

Statement by Mr. T. S. WESTON, representing the Foxton Harbour Board. (No. 2.)

Mr. Weston: I desire, sir, to state the short history of the case, which is as follows: In 1876 the old Foxton Harbour Board was constituted, and its revenue then consisted, in addition to some reserves vested in it as set out in the schedule, in the power to collect wharfages. Apparently, then, although they had the power to collect wharfages, and although the foreshore of the river was vested in them, the Railway Department, between 1876 and 1886, when the Foxton Harbour Board was dissolved, always collected the wharfages on practically the only wharf there, so that the revenue of the old Foxton Harbour Board consisted only of port charges, pilotage rates, and what other little money they could collect from reserves. That apparently was the reason why in 1886 the Board dissolved. They found they were without funds and unable to do anything, and they objected to continue a purposeless existence. In 1908 the Foxton Harbour Board was reconstructed, and under the Act the whole of the foreshore of the river was vested in them, while in addition to that they were given two reserves. One of those reserves consists of some sandhills at the Heads, from which they derive revenue as a site for seaside cottage residences. The area consists of about 300 acres. They also have 400 acres a little way up the road let at £60 a year, so that with the exception of those reserves they are dependent for their income on pilotage rates and port charges. They cannot make the port charges heavy because it would render the cost of sea traffic prohibitive. After the Act was passed the Railway took the foreshore, including, I understand, that of Levin and Co. The questions for the Commission are, first, whether it is desirable that they should be entitled to control and manage this wharf, and, second, if so, on what terms they should be allowed to acquire it. Now, as to the first point, it seems to me it is settled by our Legislature already. Under our Harbours Act practically every harbour is managed by those people who have settled in its neighbourhood, and who, owing to the situation of their property and holdings to the harbour, are in a position to enjoy the natural advantages that come from residing near that harbour. Under the Harbours Act it is only when the population of a district is not large enough to run a Harbour Board that the Governor in Council either appoints members of a Harbour Board or the Government manages it themselves; and there is this one point made quite clear in the Harbours Act, that all revenue derived from a harbour had to go into the improvement of that harbour, so that whether a harbour is managed by the Governor in Council or by a Board the whole of the revenue derived from that harbour goes back into the improvement of it. It is quite clear also, and the Legislature has decided, that the Foxton people are entitled to manage their own harbour, because by the Act of 1908 they reconstituted the Board. The sole question really in this case is boiled down to this: the only objection to the Board having control of the wharves and harbour is that of the Railway Department, and their only objection is that of price. What the Railway Department says is this: Here are wharves which, on the evidence to-day, cannot have cost the Public Works Department more than £3,000. We have it in evidence that 250 ft. were erected by Andressan for £850, and prior to that 176 ft. erected by another contractor the cost of which is not stated, and then the big contract of Saunders. Now, the wharf consists of a length of about 500 ft. Levin's wharf cost them nothing—that was erected by the West Coast Trading Association; but the wharf erected by the Public Works Department on the basis of Andressan's contract could not have cost more than £3,000, if it cost that. Totara could have been had then practically for the cost of hewing, and the wharf was built of totara. Therefore, £3,000 is not a low sum to state. For that £3,000 the Railway Department, through the Minister of Railways in his letter, are asking the sum of £28,700. I propose to read to the Commission a letter in which that is set out, and the reason for it. The letter states,—

“SIR,—

“Head Office, Wellington, 20th May, 1913.

“With reference to your inquiry respecting the Foxton Wharf, I have the honour to inform you that on the 3rd March last the Secretary of the Foxton Harbour Board was advised that the value of the wharf as a going concern was, in round figures, £28,700, at which price the Board was given the option of purchase up to 31st March, 1913. The valuation was arrived at by capitalizing the revenue at $3\frac{1}{2}$ per cent., after allowing 65 per cent. for working-expenses. The average cost of working the wharf for a period of four years was, however, only $48\frac{1}{2}$ per cent., so that the price quoted, which was fixed on the basis stated above, was most advantageous to the Board. On the basis of the working-expenses for a period of four years the price would have amounted to, approximately, £36,000. The following are particulars of the revenue and expenditure at Foxton Wharf for the past years.”

Then they set out the revenue for the years 1909 to 1913. The letter then continues,—

“It will thus be apparent to you that the business at the port is steadily increasing, the net revenue for the year ended 31st March, 1913, having increased by approximately £500 as compared with 1911, and after allowing 65 per cent. for working-expenses the price of the wharf on last year's revenue would be, in round figures, £37,600. As a matter of fact, however, the working-expenses for that year only amounted to, approximately, $49\frac{1}{2}$ per cent. of the revenue, and after allowing for this and capitalizing the revenue at $3\frac{1}{2}$ per cent. the value of the wharf to the Department is, approximately, £54,000. If the Board, therefore, desires to purchase the wharf, the price should be fixed on the basis of last year's figures, which, after allowing $49\frac{1}{2}$ per cent. for working-expenses, show the wharf to be worth £54,000: even allowing 65 per cent. for working-expenses the value of the wharf would be £37,600, approximately. It has, however, been decided to grant the Board the option of purchasing the wharf at the price quoted in the letter to the Secretary on the 3rd March last—viz., £28,700—and this offer will hold good until 31st August, 1913.”

That was written by the Minister of Railways, and it shows the basis on which the Railway Department are asking £28,700 for a wharf which has cost them £3,000. What hollow mockery it is to ask the Board of a small harbour to give £28,700 for a wharf which cost originally £3,000, and which, on the figures given to-day, has paid for itself over and over again to the Department! If the Board were to purchase at that figure they would be paying about £23,000 for the privilege of managing all the wharves here, because we could build a wharf similar to that for about £5,000. What right have they to ask £28,700? You have only to state the proposition: to ask £28,700 for something which cost them £3,000. Must there not be a flaw somewhere? Must there not be something wrong? If that were put in a prospectus would not a shrewd business man say “Where is the flaw?”