

15. Do you get 25 per cent. of the rents as well?—Yes.

16. *Hon. Mr. McNab.*] If in this Bill, whatever its meaning is, a clause were inserted stating that it was not to affect any reservations already made, that would suit you, would it not?—Yes. A clause of that sort has been in every Bill. I should say that would meet the case.

17. *Mr. Laurenson.*] You say you get a quarter of the money that is received from the sale of Crown lands and a quarter of the rents from Crown lands?—Yes.

18. Well, then, supposing the land was not sold and you continued to get the rents, you would really receive the same money, only you would get it spread over a longer period?—Just so.

19. It would be no loss to the Harbour Board eventually—it would only mean that the money would come in to you in smaller amounts and be spread over a longer period?—That is so. That is simply the way it is now.

20. You really mean this: when the leases came to be renewed at the increased valuation, the Harbour Board would eventually be in a better position under the leasing system than under the selling or freehold system?—That is looking a long way ahead.

21. I admit that, but eventually it would be so, would it not?—The value of the land may not rise as much as some people anticipate.

22. *Mr. Lawry.*] Was the revenue that you received from the lands part of the security that you pledged to the British bondholder?—It was the first security that they had. The second was a rate by means of which the interest was to be made up—a rate up to $\frac{3}{4}$ d. in the pound.

23. *Mr. Laurenson.*] You have no idea of how much land there is yet for sale in the district you are interested in?—I think you can get that from the Department better than I can give it.

24. When that land is sold then, your revenue from that source will cease?—Just so. Our revenue, however, is increasing with the earnings of the port. In the last few years it has increased from £4,000 to £9,000.

25. That is from wharfage and other charges?—I have here the land revenue for fifteen years, if it is necessary to give it. The revenue was £9,600 last year. In 1890 it was only £8,100. So you see if we could get the immediate benefit it would be more advantageous to us than to get the benefit in ten or twenty years' time.

26. *Mr. Lawry.*] Your rating-area does not cover, I understand, the whole of Taranaki?—No, not quite.

27. You have no rating-area south of Waimongora?—The Waimate Plains are in it.—Hawera is not in it.

28. So that your rating-area does not cover more than half the Province of Taranaki?—Oh, yes, it does.

29. *Mr. Laurenson.*] The security for your bondholders was the endowment?—Yes.

30. When the endowment is sold out under the system of selling it, what security will the bondholders have then?—The rate. The farthing rate brings in between £8,000 and £9,000. The ratepayers are liable for a three-farthings rate if necessary, so there is ample security now, although there was not in the early days.

31. You would still have security over the land if it were an endowment leased and not sold—you would have really a better security than if you were selling the land?—I do not think there is any doubt at all at this stage about the security.

32. *The Chairman.*] You are getting no rates at all from the waste Crown lands—you begin to get your revenue when the land is operated on, either in the way of lease or sale?—That is so. Until it is dealt with we get nothing from it.

33. The sooner it is leased or sold the better for the Harbour Board?—That is so.

34. *Mr. Flatman.*] Then, the Bush and Swamp Lands Act must be in your favour?—No.

35. Oh, yes?—Well, in the long-run it may be. Of course, seeing that there are no roads, it is; but if there were roads, the people would not want four years rent-free. I might point out that the Swamp Act applies to other land as well as swamp land. In the case of swamp land it is four years that is allowed rent-free, and in the case of other land it is three and two years.

36. It is land that probably would not be taken up but for the Bush and Swamp Lands Act?—That may be.

Hon. T. KELLY, M.L.C., examined. (No. 2.)

37. Perhaps, Mr. Chairman, I had better make a short statement of the history of this liability on the land revenue. The authority was first given by the New Plymouth Endowment Act of 1874, which was passed by Parliament to enable the Provincial Council to set aside lands in the province for the purpose of endowing a harbour that was proposed to be built. Under the authority of that Act the Provincial Council met and passed an Endowment Ordinance in 1875, which devoted one-fourth of the land revenue of the Province of Taranaki to harbour purposes.

38. *Mr. W. Fraser.*] One-fourth of the land revenue of the whole province?—Yes. When the abolition of the provinces took place, provision was made in the Abolition of Provinces Act of 1875 for securing this endowment. Then, again, in the Financial Arrangements Act of 1876 a clause was inserted reserving the endowment, and in subsequent Acts of 1877 and 1878 similar provision was made. I will quote the clause that covered this endowment. In the 1876 Act, clause 12 reads: "Nothing in this Act contained with respect to the appropriation or division of the Land Fund shall be deemed to alter or affect the liability of the colony to the public creditor, or to affect any permanent appropriation of or charges upon such revenue under any law in force in the colony." That effectually preserved to the New Plymouth Harbour Board its endowment, and other endowments of a similar character whatever they might be throughout the colony. Under these several Acts the revenue has been preserved. The only alteration that has been made was in an Act of 1877—"The New Plymouth Harbour Board Ordinance 1875 Amendment Act, 1877." That Act stated that the land revenue was to be applied absolutely to paying interest