

under one control, there remained only two alternatives, one being that the Board should build the sheds and retain the management of them, and the other being for the Board to build the sheds and lease them to the Government, at a rate to be agreed upon to cover outlay and depreciation."

181. *The Chairman.*] The gist of that is printed in No. 6A of the correspondence?—Practically; the rest of this business followed it. It is quite true that the Government had surrounding land there—that is to say, the Harbour Board were hemmed in; but, at the same time, the correspondence all shows that was thoroughly and clearly understood at the time, and that it was as much to the interests of the Government as to the Board that this work should be undertaken; and had the Government had the funds in hand, as Mr. Oliver stated at the time, there would have been no question raised about it—they would have taken the thing over, and compelled the Board to give it up. That is actually the position as taken up at the time. Well, then, it has been asked, Why was there not a lease made? why was not an agreement made? The reason was simply the Government held this power, and Mr. Oliver and other Ministers since have repeatedly stated that, had they the funds, the Government would take possession of this shed, and refund to the Board a fair proportion of the cost. I say "proportion," because it would not be held, and has not been held, by the Board that if Government took over the shed they would be called upon to pay £28,000. They would take the shed, the ground it stood upon, and a portion of the breast-work. As far as I know, the amount looked upon as being proper for the Government to pay is £20,000, and it was on the strength of that Mr. Peacock made the offer in 1886 to reduce the rent to £1,500. Of course, Government now have it in their power, if they have the funds, to put the Board out and enter upon possession.

182. *Hon. Sir J. Hall.*] That is, under the Act?—Under the Act; and they have had that power from day to day all the way through.

183. By paying compensation?—There is no compensation. They have merely to pay the actual cost of the improvements, as shown by the Harbour Board books. There would be no question as to arbitration in the matter. I may say the Board were bound to take up that position with the Government, because it was borrowed money entirely that they were using, and if they had not used it in that way they would have used it for other purposes of improvement, and thereby got interest on the money expended. And the same remark exactly applies to the Gladstone Sheds. When the Board found the money to build the Gladstone Sheds it was held they would get an equivalent in allowing Government to use the sheds as transit sheds, it being clearly put forth that no charge would be made to the public for using them.

184. Where is that set forth? Is it in black and white?—As far as I know no charge has been made. There is very little cause for any trouble as far as I can see, because the Board has stated just now, through the Secretary and Chairman, that if the Government carry out the conditions laid down in that correspondence, and procure the necessary legislation to vest the site in the Board, the Board have the shed. If, on the other hand, they take this site from the Board they would have to pay back the money spent upon it by the Board by law. There is no question about it, so that I cannot see how there can be any difficulty. With regard to Sir John Hall's request for the written evidence as to no charges being made, I produce a letter written on the 27th August, 1879, by the Secretary to the Harbour Board to Mr. Conyers. It is as follows:—

"Lyttelton Harbour Board Office, Christchurch, 27th August, 1879.

"SIR,—With reference to your letter of the 14th instant, and to the interview which took place this morning between yourself and Mr. P. Cunningham, and the Chairman of the Harbour Board, on the subject of shed on the Officer Point Breakwater, I am directed by the Chairman to state that, if the Government are prepared to hand over the shed in question to the Board, together with the flooring-material which has already been provided for it, the Board are prepared to remove and re-erect the shed upon their property in accordance with the plan enclosed in your letter of the 14th November last.

"The regulations for working the shed should be made by the Railway and Customs Departments, having solely in view the 'facilitating the discharge and loading of ships, and the Customs operations.' The control of the shed to remain under the Government, they taking the necessary steps to vest the shed in the Lyttelton Harbour Board. See section 11 of 'The Lyttelton Harbour Board Lands Act, 1877.'

"As it is of the utmost importance that the shed should be moved on to the wharf (Gladstone Pier) before the ensuing wool and grain season, I am to ask you for an early reply.—I am, &c.,

"W. Conyers, Esq., Commissioner of Railways."

"C. H. WILLIAMS, Secretary."

I was under the impression there was a letter in the correspondence somewhere stating that no storage-charge would be made, but it cannot be found. At any rate, that has been an understanding, and I believe no charges have been made except under exceptional circumstances, when outside people have tried to impose upon the railway, and no rent has been charged to the Government by the Board for these sheds.

185. It is used as an import shed? They are used as transit sheds, and for Customs operations. With regard to the other point, the third clause of the petition, I do not see that there need be any trouble about it now. The department had a reason at the time for objecting to the transfer from the Grain Agency Company to the Board, but, as far as I know, the objection which was then made has ceased to exist, inasmuch as the particular charges which were threatened to be made by the Board have not been made, and that difficulty is out of the way. I do not know that there is anything else to bring before you.

186. *Dr. Newman.*] I would like to ask Mr. Richardson whether, when he was Minister for Public Works, he stated to the Harbour Board that he considered Government ought not to pay more than £1,000 a year for the shed. I take it that when you were in office, Mr. Richardson, you thought £1,000 a year sufficient, and now the Board are asking £2,000 a year. What reasons were there for your thinking at that time £1,000 a year was enough?