

An analysis of these figures shows that the operations of the Department result in a surplus after providing for depreciation, but before charging interest on capital.  
Summarized, the results of the past ten years are as follows :—

Year.				Before paying Interest on Capital.			After paying Interest on Capital.		
					£	s. d.		£	s. d.
1921-22	..	..	..	Deficiency	74,146	4 2	Deficiency	95,153	14 11
1922-23	..	..	..	„	48,082	11 0	„	63,798	18 3
1923-24	..	..	..	„	9,759	8 1	„	27,231	4 9
1924-25	..	..	..	„	2,144	4 11	„	19,882	0 6
1925-26	..	..	..	Surplus	517	2 2	„	17,294	8 10
1926-27	..	..	..	„	5,881	5 2	„	12,124	0 10
1927-28	..	..	..	„	5,941	6 0	„	12,178	12 0
1928-29	..	..	..	„	17,531	8 1	Surplus	1,474	15 2
1929-30	..	..	..	„	8,494	8 11	Deficiency	8,940	6 3
1930-31	..	..	..	„	1,891	10 5	„	16,365	0 9

From this it will be seen that the Department's financial position has improved considerably since the commercial balance-sheet system came into operation, although during the past few years the deficit has increased, owing principally to the loss of revenue from whaling operations in the Ross Dependency. In 1921-22 the deficiency was £95,153 14s. 11d., while during 1930-31 this figure was reduced to £16,365 0s. 9d., a net betterment of £78,788 14s. 2d.

No revenue was received in connection with whaling operations in the Ross Dependency during the year under review, whereas in the previous year £7,871 5s. was received. The general position with regard to whaling is explained fully in another part of the report.

HARBOUR BOARDS' LEGISLATION.

*Bay of Islands Harbour Amendment Act.*—This Act empowers the Harbour Board to levy its rates on the capital values of all rateable property within the harbour district up to the 31st March, 1932, without a poll of ratepayers, and thereafter on that basis only with the consent of the ratepayers obtained by a poll to be taken.

It further provides for the harbour district to be a district within the meaning of the Rating Act, with a proviso that if the system of rating on the unimproved values is reverted to by the poll mentioned above, no other rates than those levied by the Harbour Board shall be affected.

*Napier Harbour Board Loans Enabling Act.*—This Act makes the following provisions :—

(a) It empowers the Board to reborrow any money required to meet any loans falling due and not provided for in the accumulated sinking funds for such loan ; such reborrowing to be subject to the provisions of the Local Government Loans Act, 1926.

(b) It makes provisions as to the security for such sums reborrowed for the requisite sinking fund and period of the loan, and for the protection of lenders.

HARBOUR BOARDS' FINANCE.

Harbour Boards, in common with most other concerns, have all suffered to some extent, and some of them to a serious extent, in their finances through the depression. Apart from the Boards of the four main ports, who have no rating-powers, comparatively few are able to carry on out of their ordinary revenues without recourse to some measure of rating on land, and others, which have not previously done so, may sooner or later have to take that step, unless there is a considerable revival in general prosperity, and with it a revival in the shipping trade. Some Boards are fortunate in the possession of more or less valuable endowments, but most are dependent on revenues derived from the various kinds of dues charged on ships and goods. In prosperous times these dues may be increased to make good deficiencies, but in the existing conditions it may be impracticable to do so, for it would have the effect of diverting the goods to another avenue of transport where such is available.

Not a few Harbour Boards are very heavily capitalized in relation to their present trade, some of them overcapitalized ; but despite falling revenues through the general depression in particular, and the increasing use of road and rail transport, the overhead charges are still there and have to be met.

A harbour is an asset to its district only so long as it can pay its way on the basis of charges on users which do not impose an economic bar. If or when that position arises the asset has no convertible value for other purposes, but the debt remains. It is for this reason that the Department has done what it can during the past few years to defeat harbour construction or extension proposals, which it considered unsound from the economic or any other point of view. It has not always been directly successful, but, as a result of its successful opposition to one scheme estimated to cost £200,000, the harbour authority has been able to effect the really necessary works out of its own funds, and, in addition, to reduce its rate on land by 50 per cent. and at a time when such relief was most essential.