

25-per-cent. rebate on the railway charges has been made upon coal shipped to places beyond the Dominion. We recommend for the consideration of Your Excellency's Responsible Advisers that the matter of this rebate should be carefully considered with a view to its discontinuance.

The Westport Harbour Board has authority to expend money in prospecting for coal, and some prospecting has already been done by the Board, but for various reasons the results have not been satisfactory. After due consideration we are of the opinion that the question of prospecting for coal and the opening up of new coalfields is outside the legitimate functions of the Harbour Board, and that such work, if undertaken, could be more successfully and profitably carried out by the Mines Department. Inasmuch as the revenue derivable from such discoveries and extensions within the Board's endowments would be paid to the Board, it is reasonable that the cost of prospecting within such endowments should be a charge upon the Board's revenue.

2. Loans and Board's Assets.

Under this head we desire to draw attention to the method pursued by the Board in the past in obtaining parliamentary sanction to raise loans, and the information afforded by the prospectuses upon which such loans are floated. Our observations are based mainly upon the circumstances attending the loan of £200,000 raised in 1909. It appears to us that the Board did not ascertain and lay before Parliament an accurate and satisfactory estimate of the cost of the works proposed to be constructed out of that loan, and the result has shown that a very small portion of the proposed work of breakwater extension has been completed, whereas the amount of the loan apportioned to that part of the work is all expended. If it is necessary that the proposed works should be finished a further loan will be required. Parliament, relying upon the estimate placed before it, passed an Act in expectation that the sum sanctioned would be sufficient for the work proposed, whereas a correct estimate, judging by the results achieved, would have shown that more than double the amount was really required. We believe that correct estimates could have been obtained, and Parliament could have been properly informed if the Board had made suitable investigations at the time, whereas the estimates that were submitted were either wilfully inaccurate or prepared with inexcusable negligence.

It has been suggested that because the Marine Department is required to sanction the plan of any proposed works the blame for any errors in the design of the works, or for any underestimate of cost, lies with that Department. We are satisfied that there is no obligation on the Marine Department other than that placed on it under the Harbours Act when approving plans to be satisfied that the proposed works appears not to be or tend to the injury of navigation, nor has it undertaken, either directly or indirectly, any responsibility outside its statutory duty.

It is doubtful whether the prospectus issued for the purpose of floating the £200,000 loan contains all the information upon the Board's existing liabilities and its available assets.

The Board, in preparing its balance-sheets, with the sanction of the Audit Department, includes as assets their several harbour-works, which are not available assets in any commercial sense. The harbour-works shown as assets more properly represent the expenditure by the Board in their construction. In representing the value of available assets due provision should be made for depreciation. We recommend, therefore, that the form of the Board's balance-sheet should be reconstructed.

3. Travelling-expenses.

This question is one that in the past has provoked a considerable amount of controversy. We believe that it would be advisable to consider the whole question of travelling-allowance, and by means of regulation to place the matter upon a definite and more satisfactory basis.