On the application of shipping companies, the Commission has agreed to refund *pro rata* the net balances in Accumulated Funds Account in respect of the ports of Auckland and Wellington. This decision, however, is subject to the net losses at secondary ports being first deducted. It is also expected that suitable adjustments will be made in the rates of levies for the remaining secondary ports to ensure that their income is placed on a sound footing to meet the cost of supervision services on a normal peace-time basis.

13. CONCLUSION—EXTENDED CONTRACTING—FUTURE OF COMMISSION

The present co-operative contracting system provides for "payment by results" in respect of cargo handling, or "winch time" only. In order to provide a further incentive to and reward for more efficient work it is proposed to extend the co-operative contract tonnage or unit rates by including rates for performing non-cargo handling work, such as hatches and gear, rain, minima, shunting, and other sundry cargo-handling delays, extra labour, special cargo rates, dirt-money, &c. The only labour-costs not to be included in the proposed extended contract will be the difference between overtime and the basic wage rates.

With the introduction of the extended form of contracting it is proposed to transfer to the workers a greater degree of the direct responsibility for the efficient management and performance of waterside work. It is very desirable to obtain closer co-operation and good will between workers and employers and the education of workers to accept a greater share in the management of the industry, and the responsibility which goes with it will, it is hoped, result in improved relationships and the speedier handling of cargoes and despatch of ships.

Negotiations are proceeding between the Government and representatives of employers and workers regarding the future form of Commission control.

(Sgd.) A. E. Bockett, Commissioner.