result would be nil as far as increasing harbour revenue at New Plymouth is concerned. I want the Committee to bear this other fact in mind: the Board has not enough funds to keep faith with the bondholders.

255. But you have funds enough under a rate?—No; we are rating now up to the full limit, and this is not sufficient: there is about £4,000 a year short after the imposition of the full rate; and there is no doubt that it is the alteration in the system of the disposal of the land, and the

very little energy displayed during two particular years in throwing the land open, that is responsible for the present very difficult position.

256. *Mr. Larnach.*] Was it in 1879 that the Board first participated in the land sales?—Possibly. I do not remember myself.

257. There were no deferred-payment lands sold during that year?—No; I do not think there were; but, if there were, the amount would be small, and not a factor in the question at all, as it was deferred payment pure and simple.

258. The question of deferred payment did not crop up till after two or three years?—In 1881 was the first year it came into prominence.

[*Mr. Samuel* was here permitted to make a statement to explain what fell from *Mr. Marchant*: I wish to show how the district suffered by the change in the land tenure. Since 1880 69,000 acres have been sold for cash, which realised £243,000; 84,000 acres have been sold on deferred payment, upon which £21,000 has been paid. From 1884 to 1887 15,000 acres have been disposed of on perpetual lease, for which £2,300 has been paid. It will be seen that this makes £243,000 from 69,000 acres sold for cash; while only £21,000 has come from 84,000 acres—a much larger amount—of deferred-payment. As against this has to be taken the fact that, no doubt, the land disposed of for cash was much superior to that disposed of on deferred payment. But this tends to show how settlers have been misled in thinking that the land revenue would continue as it was at the time they settled in the district. I have some more information for the Committee, which the Committee requested me to obtain, as to the exports and imports in the last three years. In 1885 the imports were 8,592 tons, and the exports 2,993 tons (I cannot get the relative values, as they are most of them transshipments from other ports); in 1886 the imports were 9,619 tons, and the exports were 3,071 tons; in 1887 (eleven months) the imports were 7,921 tons, and the exports were 3,559 tons;—adding one month's proportion to the latter, would make 8,641 tons of imports, and 3,882 tons of exports. This would show that the amounts of imports do not vary very much, but that the exports are steadily increasing every year.]

259. *Mr. Tanner* (to *Mr. Samuel*).] Could you give any information as to what the exports consist of?—I am sorry to say that the Board can only give a number of different headings, without any particulars or any relative amounts. The exports consist chiefly of butter and cheese, wool, fungus, hides and cattle, horses, and sheep. We send a lot of the latter away to the west coast of the South Island, and also to Orehunga and Auckland.

260. But the cattle, sheep, and horses are not included in the tonnage you gave?—No.

261. Do I understand that the tonnage you gave only refers to these exports that you have mentioned?—Yes; and grass-seed.

262. Are there any exports of roots, potatoes, &c.?—I do not think so; at any rate it would be small.

263. Have you anything to show how many bales of wool are exported annually?—No; I have nothing to show that. I have no doubt that it could be obtained, but it would take some little time.

264. Is the wool-export increasing?—I think that it is increasing.

265. *Mr. Tanner* (to *Mr. Marchant*).] Is there any anticipation of a much larger increase of the wool-export?—Undoubtedly, as the clearings become more adapted for sheep. There will soon be large flocks of sheep depastured there. I would like to emphasize what has been said about the depression of the settlers, and the serious loss there will be to the district and the colony also if some means are not derived for relieving the settlers from payment of some portion, if not the whole, of the rate. An immense quantity of land has been taken up and is in course of improvement, all of which will lie unimproved for years, and yield little taxation to the colony, and support but few settlers if the full rate is cast upon it. I feel very strongly that the welfare of the district demands some means by which settlers may be relieved from at least a part of the rate. I wish to lay particular stress on the point that the imposition of this rate will strangle future settlement. People will not be found willing to come and settle in the district with this 1s. 3d. rate on it if they can go elsewhere and get fair land exempt from such a rate; and the effect will be that there will be no prospect of the rate ever getting smaller. One point has not been mentioned with regard to the amount of rates at present levied on the country districts; and that is this: in several parts there are special rates imposed for special purposes. Money has been borrowed from the Government for purposes of road-formation and metalling for the benefit of special communities, who have rendered themselves liable to special rates. In some instances these amount to as much as 2d. on the capital value, which is equal to about 3s. 6d. in the pound on the annual value of the land. That is in addition to the burdens alluded to before.

APPROXIMATE RETURN of EXPORTS from the PORT of NEW PLYMOUTH. (Information subsequently supplied by *Mr. Samuel*, M.H.R.)

	1885.	1886.	1887.*
Wool	£3,060	£3,000	£3,000
Fungus	5,122	5,480	7,663
Butter	30,396	25,239	30,417
Leather	350	675	1,400
Flax	306	72	450
Hides	2,062	3,186	4,465
Grass-seed	2,198	2,446	5,366
Horses	1,008	720	340
Sheep	906	1,855	2,168
Cattle	3,386	3,055	3,974
Pigs	6	...	78
Tallow	1,615	1,080	1,080
Total	£50,355	£46,808	£60,401

\* Eleven months to the 30th November, 1887.

Hon. Major ATKINSON examined.

266. *The Chairman.*] You are aware of the scope of the present inquiry, and we have been informed that you would like to give the Committee some information that might be of value; and we would like to hear what you have to say on the matter under consideration?—I do not know that I can give you any information that will be of any value, further than a statement of my own opinion as to the question in hand.

267. *Mr. Samuel.*] You have not heard the evidence that has been given. Evidence has been given by some of these settlers who purchased land in the district that they did so under the supposition that no rate would be required to be levied for a long time to come; and that that supposition was gathered from the words of the Government Agent, who sold the lands, and from your own remarks made on one or more occasions when you were addressing your constituents. Can you give us any explanation of the grounds which led you to make such remarks?—I did not know that the Government Agent had made any such statement which could induce the purchasers to believe that. That is new to me, as far as my memory serves me; but I made a statement on several occasions when I was addressing my constituents, based on official figures, and grounded on what I believed was the amount of Crown land—or, rather, I should say, the acreage of Crown land—which was at that time available for sale within the Provincial District of Taranaki, one-quarter of the selling value of which is secured to the Harbour Board by Act; and the estimate I made was based upon the amount of land still unsold in 1881; and I estimated that, if land to the value of £32,000 was sold in each year—and my own opinion was that a considerably larger quantity than that would be sold—the quarter of that amount, which the Board would be entitled to, would be sufficient, with the income of the Board, to protect us against a rate until the whole of the land was sold, which would not be for a period of somewhere about twenty-six years. And, as member for the district, I gave my opinion, based upon this calculation, that there would be no fear of a rate within that time; and I think that, had land sales continued—which I had at that time every reason to expect—there is no reason to doubt that there would have been no rate for about that period. It is simply a matter of calculation; there would have been no rate wanted to make up the difference. But the deferred-payment system has since come into force, and it has gradually grown to such an extent that the whole of the sum realised by land sales during the last year only amounts to a few pounds. The perpetual-lease system also came into operation as well; and the consequence is that, as in the Taranaki District the latter tenures seem to be preferred, the Board has been put into the position of being obliged to strike a rate.

268. It has been represented by all the witnesses that there is great depression throughout the district, and that a great many of the settlers are quite unable to pay the rate which is now levied, on account of the market-price of produce being very low, and a number of other causes. Do you know anything about the matter with regard to the settlers' ability to pay this harbour rate, in addition to their other taxes?—I am not intimately acquainted with the personal affairs of the settlers, but there is no doubt that there is great depression. These settlers, many of them, bought land at a very high price, and stock and produce are now practically worth nothing, so that I should think that it is quite true that they would have enormous difficulty in paying the rate, if they could do it at all. But I am not prepared to give evidence on this point, except in so far as I have received it from others.

269. This is also serious, is it not, in respect of depriving the district of good settlers?—I should think so; it makes the rate fall very heavily.

270. We have it in evidence that 616,000 acres of land in Taranaki are now the property of the Government, and available for sale: is that the case?—That was not my estimate, speaking from memory; it is larger than my estimate.

271. The figures were given by Mr. George, who said that he had obtained them from official sources?—But that is not all agricultural land. My figures, which I gave in 1881, speaking from memory, were based on 450,000 acres of really good agricultural land.

272. But there have been large acquisitions since then, have there not?—Perhaps; I cannot charge my memory with the amount.

273. *The Chairman.*] Although Mr. George gave the larger area, he only calculated it as being worth an average of 15s. an acre owing to some of it being of an inferior quality?—Then, possibly, our calculations would amount to the same thing.

274. *Mr. Samuel.*] You are aware that the colony is liable to the Board for rates under the Crown and Native Lands Rating Act?—So I understand; it is a lawyers' question.

275. It is the case, is it not, that all lands which may be purchased in the district from Natives in the future will become liable to the Board's claim for 25 per cent. of the proceeds of such lands? Yes; that is so.

276. Do you not think that it would be advantageous to the colony if it were to assist the Board to meet its engagements: to make such arrangements as may relieve the colony from the Board's claim of 25 per cent. on the lands now possessed by the Crown, and which the Crown may hereafter acquire?—I should not, as Colonial Treasurer, like to answer that question until I saw the proposal and could fully consider it.

277. But does it not seem to you worthy of consideration?—I should have great doubt about it in this form. My own opinion is that, if it is necessary, authority should be given to capitalise a certain portion of the deferred-payment receipts, and so raise sufficient money to meet the deficiency. That is the form I, as Colonial Treasurer, should prefer; and I take it that the settlers would not care, so long as they were relieved. I could not, as Colonial Treasurer, entertain any proposal which implied that the Government were prepared to take over local liabilities.

278. From what you know of the circumstances of the raising of the loan, and of the state of affairs at the time the loan was raised, and of the alteration in the state of affairs since it was

raised, with regard to land disposition, do you think the settlers have a fair claim for some relief?—Undoubtedly they have within the land fund. The colony having, for reasons of policy, altered the mode of disposing of their lands, within those limits relief ought to be given; and I think it can be given.

279. This Committee is sitting more for the purpose of inquiring into the state of facts than for suggesting a remedy; but do you not think that some remedy might be suggested which would not throw any burden on the colony, and which would yet afford relief?—Yes.

280. *The Chairman.*] Perhaps, from your local knowledge, you might explain this. It has been stated by various witnesses that the Government Agent, at the time that these lands on the Waimate Plains were being sold, on being asked as to whether the lands were liable to a rate, explained that they were liable to a rate, but that it was not likely that such rate would be levied for some twenty-six years; and he also is reported to have said that the rate would not, if levied, exceed 3d. in the pound?—That statement was made by me.

281. It was also stated by witnesses that you had, in addressing your constituents, represented the same thing. Now, what I want to get at is this: It was contemplated that this 3d. in the pound might be necessary at the end of twenty-six years or so; but now, the land sales having ceased, how does it happen that a rate of 1s. 3d. is now required? It would seem that at that period 1s. 3d. would also have been required?—If the 450,000 acres which the colony then had available for sale had been sold at the rate of £32,000 worth a year the Board would have received £8,000 a year available for paying interest, and the land itself would all have been occupied and have become liable to taxation; and therefore on that calculation it was thought that a rate of about 3d. in the pound on the annual value would be sufficient to pay any deficiency there might be in the last two or three years before the loan should run out.

282. It was calculated, then, that the Board's proportion of the land sales would have provided for the liquidation of the capital sum of the loan by means of the sinking fund?—Yes; with the other receipts of the Board.

283. *Mr. Larnach.*] You estimated that £32,000 a year would be the amount of revenue from the land sales?—I did not estimate it; I said we were sure of getting 25 per cent of that sum annually. That was my opinion of the minimum that we should get, and if we got more so much the better, because the Board's land revenue was paid into a fund, and accumulated by interest year by year.

284. Was there any understanding, in selling the land, that a rate would not be levied?—No; I should say not.

285. Then, the purchasers had an idea that there was this possible contingency?—There is no doubt that some of them knew about it; but a large number of them never knew anything about the rate until it was levied, and it is this that makes them so angry.

286. That is to say, just as the settlers who purchased land in the early days could not have anticipated a property-tax?—No; it is more like the case of the Waimea Railway rates. Those men had bought land in the Waimate Railway District not knowing it to be subject to the rating-power.

287. You have no doubt in your mind that the deferred-payment and perpetual-lease systems have affected, in the Taranaki District, the cash sales, as they have done in other parts of the country?—In one sense I have not. I should not like to say there would have been as large a quantity of land disposed of in this district if the land had been sold for cash, because I think the deferred-payment and perpetual-lease systems have been a great boon to the district; but those systems stopped the sales for cash to a certain extent. I do not think that, looking at the district, £32,000 a year is anything but a minimum amount that we should have received, and that would have yielded £8,000 a year to the Board.

288. *Mr. Larnach.*] I understand that no rates have been levied as yet?—Yes; one has lately been levied, and it has been paid by most of the people.

289. You do not attribute the depression to the fact of the rate being levied?—No; but the fact of the rate being levied has tended to intensify the depression.

290. Is it not likely that the continuance of the deferred-payment system and the perpetual-lease system will tend to prevent cash sales in the future?—Yes; but the difficulty could be got over if enough land was sold on deferred payment to bring in £8,000 or £10,000 a year. But we ought to be allowed to capitalise this revenue in some form so as to supply sufficient funds.

291. *The Chairman.*] How would such capitalisation affect it? Would you pay the capital sum into the sinking fund?—Yes. We should capitalise as much per year as would enable us to raise money on its security to pay the interest.

292. *Mr. Larnach.*] You would propose to capitalise what the actual deferred-payment sales would realise each year?—Not so much as that if we could do with less.

293. Would you go back to the first sales?—No; we could not do that, as we have used the money.

294. You have only used what has been paid in cash, not what is to come?—Yes.

295. *Mr. Tanner.*] You estimated £32,000 of land sales yearly, do you mean that for a period of twenty-one years?—For twenty-six years from 1881.

296. And then you said that you had a right to anticipate that your estimate would have been realised had the system of land tenure not been changed?—Yes.

297. Was not the present system in force at the time that the New Plymouth Harbour Act was passed?—No; not for three or four years afterwards.

298. That was passed before the present regulations came into force?—Yes; the date of the enactment which first authorised the loan was 1874.

299. And at the time the Act was passed lands were only sold for cash, not at all on deferred payments or perpetual lease?—I would not say that positively. There was a form of deferred payment under the provincial land law before the provinces were abolished, but it was always looked

upon as subsidiary. As a matter of fact, the loan was raised, I think, after the House had passed the Land Act authorising the deferred-payment system. But no one thought, at that time, that system would be the only system under which land would be taken up. At any rate I had no idea that it would be so when I made my calculations.

300. But when you made those calculations was the system in force?—Yes.

301. *The Chairman.*] As a matter of fact, I suppose the perpetual leasing system has interfered with the land sales for cash more than the deferred-payment system?—Possibly. I do not know the relative proportions.

302. *Mr. Tanner.*] This harbour loan is under a system quite different from other harbour loans, inasmuch as the Government of the colony undertook to pay a quarter of the land fund arising from land purchased in the Taranaki District?—It was done in the provincial days when the land fund was provincial revenue, and I suppose that the House—certainly we did so—looked upon it as if we were merely giving up a portion of our own land revenue for what was considered a colonial work.

303. Then, the people residing in the district were not in any way consulted as to the loan?—A great portion of the land at that time saleable was confiscated land, which was not occupied by settlers. There were just the old settlers round the town and a few settlers down by Patea and Hawera.

304. Then, the great difference between this and other Acts is that in this case there was no poll of the ratepayers?—No.

305. It was looked upon as a colonial work?—Yes.

306. You said that you believed that relief could be given: are you in a position to state in what way it could be given?—I could not give particulars, but I have thought of two ways. The landing-charges at the port ought to be very much increased. I can see no reason why New Plymouth and Waitara should be competing against each other to each other's detriment. Considerably higher landing-charges should be fixed by law for both these ports. They compete with each other, and one cannot raise its dues without the consent of the other. There is a great deal of local jealousy, and I cannot see that it would hurt any one to levy a fair landing-charge at each of those ports. If a tax is to be levied at all it ought to be levied on the consumers of imported goods and not on the lands.

307. *The Chairman.*] Nor on the exporters?—No; it should be levied on the importers, and then everyone would pay a fair share.

308. *Mr. Tanner.*] You advocate, in fact, a tariff rate on the importers?—Yes, and I think this would get both Boards out of their difficulties.

309. You are aware that the Waitara people are liable to rates for the New Plymouth Harbour Board?—Yes; they have no harbour rating district of their own, and no other harbour rate to pay. The Waitara Harbour Board borrowed about £21,000, and it is in arrear with its interest now.

310. And yet it has to pay rates to the New Plymouth Harbour Board?—No, the Board has not to pay rates except on its land endowments, but the settlers in the district have to. They were liable for the New Plymouth Harbour rate before the Waitara Harbour Board raised any loan. The Waitara Harbour Board have no power to levy a rate, only harbour dues; and if these harbour dues were increased that Board would be out of its difficulties altogether. They are in the same difficulty at present as the New Plymouth Harbour Board. But it is clear that the settlers in the district ought to pay upon the goods imported through the harbour, and not upon the land; therefore I should like to see the landing charges considerably raised, and any difference made up by permission being granted to capitalise the deferred-payment land revenue, so as to supply a sufficient amount to pay interest. But I believe that there would be very little difference to make up if the landing charges were raised to a fair rate.

311. *Mr. Larnach.*] I think I understand you to say that any Native lands which may be acquired by the Government in the future would come under the present 25-per-cent. arrangement. Is there much of this land still to be acquired?—Yes, a good bit.

312. *Mr. Tanner.*] Have you been made aware of Mr. George's scheme for the colony to take over the assets and liabilities of the Board, by which scheme he shows that the colony would be a gainer?—No, I have not. I saw a scheme propounded by my late opponent, Mr. McGuire; but I do not think the Committee would think it very practicable.

313. *Mr. Samuel.*] I understand that you have sketched out your views very cursorily, but if the Committee were to think that the affairs of the Board should be submitted to Government for consideration as to what relief might be afforded to the settlers without injury to the colony, you do not look upon this as a final answer?—I have no doubt I could devise a scheme that would be practicable, but I have been too fully occupied this session to do anything of the sort.

314. But during the recess some scheme might be devised?—There is no doubt about it.

315. *Mr. Larnach.*] As a matter of policy—in reference to devising a scheme for relief of this kind—do you see any objection to the Government considering it, seeing the number of Harbour Boards there are in the country?—No, not so long as it is confined within present privileges. I have no idea outside of that, but within that I think it could be done reasonably. The position of the New Plymouth Harbour Board is exceptional, no other harbour having any claim to colonial land revenue.

316. *Mr. Samuel.*] You look upon the 25 per cent. of the land revenue as an endowment of the Board for the construction of the harbour, and your scheme would take the form of allowing the Board to capitalise a portion of this endowment so as to enable it to meet its engagements?—Yes; merely to get over the difficulty which is induced by the development of the deferred-payment and perpetual-lease systems, to make provision to use, in a satisfactory way, the Board's share of the Land Fund under its changed circumstances.

317. *Mr. Larnach.*] Any scheme which came before you in connection with this particular case you would be prepared to consider with regard to any other Harbour Board hereafter?—Un-



doubtedly. I think that if Parliament is made aware officially that any Board is in difficulties, and that relief can be given by legislation, confined to its original privileges, it ought undoubtedly to be done. I do not believe at all in increasing rates between the bondholder and the ratepayer. If the bondholder lends his money on a shilling rate, he has no right to demand a rate of more than a shilling.

318. It is merely a question of the State fathering the responsibility as it were?—I would not father the responsibility at all. I should carefully guard myself against that. I should only give relief within the original concession. I hope I have made myself quite clear to the Committee that I have guarded myself carefully against going beyond that.

319. *Mr. Jones.*] Do you mean that the bondholder in this case is getting more than he was entitled to?—No, but there has been some talk, and there is some talk that, if a shilling rate will not pay, we ought to put on a two shilling rate. But I hold that where money has been borrowed on a specified rate, no one ought to levy a larger one.

320. But  $\frac{3}{4}$ d. is a larger one than was specified, is it not?—It is in some cases, and not in others, and it was fixed by Act of the Assembly. I think that the ratepayers would have some grounds to come to the Assembly and say, "This is making it more, and we ought to have relief to this extent." If ultimately  $\frac{3}{4}$ d. on the capital value is found to be much over the 1s. in the pound on the annual value, I think it ought to be altered in Parliament. But if the price of cattle were to go up it would not make so much difference. As a matter of fact when the change was made the  $\frac{3}{4}$ d. capital value was less than the 1s. annual value, and power was given to the Controller-General to raise the rate when it was found necessary, so as to make it equal to one of 1s. capital value. The shilling rates were taken all over the colony, and an average was struck, and it was found that in the country districts 1s. in the pound was a little more than  $\frac{3}{4}$ d., but in the big boroughs it was less.

321. *Mr. Tanner.*] If the shilling rate is not sufficient to pay the bondholders their interest, how should it be provided for?—That is a serious consideration. I am not prepared to make a statement, but no doubt we have no right to put it on the ratepayers, because the latter have the same claim on the colony as the bondholders.

322. *Mr. Larnach.*] Then the only alternative would be the colony?—I should not like to say that. But the ratepayers are as much a party to the bargain of the shilling rate as are the bondholders. I cannot see how the bondholder can have any claim on the ratepayer over the shilling, because he was aware when he lent the money that there was a limit to the rate. Wherever the money has been borrowed on a general rate, Parliament would be bound to see that a sufficient rate was put on, because the security given is unlimited; but where a limit is specified I cannot see that the bondholder can go beyond the limit any more than the ratepayer.

323. *Mr. Tanner.*] Do you not think that the bondholder would be entitled to recover from the colony?—No, no more than a private mortgagee would.

324. *Mr. Samuel.*] You look on it merely as a question of expediency, that it might be expedient to provide funds for the bondholder?—That is quite another question.

325. But your opinion is, as a question of expediency, that it affects the whole colony, and not a particular district?—As a matter of public policy I should wait till the time came and then decide how to act. But I cannot see that, as a matter of expediency, we should put it on particular ratepayers who have fulfilled their share of the contract. I have heard it suggested that Parliament should increase the special rate; but I dissent entirely from that.

326. *Mr. Larnach.*] That would be like raising a man's interest from 7 per cent. to 9 per cent. without his consent?—Yes, and we have no right to do that.

327. *Mr. Tanner.*] Do you not think that the bondholder has a claim on the colony; that is, the Act was passed by the Government and the loan authorised by the Government, and that, on that account, he would have a right to expect protection from the Government?—I cannot see upon what grounds he would have a claim, but I have no doubt he would make a claim at once.

328. But do you not think that there was anything in the Act, or in the consent of the colony, that would lead him to think that he had a claim?—No, I cannot see that there is anything at all to induce him to think so.

329. *Mr. Samuel.*] I have been carefully through the matter in course of the litigation I have referred to, and I can assure the Committee that there was no understanding expressed or implied that the colony was bound to supply either principal or interest?—That is the case, and the lender gets much larger interest in consequence.

330. We have spoken of the 25 per cent. of the land revenue as being to a certain extent an endowment for the construction of a harbour. Is it not a fact that it is almost the only endowment the district took out of the lands of the colony under the provincial system?—Yes, practically it is.

331. Did not Canterbury, Otago, and other provinces take large endowments?—Yes.

332. So that although it is exceptional in respect of its being an endowment for a harbour, it is not exceptional as an endowment taken from the land when the Land Fund was administered by provincial governments?—No; Parliament recognised the moderation of the endowment by passing the Act.