

20. Now, is that the attitude which has been taken up ever since by successive Governments?—Yes, by every Government up to the present time.

21. Has the present Government taken up any other attitude?—No; the Government do not want to sell the wharf.

22. May we take it that the Railway Department still, rightly or wrongly, regards this wharf as an integral part of the railway?—The Railway Department undoubtedly does regard the wharf as an integral part of the railway, and it is unquestionably railway property.

23. *The Chairman.*] How did the Government give up the Wellington Wharf?—That was by statute, and provided for in connection with certain portions of the reclamation, for the use of which the Department pays no compensation if it has to take land at any time.

24. *Mr. Myers.*] That is the position taken up by the Department. Does the Department think that the Foxton Wharf should be sold?—Certainly not; the Department has always been averse to selling or otherwise disposing of the wharf.

25. Or go out of the possession of the Department?—The Department considers it should retain possession of the Foxton Wharf.

26. If, however, it should be decided that this wharf should be sold, what is the Department's view as to the basis on which the price should be fixed?—The view the Department takes is this: The net earnings on the wharf represent interest on so much of the capital which is invested in the railways of the Dominion. The wharf is a State asset; the cost of construction has been debited against the Railway Department, and is included in the Railway capital of thirty-six millions. The railways have to earn and pay interest on the capital invested, and should not part with the wharf, which is worked at a profit which helps to pay interest on capital cost of railways and wharf.

27. That wharf was constructed originally as part of the railway?—That is so. It was constructed as and has always been an integral part of the Foxton-Waitara Railway system.

28. And I understand that the cost of the railway and the wharf is all one lump sum, and is so represented in the capital of the Department?—That is right. You cannot separate the cost of the railway and the wharf at this date.

29. Now, His Honour asked you just now how the sum of £28,700 was made up. Will you indicate that to the Commission?—It was made up by taking the earnings of the wharf, allowing 65 per cent. for working-expenses, and capitalizing the balance at $3\frac{1}{2}$ per cent. at that time. That was the first valuation. The earnings of the wharf have been growing all the time. Subsequent to the first valuation the Secretary of the Harbour Board made further representations regarding the purchase by the Board. The Minister decided that he would let the original offer stand, although the net earnings had increased materially, and we would have been entitled to get, I think, about £54,000 on the net earnings capitalized at $3\frac{1}{2}$ per cent. at that time. The price at which the Harbour Board was then offered the wharf was £28,700. The Board objected to pay on $3\frac{1}{2}$ per cent. valuation, but their own witness agreed before the parliamentary Committee that 5 per cent. would be a fair valuation. The net revenue averaged over five years was £1,400. This capitalized at 5 per cent. gave £28,000. The Department cut off the £700, and the price on the basis of the Board's suggested capitalization then stood at £28,000, so both parties were in accord.

30. *Mr. Williams.*] Supposing the question had been wholly one of the railway and you had to sell that, would you have put it on the same basis? You explained to us that the Foxton line was losing money, so that its value would be less than nothing?—The Foxton line was not paying when the wharf question first arose. It is not paying the full $3\frac{1}{2}$ per cent. interest now, but it is paying something over and above expenses.

31. Do you think that that would be a proper way to get at it?—I look at it in this way: the Railway Department has to protect the interests of the general taxpayer, and it should not sell any profit-earning asset at less than full value. As I have said, there is thirty-six millions of capital invested in the State railways.

32. But you have not answered my question?—We should certainly not sell any portion of our business for nothing less than actual cost under any circumstances, and in the interests of the taxpayers should retain profitable assets.

33. *The Chairman.*] What is the average interest earned on the railways now?—Last year (1915) it was close on 4 per cent.

34. *Mr. Myers.*] I want you now to tell the Commission what services you perform for the 2s. per ton on general merchandise which you referred to in the general category of wharfrage?—First of all, provision of the wharf and plant for working; shunt trucks to and from ship's side; then tally the ship's goods into and from the slings; take the goods ex ship from the sling into the truck, stow them in the truck; shunt the truck back to the shed, unload it there, and sort the goods. That is the nature of that service.

35. That is all included in what you call "wharfrage," for which you charge 2s. You have no terminal charge but wharfrage?—The services enumerated are performed for the wharfrage of 2s. Then there is the station service, for which a terminal is included in the ordinary rates.

36. What is the terminal charge?—The terminal charge is to cover cost of station facilities, shed, sidings, cranes, shunting, plant, loading, taking goods into the sheds, or handling ship's goods after sorting at shed.

37. *The Chairman.*] I thought the terminal charge included the cost of labour for loading?—That is so when goods are brought direct to the shed; with ship's goods the loading service commences after they have been sorted ready for railing inland. Ships invariably deliver in bulk, and goods always require special sorting.

38. Are you not paying a portion of the labour as a terminal charge?—No; in respect of ship's goods the wharfrage is an entirely different service altogether.