

1910.
NEW ZEALAND

RAILWAYS COMMITTEE

(REPORT OF THE) ON THE PETITION OF THE FOXTON HARBOUR BOARD; TOGETHER WITH
MINUTES OF EVIDENCE.

(MR. HOGAN, CHAIRMAN.)

Report brought up on the 3rd October, 1910, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

THURSDAY, THE 7TH DAY OF JULY, 1910.

Ordered, "That a Committee be appointed, consisting of ten members, to examine and report upon questions relating to the railways; with power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Arnold, Mr. Brown, Mr. Buick, Mr. Craigie, Mr. Hine, Mr. Hogan, Mr. Rhodes, Mr. Ross, Mr. Witty, and the mover."—(Hon. Mr. MILLAR.)

REPORT.

No. 347.—Petition of FOXTON HARBOUR BOARD.

PETITIONERS pray for financial assistance to enable them to properly deal with the Manawatu River, and improve it for navigation.

I am directed to report that, as there is a willingness on the part of the Railway Department to sell, and on the part of the Foxton Harbour Board to purchase, the wharf at Foxton, this petition be referred to the Government with a view to arriving at a settlement of the price of the wharf and goodwill by arbitration

3rd November, 1910.

J. T. HOGAN, Chairman

MINUTES OF EVIDENCE.

FRIDAY, 30TH SEPTEMBER, 1910.

JAMES GLENNY WILSON examined. (No. 1.)

Witness: I am here in rather a dual capacity I happen to be Chairman of the Manawatu County Council, and am the representative of that body on the Foxton Harbour Board. I have not got time to traverse the report which the Department has put in, as I wish to catch the Main Trunk express, but it could be, I think, very successfully combated in every instance. Mr Newman or Mr Hennessy can do that. I should like to go on to paragraph No. 8 in the petition, which relates to Messrs. Levin and Co. and McMurray and Co.'s wharf Patea, Wanganui, and Waitara were in exactly the same position as we were, but these particular wharves were handed over to the local bodies. You, Mr Chairman, in Wanganui have no rate on your land, and you have a large endowment. The wharf, I believe, was handed over to the Harbour Board, yet there is no necessity for dual control, as objected to by the Department, because the Railway Department take over all the wharf dues and pay a certain proportion to the Board. When anything is done by way of repair it is carried out by the Department, and the cost deducted from the revenue due to the Board. In Patea they have a very satisfactory harbour, as far as local traffic is concerned, and they are not accused of interfering with Railway revenue. It is somewhat similar to our harbour in that it has a bluff on the south side of the entrance. If we could only control our river, and keep it against the bluff on the south, we should have a good bar, but unfortunately the river has a tendency to run north instead of running out straight, and we cannot control it. The entrance therefore very frequently shifts—which is a very important point—and if we had money we could erect a training-wall which would obviate that. Patea is in a very satisfactory position as far as finance is concerned. The Government collect the wharf dues, and hand over the balance to the Harbour Board, and it is on that revenue that the Board is able to borrow the money to complete its works. At Waitara it is the same. Mr Hennessy will speak on this, as he has gone very fully into it. To come back to the cases of Levin and Co. and McMurray, we do not dispute that the legal position taken up by the Railway Department is correct, but we do think that they have treated us harshly and very unfairly in taking all the wharfages from Levin and Co. and McMurray and Co. The Railway Wharf was built by the public, but in the case of Levin and Co. and McMurray and Co., they built their own wharf and their own store. The Railway Department paid nothing towards it, and it cannot be argued that because public money was spent the revenue should belong to the Railway Department. In this case we think all the wharfages ought to go to us, inasmuch as we provide the means by which the steamers get there, and the Railway Department does nothing towards it. The Department, according to their report just read, spent £1,000 in dredging, and got back £723 in cash for gravel from the local authorities, as well as being able to use a great deal of the spoil for their own benefit and to gravel the yard, which otherwise would cost 6s. per yard. Then we think we have a right because we think the foreshore on which is the actual wharf is all our ground. The foreshore between high- and low-water mark is vested in the Board, and we think that as the wharf extends over that we ought to have the right to the wharfages. The Committee will see that it is absolutely impossible, with a revenue of £600 per annum, to improve the river. It brings down an enormous quantity of silt, and is constantly changing its bed, and steamers are interrupted in their traffic. We have not even sufficient money to buy a steam-launch, and have to hire one at considerable expense to make soundings. There is another point I wish to make clear, and as a resident of the district for many years and Chairman of the Manawatu County Council, I wish to state that we have no intention of competing with the railway. We do not suppose that even under the best conditions we could do that. All we can do is to provide the means to carry the heavier class of goods. The coal traffic should naturally come that way, because coal comes from the West Coast, and it would be very expensive to take it on to the wharf in Wellington and transfer it on to the railway. It naturally would come to Foxton, and the transhipment would take place there. Heavy goods, such as wire, iron, roofing-iron, and cement, come into Foxton. The railway charge on these is heavy, and much of it comes through the Foxton Harbour, and goes up the line by train. Sugar is another item which is a heavy class of goods, also nails, &c., and any other heavy class of goods, which can be much more cheaply carried by sea, and the local traffic of wool, flax, &c. But we never anticipated for a moment that we could do more than provide access to the Port of Wellington through Foxton, and never contemplated taking away any appreciable traffic from the railway. I was astonished when the Minister made a speech recently in the House indicating that that was our intention, as none of us connected with the tramway or the harbour had ever anticipated competing against the railway. In fact, it seems to me that both local authorities have been of very great benefit to the railway. On the point that the income derived from the wharf is railway revenue, as stated in the departmental report, that, of course, is special pleading on the part of the Department. It is held all the world over that the wharf revenues should go to improve the access to a harbour. Any person can see that the wharf is for the benefit of the steamers and railway together. If you cannot get steamers to the wharf, the railway would suffer, and if the steamers cannot get up the river the wharf would be no good. It is well known that the wharfages always go towards harbour-improvement. The Railway Department has got this wharf into its own hands, and it will take a good deal to make the Department give it up, but we appeal to the Committee to see that the Harbour Board has a reasonable portion of the wharfages to spend on the harbour, to enable us to benefit the river and the port, and keep them in fair order.

PHILIP JOSEPH HENNESSY examined. (No. 2.)

Witness I am here, as Chairman of the Foxton Harbour Board, in support of this petition I am prepared to stand any cross-examination that is necessary. I wish it to be understood that my object is not "to get one on" to the Railway Department. As a citizen interested in the progress of the Dominion as a whole, I am as much interested in the railways as in the Harbour Board, and I should like to be severely cross-examined as to any statements I make in my evidence. I will start with the past history of the port. The former Board was constituted by the Foxton Harbour Board Act, 1876, which, under section 14, gave the Board the following revenue: (1) Wharfage rates, (2) harbour-improvement rate, (3) rents and profits of land vested in the Board, (4) proceeds and profits of land set aside as endowments, (5) all other moneys which may be received by or become the property of the Board. Under section 15 these funds were to be expended in payment of expenses incurred by the Board, and in the construction, maintenance, and repair of harbour-works, or for payment of interest or sinking fund on loans borrowed for such works. In 1878 this Act was repealed by the Harbours Act, 1878, and the Board reconstituted under that Act. The Harbour Board funds were to remain as before (section 109). By an amendment of the Harbours Act in 1886, the Foxton Harbour Board, along with others, was dissolved, and its powers and duties vested in the Governor in Council. I might say that by this Act the Governor in Council was to perform all the functions of the local body, as if the Harbour Board was in existence. That has been completely ignored as far as the present holders of the revenues of the Board are concerned. Accordingly the old Foxton Harbour Board was entitled by law to receive the wharfage dues, but after careful inquiry I find that they never did so, and the dues were collected all the time by the Railway Department, and never expended on the harbour, but applied always for railway purposes right up to the present time. It appears from what I can learn of the past history that when the Board was granted these wharfages the Railway Department ignored the rights conferred upon them by the Act. These wharfage dues have always been by far the largest source of revenue from the port. I believe also that it was just because the Railway Department prevented the Board from collecting any wharfage dues that the Board was unable to carry on for want of revenue, and had to be dissolved. Ever since the dissolution of the old Board the shipping trade has been growing, in spite of the extent to which it is hampered by the fact of no improvement being effected to the river, and at the present time the amount of shipping would be very large if something could be done to keep the channel open. The wharf was originally built by contractors for the Government for the construction of railways—that is, leading from Palmerston to Halcombe. Messrs. Brogden and Co. were the contractors, and these contractors made it for the purpose of landing material for the railways. Subsequently, in 1880, the Public Works Department took by Proclamation about 20 chains of the foreshore, and built the present wharf. I think it was some year or two before the same thing occurred in Wanganui. At the time I speak of the Wanganui body got its revenue from private wharves which it leased from firms there. The Railway Department by Proclamation took the foreshore there. The Wanganui Board objected, and as a result the Government agreed to collect all the wharfages, and return to the Wanganui Harbour Board the net returns, after deducting the costs of handling the goods and 2½ per cent. for collecting. The same thing was done about the same time in Wanganui, Patea, and Waitara. In the case of Waitara the conditions are somewhat different, because the Railway Department built the wharves at Waitara, and at the coming into existence of the Harbour Board they not only gave them the wharves, but gave them a free hand altogether. They are in even a better position than Wanganui or Patea. I do not know whether, lately, Wanganui has got full control, but I believe they are itching for it. The Railway Department looks after the upkeep of the wharf there, and debits the Harbour Board with the cost. In the cases of Wanganui, Patea, and Waitara (and not in the case of Foxton) they were allowed, by way of compensation for the taking of the foreshore, to receive the wharfage dues. The Government constructed the wharves in the cases of Wanganui, Patea, and Waitara, just as in the case of Foxton. The only endowments held by the Foxton Board are the foreshore (the most important part of which has since been taken by the Railway Department without any compensation), a reserve at the Manawatu Heads, and a reserve known as the Pilot Station Reserve. The revenue accruing from these reserves is about £150 a year. The Board is now deprived of the wharfage rates which formerly belonged to it by statute. As against this, in Wanganui, although the foreshore was taken from the Board about 1878 by the Public Works Department, it received by way of recompense the wharfage rates, less cost of handling and 2½ per cent. for collecting. The same was done at Patea and Waitara. All these three wharves are railway wharves, in exactly the same position as the Foxton wharf, yet they all get the revenue which is denied to Foxton. In each of these cases—Wanganui, Patea, and Waitara—nothing was paid by the Boards for the wharves. The Public Works Department constructed the wharves, and passed them over to the Boards. Wanganui also has very large landed endowments. The favourable position of the Patea revenue and endowments is shown by the fact that its balance-sheet for 1909 shows wharfages amounting to £1,899 4s. 2d., after deducting all charges and outlay, also other dues in addition, and rents amounting to £604 5s. 4d. The condition of the river at the present time is very bad. Boats are constantly becoming grounded on the shoals. Sometimes they remain fast for two days, and have to unload in the river. The consequence is that the freights are being increased to make up for the shippers' losses. I might mention that they have raised the freight on benzine, and lowered the measurement of kerosene from twenty-eight cases to the ton to twenty-four cases. All this could be very easily remedied by dredging, and not only the present boats enabled to come up the river with ease, but much larger boats could be admitted. All that is required is systematic dredging wherever shoals are formed. It is quite impossible to estimate the cost of this, but even a small amount of dredging at comparatively small cost would be of use. The Board's method,

if it had the required revenue, would be to do as much dredging as the funds in hand would reasonably allow, and so on from time to time. As far as I have been able to ascertain after careful inquiries, the cost of the present wharf has been between £5,000 and £7,000, which, of course, does not include reclamation, laying of rails, &c. That would be for the benefit of the Railway Department, who have got a large yard there on the old Harbour Board foreshore. The revenue from the wharf from the 1st April, 1909, to the 28th February, 1910, eleven months, was £2,230 7s. That would be the gross amount. Allowing for expenses, the net revenue would be considerably less than this. It is to be borne in mind that if the river were kept in proper condition, and every reasonable encouragement to shipping given, this revenue would increase enormously; but while the present state of affairs continues and nothing is done to the river, the revenue is more likely to decrease. As a matter of fact, it has decreased considerably for the last six months, owing to nothing having been done to the river. Since the Board came into existence the cost of managing what was previously managed by the Marine Department has decreased by a very large amount, and the management has been equally effective. This can be shown by the following figures, which, in regard to the Marine Department, are, I believe, correct, and are, at any rate, as near as I could obtain. The Marine Department paid—

Harbourmaster	£ 210
Levin and Co.	200
Pilot's assistant	36
	£446

The Foxton Harbour Boards pays,—

Harbourmaster	£ 200
Assistant	25
	£225

Of the endowments given by the Foxton Harbour Board Act to the Board, the one having the most prospective value is the foreshore, and of this the most important part was that between the Foxton wharf and Levin and Co.'s wharf. The value of this part of the foreshore lies in its convenience for business purposes. Messrs. McMurray and Co. proposed erecting buildings for shipping purposes on this land, and the Board expected to get the benefit of that, but in the *Gazette* of the 26th August, 1909, a Proclamation was published by which the Government took this part of the foreshore. The Harbours Act gives the Government power to take Harbour Board lands for railway purposes, and prevents the Board from claiming any compensation for land so taken, unless material damage is done to buildings belonging to the Board. By this move the Government took away from the Board, which is already deprived of its revenue, the only land which gave it any chance of getting any revenue. The interests of the railways are made paramount to everything, particularly to shipping. A good deal has been said about the danger of development of the port injuring the railways. Even if it did, the sole object should not be the advancement of the interests of the railways without regard to anything else, any more than it should be the advancement of the port regardless of everything else. The general welfare of the district or the country, and not the welfare of any particular Government Department, should be the basis of a decision on the matter. In any case the railways would be benefited, rather than injured, by the development of the port. There are many things, including very heavy material, which are more conveniently carried by water. There is also more carriage required than the railways can conveniently cope with, and this will increase. Water carriage will never injure the present facilities for carriage by land from Wellington, unless these are unnecessarily increased. All the present carrying-capacity of the Wellington-Manawatu Railway will always be fully occupied, however much the carrying-capacity through the port may be improved. Moreover, it is to the advantage of the Railway Department to have the Foxton port well developed as an accessory to its carrying business. The cost of haulage from Foxton to Palmerston is considerably less, in proportion to the distance and consequent expense to the Department, than it is from Wellington to Palmerston North. An engine which can haul 200 tons out of Foxton could only haul 100 tons from Wellington to Paekakariki. The Railway Department cannot make up for this additional expense by putting it on to the consignors, unless it closes up the Foxton port altogether, and thus takes away any possible competition from this source. That is as things now are, and they must at least remain so if they cannot be improved. The Wellington-Manawatu line has to compete with the port, and therefore cuts its rate to a lower proportion than what it gets on the Foxton-Palmerston line. As it cannot absolutely shut up the port, it would pay it better if the port were sufficiently opened up to enable it to carry a greater amount of traffic on the Foxton-Palmerston line than at present, seeing that it gets a higher rate on that line, owing to the cheaper cost of haulage. When it is considered that the Wellington-Manawatu line is now overtaxed, and the Foxton-Palmerston line is not, and the latter line is more profitable in proportion to its length than the Wellington-Manawatu line, it is apparent that it would be to the advantage of the Railway Department, instead of to its detriment, to encourage rather than oppose the development of the port, and consequently the increase of traffic on the Foxton-Palmerston line. I want to make myself clear on this part of it. We will take Class A on the railways. The railage from Foxton to Palmerston is 16s., over flat country for twenty-four miles. I do not know whether I am right to a shilling as regards the rate the Manawatu Company used to charge from Wellington to Palmerston, but I think it was £1 4s. 6d. for Class A. If the railway competes with the port, it will have to come down to £1 4s. 6d. That would mean hauling Class A over sixty-four miles of Government railways for 8s. 6d. per ton.

The Chairman Do you mean, to £1 4s. 6d. or 16s.?

Witness The rate at present charged by the Railway Department is 16s. for twenty-four miles. To come down to the Manawatu Company's rate between Wellington and Palmerston North it would be only £1 4s. 6d. for eighty-eight miles, which would leave the Railway Department 8s. 6d. for hauling Class A sixty-four miles over rough country. Although ever since the former Foxton Harbour Board was abolished in 1886, and, in fact, ever since the Foxton wharf was first built, the Railway Department has been receiving the chief source of revenue from it—which must in that time have greatly exceeded £24,000—it has never done anything at all out of these or any other funds towards the maintenance, upkeep, or improvement of the river from which the revenue is derived, except on one occasion, about seven or eight years ago, when some dredging was done near the wharf. But even this can scarcely be said to be expenditure by the Railway Department, because some of the gravel dredged up was profitably employed by the Railway Department itself, and the rest of it was sold. The Marine Department endeavoured occasionally to do a little dredging, but, like the Board, it did not have the necessary funds. The funds required for this purpose should have come from the wharfage revenue. The Railway Department even claims and collects wharfage from the owners of private wharves recently built on the foreshore, which was vested in the Board by the statute creating it, and which the Railway Department has since taken away from it—namely, the wharves built by Levin and Co. and by the West Coast Shipping and Trading Company. The former was built before the Board came into existence; the latter some considerable time after. The Board is at present collecting wharfage from the latter, and the Railway Department is doing so also, the company accordingly having to pay double wharfage rates. The sources of revenue which the Board has in addition to these wharfages, which are paid under protest by the shipping company, owing to its having to pay the Railway Department also, are about £150 a year from rents, and about £490 from pilotages. These sources of revenue were given to the Board from the Marine Department, not, of course, by the Railway Department, but the total amount received from them is, of course, altogether too limited to enable the Board to do anything at all to the river. It is just enough to keep the Board in existence, and no more. The consequence is that the river and bar are constantly in a very bad state, and are always getting worse, just because the Board has not got the revenue earned by the river to spend on it. The Foxton port, being the only one between Wellington and Wanganui, serves a very large and important area of country, and one which is bound to develop greatly in the future. By keeping the port from its natural and proper development by the process of starvation, by preventing the Board from spending on it the revenue which is earned by it, a great injustice is done to the whole district, by hampering the prompt and convenient carriage of goods, and by making the cost of carrying and distributing much greater than it would be if the port were properly attended to and the river kept in proper condition by means of this revenue. In short, it is essential for the welfare of the district that the river should be kept in proper order, and the Harbour Board cannot keep it in proper order unless it receives the wharfage revenue for that purpose. The suggestion of rating the district for the improvement of the river is no solution of the difficulty, as it is not just that the people should be rated when the revenue for the purpose is already in existence. It amounts to taking away the natural sources of revenue for this purpose, and applying it to railway purposes, and then rating the district to make up for the loss. It would be the same thing as if the revenue earned by the river were expended, as it should be, in the maintenance and improvement of the river, and the district then rated for a contribution to the upkeep of the railways. Thus, if a rate were levied, it would in reality be for the benefit of the railways, and it would be better to make it so directly, instead of indirectly through the medium of the Harbour Board. The principle governing the levying of dues on shipping is set out in clause 111 of the Harbours Act, 1908, where it is provided that no dues shall be levied by a Board unless they are to be applied to some shipping purpose, the benefit of which is to be applied to the ships paying the dues, and these shipping purposes are defined as the erecting of works for the facilitating of shipping, and the payment of interest and sinking funds on moneys borrowed for the purpose. This is exactly what the Foxton Harbour Board wishes to do. It is the true and just principle which should govern all tolls upon the shipping industry. It is the principle which has been recognized by Parliament and established by statutory enactment, yet it is the principle which is wholly ignored and opposed by the action of the Railway Department at Foxton. I should mention, in regard to the gravel dredged up by the Railway Department, that it was not all sold. There were some 5,000 cubic yards mentioned in the report there, but the Railway Department refused to sell it to the Borough Council, which was willing to buy the lot of it at 2s. per yard. It was mentioned in the Department's letter that it was used for reclamation, when they could have got sand at 4d. per yard.

1 *Hon. Mr. Millar.*] Does the Railway Department raise any objection to your working the Board with your own money?—We have not got money; the Department has taken all our money

2. From what?—From the wharf

3. When did you have the wharf?—We had it conferred on us by the Act of 1876 and 1878, and abolished in 1886.

4. Who built it?—The same Department built our wharf as built those at Wanganui, Patea, and Waitara.

5. Out of the Railway vote?—Out of the rates.

6. You think you have a perfect right to come and quietly annex another man's property for yourselves?—No; we do not reckon that it should ever have been taken from us.

7. We built the wharf. You as a Harbour Board were done away with. You were reconstituted with full knowledge that you would not get it back. Now you come and think you are entitled to take it away?—We reckon that the wharfages are the natural revenue of the harbour

8. That the shipping dues are?—And the port dues too.

9. When you built a wharf yourself, but not when it belongs to other people?—Of course, the chief point of the thing is, are we going to remedy a mistake that has been made in the past? That foreshore was taken from us, it was the property of the old Harbour Board, and it was taken from them, but the Department never gave anything back to us, as it did to the other Boards similarly placed.

10. You received all the endowments since?—We did not.

11. Have you not received from the Marine Department an endowment of something like 4,000 acres?—I do not think so.

12. Have you or have you not received the whole of the endowment set aside by Parliament?—Some 400 acres.

13. I am not certain about the acreage, but I want to know, have you or have you not received the whole of the endowment set aside by Parliament for the maintenance of this harbour?—Yes, except the part you took away from us afterwards.

14. That was vested in the Railway Department, and the Marine Department had no more power to give you the Railway property than you had to give it to me. It was only afterwards discovered that it was included in the schedule, and it was only then cancelled?—I think if you were to turn up the plans of this particular piece of ground, you would find that the portion you speak of was never included in the Proclamation of 1878.

15. Do you think that the consolidated revenue has a right to maintain the Foxton Harbour Board when they will not do anything to find their own money by way of rating?—The consolidated revenue has no claim upon the wharfares accruing from the wharves at Foxton.

16. As a Harbour Board, you claim a property for which you paid nothing, and which belongs to another Department altogether. The position is that you claim this for the purpose of getting revenue, which you decline to put your hands in your own pockets for. You want to get what you never paid a penny for, and what is owned by another Department?—We do not claim anything that we have not a right to, but I say that we have a perfect right to that wharf. I do not see why we should be put into any different position than the three ports I have mentioned, simply because we were forced out of existence in 1886. The Railway Department never let a penny of the wharfares go when the Act said they should do so.

17. The Railway Department under its own Act has no authority to spend a penny in clearing up a harbour?—I do not think they had any right to collect wharfares until 1894.

18. How did they get the authority in 1894?—They brought in an Act.

19. Who had it before that?—The Railway but they took it, I understand, illegally, because the position of 1886 called upon the Governor in Council to perform all the functions as if a Harbour Board existed.

20. And all property vested in the Crown then. Therefore, how could it have been illegally collected?—The Government are too strong.

21. If a Bill is repealed, and property vested in the Crown which formerly belonged to a particular body, how can you say that the Crown illegally collected the revenue? Has your Board been informed by the Government that when you take steps to rate yourselves and find a certain portion of the money, the Government will be prepared to favourably consider an application for assistance?—You have put that before me several times, but I am always met with the objection that it is not right we should be called upon to rate ourselves doubly, as the Railway Department is taking away our principal source of revenue, and to impose a further rate would mean that we should be still further improving the position and augmenting the revenue of the Railway Department without any corresponding benefit. That is, supposing the wharfage is at present worth £1,000, and that by means of rating we improve the harbour so that it comes to be worth £3,000, we should still have to collect the rate, while the Railway Department got the £2,000 extra.

22. Is the Railway Department asking you to improve the river?—No, certainly not.

23. Is it for your own benefit that you are improving it?—I reckon that the Department ought not to step into this position. As citizens of the Dominion we are trying to advance the Dominion, and I do not think it is the Department's place to try and block our advancement. They seem to think at present that we are there, and we may go to the wall that it is none of their business. That seems to be the answer.

24. Has the Department in any way attempted to stop you from improving your harbour?—They have not.

25. But you want their money to improve it?—We do not; but perhaps this would get over the difficulty: We reckon that we have got a grievance on account of the wharf, and we are prepared to buy it.

26. We are prepared to sell it?—But the figure you are asking is the capital value.

27. Yes, it is earning $3\frac{1}{2}$ per cent., and if I am a seller I have a right to put my price on an article. There is no compulsion on you to buy and on me to sell. The wharf is under offer to you at the value it is earning, or we do not want to sell at all?—Yes, we have got the wharf under offer at that price.

28. *Mr Craigie.*] You had a Harbour Board constituted long ago. Have you got a harbour district?—No, there is no harbour district except New Plymouth on our coast. We have a Board brought into existence. The original one was dissolved in 1886.

29. What does your Board do now?—We have got no revenue. When we wanted the present Board constituted, we put all the endowments of the original Board into the Bill, but the Minister deleted that portion referring to revenues from the present wharf.

Hon. Mr Millar. I was not Minister when that was done.

30. *Mr Craigie.*] Has your Board spent any money for wharves?—No, the works were erected by the Public Works Department years ago, in 1881.

31 Out of the general coffers here from Wellington?—Yes. The four Boards—Waitara, Wanganui, Patea, and Foxton—were in the same position. The Government built the wharves at these ports as well as at Foxton, but in the case of the other Boards they gave them over the revenues from the wharfages. They are paid over to the other Boards in each case. In our case they did not do so, and in trying to get the new Bill through, we put this clause referring to the wharfages into the Bill. However, the Minister, Mr Hall-Jones, objected to it, and the member in charge of the Bill, Mr Stevens, agreed to the deletion of that portion, with an idea that there would be some future settlement made about the revenues.

32 What does your Board do?—Try to keep the river in a navigable condition.

33. Have you any revenue?—Only sufficient to pay the pilots and lights—£150 from land endowment, the Pilotage Reserve, and the Marine Reserve.

34. Have you got any foreshore rights?—We have got a foreshore, but it is absolutely valueless. The only valuable part is at present held by the Railway Department.

35. Have you any harbour district for rating purposes?—No.

36. Would it not be a good thing to come to terms with the Government and buy the whole thing out?—We would do so, but the amount the Government is asking is out of all proportion.

37 For the wharf?—Yes.

38. How long is it?—About 600 ft. It was built in 1880.

Mr Ronayne: It has been added to until it is about double the original length.

39 *Mr Craigie.*] Would it not be better if you could form a harbour district, have rating-powers, and manage the whole thing yourselves?—We are always met with the reply, that why should we ask for a rate when our neighbouring Boards have no rating area or district, but are simply running on their revenues. Wellington, for instance, has no rating area. The only ones that have are where there are artificial harbours—Timaru, Oamaru, New Plymouth, and Napier

40. Some of those you have mentioned are a mighty success. If you run on the same lines as the Timaru Harbour, you will be doing all right?—You can go further down, and find one not so successful.

41 *Mr Rhodes*] Wanganui and Patea have the right to the wharfages?—They have got all the wharfages.

42 How does it happen that they are allowed and you are not?—Simply because the then Government was more generous than the present one. They made us pay the penalty. They forced the old Harbour Board out of existence, and the people did not have the backbone to fight; they did not have an Irishman at their head.

43. What Act put your Board out of existence?—The Harbour Boards Dissolution Act of 1886.

44. That gave Wanganui and Patea the right to acquire the wharfages?—The Harbours Act, 1878, conferred the wharfages on these places.

45. And the 1886 Act did not touch them?—They were live bodies, and had their revenues to work upon.

46. It appears to me that you will be at a standstill if the river is silting up?—It is silting up very badly at present.

47. Does the Railway Department propose to keep it in order?—They say that they are not allowed by statute to do so.

48. Apparently they did spend £1,600 upon it?—

Hon. Mr Millar That is in front of their own wharf. It was necessary to protect their own property

Witness We are prepared to protect the property now if we get the revenues. At present there is a very bad shoal up close to the wharf. We were applied to by McMurray and Co. to do some dredging, and we said we would as soon as we got the money

49. *Mr Arnold.*] These wharves were there previous to the old Board being abolished?—Yes.

50. Were they vested in the Board?—No, because the Government never passed the wharf over to the Board, as in the case of the neighbouring towns. The understanding with the other Boards was that by giving the Government a certain amount of foreshore the Government would erect wharves, collect the revenues, and return the revenue, less the cost of handing and 2½ per cent. for collecting. The Government never did that in the case of Foxton, and these wharves were built by the Government.

51 When the new Board was set up, at what disadvantage was it placed in comparison with the old Board?—We got no wharfages, and they are the principal source of revenue. The Government never gave them to the old Board—that is, never allowed them to collect the wharfages, though the Board was entitled to them by statute—and forced them out of existence in that way

52 Really there is no difference between the two Boards?—Any more than that if the people had been alive to their interests at the time, they could have demanded this, and the Government would have given it.

53. *Mr Brown.*] Supposing there had been no wharf at all there, what position would you be in?—We should have put the wharf there.

54. And you would have paid for it?—Yes.

55. And have got revenue?—Yes.

56. And now they are offering it to you at 3½ per cent., and you will not take it?—No, for £23,000.

57 If you had to put the wharf up now it would cost you more than ten years ago. What wharfages are you paying now?—Two shillings on general cargo, 1s. 6d. on produce, 1s. on coal. These are the principal items.

58. That is not very expensive, is it?—No.

59. Can you raise it a bit? Supposing you bought the wharf from the Railway Department, and paid 4½ per cent., put 3d. a ton on general cargo and 6d. a ton on coal, would that make it prohibitive?—I cannot answer the question the way it is put.

60. Would 3d or 6d. a ton extra make it prohibitive for goods to come in?—No, certainly not.

61. It would not stop the trade of the port coming through the port?—No.

62. It would enable you to borrow money to buy the wharf, and you would be under no great anxiety to improve your trade. Something was mentioned about a harbour-improvement rate?—We have not struck it yet.

63. Supposing you struck it, the ships would pay it, and you would have revenue to dredge your harbour?—But not sufficient to keep it going.

64. If you put 6d. a ton extra on your goods, you would get that revenue to dredge with. It seems to me that if you tried to be self-supporting, the difficulty could be very easily got over?—We have offered to buy the wharf, but the price the Government wants is capital on the revenue, not on the wharf itself.

65. Reverse the position. Would you not take up the same position yourself?—Yes, we would, but we reckon the boot is on the other foot.

66. *Hon. Mr. Millar*] Did you receive an offer from the Marine Department of a Priestman dredge free of cost?—Yes.

67. Did you accept it?—No, because it was not suitable for us; we should have to build a punt. It is not the class of dredge we understand. We want a suction dredge. A Priestman dredge would be wasting time there.

68. Do you not know that it is being used by other Harbour Boards?—We know that a suction dredge is up to date, especially in a very sandy bottom.

69. Did you expect the Government to buy you a suction dredge?—We expect that it should be bought with our own money.

70. *The Chairman*.] Have you an engineer?—No.

71. Well, on whose advice did you refuse the dredge?—We refused it on the ground that we did not have money to pay for some punts that would be required.

72. It would entail additional expense that you could not afford?—Yes.

73. You desire the wharf to be handed over to the Board although it was built by the Department?—That is what I want to be perfectly clear upon. We reckon that we should be put on the same footing as the neighbouring ports.

74. Do you ask this because you think a precedent was established in the cases of Wanganui, Patea, and Waitara?—Yes.

75. You think you should receive the same treatment as these places?—Yes.

76. You are willing to pay what you would consider a reasonable price for the wharf?—Yes.

77. If you do not consider their offer a reasonable one, and they do not consider your offer a reasonable one, could you suggest how the difference between you could be settled?—I should be prepared to submit it to arbitration.

78. And you would be prepared then to endeavour to get a rating-area, and get the support of the ratepayers to pay a price fixed by arbitration?—I could get a certain rating-area, but it would be limited. I think so—that is, if I could go to the district and say that we had agreed upon a price. If we could agree upon the price, I am satisfied that I could get a rating-area to secure the amount.

79. You feel confident that the people would support you?—Yes, in that particular thing. I should like to ask the Minister, if we could not come to terms, and build a wharf on our own land, whether we should get facilities from the Government?

80. *Hon. Mr. Millar*] Do you think it reasonable to suggest that if you had built a wharf and gone to the expense of putting in a siding, you would do it? If you had a business, would you go and build a shop alongside for another man in the same business, and find him the money for it?—That is the reason why we should like to fix the matter up in an amicable way.

81. *Mr. Craigie*.] You think £23,000 too much for the wharf?—I do.

82. What do you think is a fair price?—Although £10,000 is over the cost, I think my Board would be prepared to pay that for it.

83. *Mr. Brown*.] Then they get 7 per cent. for their money straight away?—But the wharf is thirty years old.

Hon. Mr. Millar. Only part of it, and it has all been renewed and kept up to date. The wharf has got thirty years' life in it now.

EDWARD NEWMAN, M.P., examined. (No. 3.)

Witness I do not think it is necessary to add very much to what Mr. Hennessy and Mr. Wilson have said. Of course, I quite understand the position taken up by the Hon. Mr. Millar. He is looking after the interests of the Railway Department, and he considers it his duty to oppose anything that is against the interests of his Department. I desire to refer to the position of the Foxton Harbour Board. There can be no doubt—and any one listening to the evidence to-day must admit—that Foxton has been unfortunately situated in comparison with the sister ports. Thirty years ago Wanganui, Patea, Waitara, and Foxton were in the same position of having rivers with bars and no improvements. Harbour Boards had been formed under an Act. At a later date the Board at Foxton was dissolved; the others were not, and they were fortunate in securing considerable endowments, as well as wharfages which

they still retain, less $2\frac{1}{2}$ per cent. for collection. It must be admitted that Foxton was not as well represented as Wanganui or Patea at that period. Judging by what happened, the representatives of Wanganui and Patea did better service for their districts than the representative of Foxton. The matter drifted on year after year, and by-and-by Foxton awoke to the fact that it was dropping behind in the race, and, the year before last, a Bill was brought before the House in charge of Mr. Stevens. It was put through, but, unfortunately, the Government cut out the revenue in the shape of wharfages and adequate endowments. The present endowments are entirely inadequate, they only bring in some £400 a year—barely enough to pay salaries. I do not want to go into the whole case. You have heard it all, and very fairly stated. The position taken up by the Board is a reasonable one. They say they were badly treated in not getting the same revenues as the other ports. Trade is increasing now, and the importance of keeping the river open is becoming greater; they require to get money to keep the river open. The Board comes to the Government and asks to be put in the same position financially as the other ports. Failing that, they ask for a sum of money to enable them to deal with the river, on the ground that it is unjust that one Department of the Government should make a substantial profit out of it (because it is contended that, while the cost of the wharf was only £7,000 or £8,000, the revenue has been over £20,000), while the Board has no funds to spend on necessary works. Failing this, they ask leave to buy the wharf at valuation, and they are willing to submit the price to arbitration. I cannot see that they are not taking up a very fair and reasonable position, and I hope that the Committee will ask that the petition shall receive favourable consideration from the Government, in the hope that some way will be found to do justice to the Government, the Harbour Board, and the port. There is no doubt that the port can be greatly improved. There is nothing to hinder Home-going steamers lying off and loading all sorts of goods there, and Foxton should become a good and important port if the Board only had sufficient revenue to do some improvements. It was unfortunate for Foxton that the Government changed its policy with regard to endowments. Formerly it was the custom for these Boards to get valuable endowments, but now they do not, and the Foxton Harbour Board suffered. I trust that the Government will remedy the present state of things, and I hope that, to facilitate this, the Committee will report favourably on the petition now before it.

Hon. J. A. MILLAR, Minister of Railways, examined. (No. 4.)

Witness: I should like to say a few words. Mr. Hennessy and Mr. Newman are both present, and they can say whether what I state is correct or not. I will give one or two other instances where the Department has had trouble. They are quite correct in saying that the wharves were originally granted to Patea and Wanganui, and the Harbour Boards in these places have had them ever since. Foxton was in the same position when created, but from some cause or other—I do not know why—the Government got so disgusted that the whole thing was wiped out in 1886. I want to point out that the additions that have been made to the Wanganui wharf have been made largely since it came into the hands of the Harbour Board. The wharf in Wanganui to-day and the wharf as originally built are two different things altogether. I think that the Chairman will bear me out that the wharf there has been built out of the Harbour Board's funds outside of the wharfages. I do not want those who know Wanganui and the wharf there now to think that the present wharf was the one built by the Government. In Patea the Harbour Board has the wharfages, but that was the original agreement. Foxton never had them, and now, after five-and-twenty years, asks to be put in the same position as these bodies were in previously. The Government's trouble is that there are hundreds of rivers where navigation is going on, and where Harbour Boards have been created, each of which is asking the same thing. Personally I think it would be a good thing to take the ten million acres of Crown lands, cut them up for endowments, and then we should settle the land question for good. The trouble between the Foxton Harbour Board and the Department is this: They want to buy the wharf at what they consider its value to-day, after allowing depreciation for thirty years. We say we are willing to sell at its value to-day. I am prepared to allow it to go to arbitration on what the wharf is producing. They want to take it on the wharf as a structure. If Mr. Newman had land at £2 an acre, from which he had been deriving revenue for thirty years, would he now refer it to arbitration as to what he should take for it? I am quite prepared to refer it to arbitration on its earning-capacity. That is the only value you can give. That is all you can pay for land—its productive ability.

Mr. Newman: It might be earning £30,000 a year, and fall to pieces in six months.

Witness: That will be a factor in the consideration of the price—whether there will be any cost required to do anything to it to enable it to carry on its work with safety. We know Mr. Newman would not say it is not in a perfect condition. I know the trouble with the Harbour Board. Even if they got the wharf, they cannot make a harbour of it, because they have not got revenue then. From 1886 to 1907 or 1908, when Mr. Stevens put this Bill through, that harbour was looked after by the Marine Department, and we expended money from time to time on dredging. However, the Foxton people thought they could do better by forming a Harbour Board of their own. They got the authority which they asked for—one or two of the items in the Bill were struck out—but they got the whole of the endowments the Marine Department had to work upon to keep the harbour. When this demand was made, the Marine Department's Engineer was asked to visit the place and report on it. He did so, and his report was that nothing effective could be done to the river without an expenditure of at least £25,000, because the bar is a first consideration. They have got a nasty sand bar, and they will always have trouble unless they go in for a large work at the bar in the first instance. Then they will have to get a dredge to maintain the river, even for vessels drawing 12 ft. of water. The largest customer to that wharf for coal is the Railway Department itself. The Railway ships the whole of its coal to that wharf.

Whenever the bar is fit to be worked, our coal goes there, and is distributed throughout the different parts of the district, so that that is Government money as well. Let me point out what the Railway Department had to pay when they took over the wharves. There is constant friction wherever there is joint control in working harbours. This was discovered in Nelson, and arrangements were made to take over the whole of the wharves there and work them as part of the railway. They had small private wharves there, which had been built, and to which the shipping went. They got revenue from that, and the Government had to guarantee to make up any deficiency up to £1,500 per annum. You will see that that is 5 per cent. on £30,000. We had to pay the Nelson Harbour Board to take over the wharves then existing. Mr Hennessy was perfectly honest. He said that if the positions were reversed they would get the best value they could. The trouble is that the Railway Department has got wharves all over New Zealand. There is one at Port Chalmers, which cost £20,000, and upon which, ten years ago, £10,000 was expended in lengthening it. If you are going to endow the Harbour Boards with the wharves or the wharfage, can you in justice do it to one and refuse it to others who make the same demand? Since it was done before, according to Mr Hennessy's own statement, a reversal of policy has taken place. This, I think, partly because Wanganui sold pretty well the whole of the endowment it received, and since then Hokitika had to get power to sell its endowment to pay a debt of £30,000. The Department is not working against the Harbour Board. A rumour got abroad that we were going to take away our coal. We never had the slightest intention of doing it, and we are not working in antagonism to the Harbour Board. We should be only too pleased to see them improve the harbour but say that we should not be asked to find the money to improve it. We know that it takes a certain amount of trade now from us, but we have dealt better with it than did the old Manawatu Railway Company. They had a special low rate to take the trade away; but when the Government took over the line they put up the rate to "classified rate," and we know, as Mr Hennessy has said, that trade has improved there. So far from acting in a hostile manner we have endeavoured to put trade in their road, so long as they are not a menace to the Railway revenue. If they want to buy the wharf, and arbitration was fixed, it should be on the earning-capacity. If I have a property for thirty years that has been returning me a fair profit, it would be sold on its earning-capacity to-day, and I only ask that the Government Department should be dealt with in the same way. The Railway Department is the biggest business in the country, and if we had intended to cut down the Board's revenue we should have kept to the Manawatu Company's rates. We are trying to get rid of these differential rates, but you will find them in every part of the world where there is water competition, to enable competition to be carried on. It was done in Invercargill twenty-five years ago, between Dunedin and Oamaru twenty years ago, and between Timaru and Christchurch, to enable the Department to maintain some part of the trade, seeing that it had gone to the expense of constructing the line, and had to find interest on the money. It did not matter much what the Committee recommended. This is a portion of public property which can only be disposed of with the sanction of the Crown. I was quite willing, I told Mr Newman, to put a vote on the Marine estimates. I hope to be able to put on a small sum to give them some assistance to get over the particular trouble with the bar. If the Foxton people want to make a port, there is only one way of doing it—get a rating district. As soon as they do that, and show a desire to put their hands in their own pockets, they can come to the Government and ask for assistance in the shape of an endowment or anything else, as long as I see the people of the district prepared to assist themselves, without asking the consolidated revenue to pay the whole lot.

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