

and sinking fund on the loan, and to nothing else. The Board had power of rating over the provincial district as far south as the Waingongoro River, near Hawera; that was the division-line. That was an agreement made in the Provincial Council with the members who represented Hawera and Patea. They consented to this Harbour Board Ordinance on the understanding that their end of the province would be cut out of the rating-area, and the Council agreed to that, but over three-fourths of the province the rating-power still exists. As the Chairman has informed you, the rate was first  $\frac{3}{4}$ d. in the pound, and now it has been reduced to  $\frac{1}{4}$ d. I think that is briefly the history of this endowment. I shall be happy to answer any questions you may put to me.

39. *Mr. Flatman.*] Has a sinking fund been established?—Yes.

40. What amount of money has accrued under that sinking fund?—I think it is now about £50,000.

41. On a loan of £200,000?—Yes. The total worth of the fund on the 30th September, 1905, was £34,322, the sum of £49,600 being represented by New Plymouth Harbour Board bonds in the hands of the Commissioners, and £4,733 bearing interest in the Bank of New Zealand.

42. *Mr. Connett.*] I may say that 1,800 pounds' worth of bonds has been bought quite recently. As the rate of interest is 6 per cent., we cannot do better than buy them up with the money we have.

43. *Mr. Malcolm.*] Was the Hawera district ever in the area from which you draw revenue, Mr. Kelly?—The whole of the province is in the area we draw land funds from, but not in the rating-area. There are two distinct areas.

44. You still draw revenue from the whole of the province?—Yes, land revenue.

45. That is to say, any land leased or sold you get your 25 per cent. of?—Yes.

46. Including the Hawera district?—Yes.

47. I understood you to say that the whole of the revenue derived from the sale or lease of land must be devoted to the payment of interest?—Yes, interest and sinking fund.

48. You have a sinking fund by means of which you hope to wipe out these loans?—It is supposed to amount to, I think, about £60,000 at the time of the loan becoming due.

49. Then, in the event of the loan being redeemed, does the engagement to provide you with that 25 per cent. of the revenue cease?—Oh, no; it continues. The loan will not be extinguished. We shall have to borrow money to pay the balance of it—£140,000.

50. This revenue is to be devoted to the payment of interest on any loan?—Yes.

51. Not just on the loan in existence?—No.

52. So that this undertaking to provide you with 25 per cent. of the revenue is an engagement for all time?—Yes, so long as any loan exists. When the loan terminates, in about two years' time, it will mean a great saving to the Board, for money can then be borrowed at  $4\frac{1}{2}$  per cent., and £60,000 will be struck off the amount.

53. You will be floating a fresh loan probably?—No doubt, to pay the £140,000 with.

54. In the unlikely event of your not finding it necessary to float any fresh loan, will this engagement to hand you over 25 per cent. of the revenue cease?—That is a question for the lawyers. It can only be applied at the present time, by law, to the payment of interest and sinking fund.

55. *Mr. Ell.*] Then it would be to the advantage of the Harbour Board if there were more land leased and you got more revenue therefrom?—The only advantage to the Board would be that they would be certain of having the money with which to pay interest and sinking fund.

56. You said that you have 25 per cent. of the revenue when the land is leased or sold—you get 25 per cent. whether it is from rent or cash sales?—When the land is sold we get one-quarter of the proceeds, or if it is leased merely one-fourth of the rent.

57. You get one-fourth of the rent or the capital value?—Yes.

58. Then if the rent increases from the land leased you will get more revenue from it?—Oh, yes.

59. *Mr. Kirkbride.*] Will you give us your opinion as to how this clause 3 in the Bill would affect the position of the New Plymouth Harbour Board?—Well, the operation of this clause would simply be to take all these lands that are now Crown lands for sale and lease under the Land Boards—to take them out of that category and set them aside as endowments; and, so far as that goes, it would simply sweep away all the claims the Harbour Board has to a fourth of the land revenue.

60. It would therefore sweep away this 25 per cent. of the land revenue, which is an endowment of the Harbour Board?—There is no doubt about that—unless there is a saving clause put into the Bill, as there usually is in these Land Bills which affect endowments.

61. *Mr. W. Fraser.*] In answer to a question put by Mr. Ell, which I do not think you quite understood in the way he put it, you stated that the Harbour Board would get a larger revenue if the rents were increased by-and-by than you would if the land were sold?—I understood him to say that if the rent increased the Board would get an increased revenue.

62. No, it was in contradistinction to the sale of land?—I did not understand that. The fact of the matter is simply this: it would not materially affect the Board, whether the land is sold or leased, ultimately. If it is sold, of course, we shall get an immediate and larger revenue, while if it is leased we shall get the revenue for a longer time.

63. Can you not rate upon leased lands as well as sold lands?—Oh, yes.

64. Very well. Twenty-five per cent. of the capital value will be greater than 25 per cent. of the rental?—Yes.

65. Then your rates will be just the same, because you will get them from the sold land as well as from the land leased?—The rate depends on the value of the land, yes.

66. *Mr. Laurensen.*] What is the total revenue of the New Plymouth Harbour Board, in round figures?—The Chairman of the Board could tell you that better than I can.

*Mr. Connett.* I can give the revenue for different periods, if you like.