

94. Have you any other instances that you can give us of charges by Harbour Boards—for instance, Timaru, New Plymouth?—Yes. At, say, Onehunga, with goods A, B, C, and D, the import charge is 1s. and the export charge 1s. on merchandise. At New Plymouth it is 2s. We handle the goods at the breakwater at a special rate. We have a special rate of 2s. a ton at Oamaru—for taking the goods from the breakwater to the shed.

95. You have now, have you not, a large quantity of trucks coming from the Main Trunk to Wellington from time to time?—Yes, a very large number.

96. And you must have goods for backloading?—Yes, as far as we can get them, otherwise wagons have to be hauled back empty from Wellington.

97. In the days of the Wellington-Manawatu Railway Company there was competition between the Manawatu Railway Company and the ship to Foxton?—Yes.

98. And I think that your Department, as a business concern, combined with the ships?—The Government Railways endeavoured to keep all traffic that originated on the Government railway to the State railway route for the longest possible distance, and we made special rates to Foxton and worked in conjunction with Levin and Co's. ships, which also made reductions in rates for the purpose of inducing traffic to go via Foxton and the sea instead of via Longburn and the Wellington-Manawatu Company's line, as by the Foxton route the Government railways got nineteen miles longer haulage than if they dropped the goods at Longburn.

99. Supposing the sea-borne goods to Foxton increased very considerably at the expense of the Government Railways, what would be necessary for your Department, as a business concern, to do, having regard to the number of trucks that come down and accumulate here?—The Government Railways had to spend about £1,000,000 in acquiring the Manawatu Railway. We have improved the line and provided additional facilities at large expense to increase the capacity, and we have to protect the railway and general public interests. If we found there was a large diversion of traffic from the State railways to the sea route we would have to consider the position from a business point of view.

100. And make special rates?—Yes, to meet the position and get the traffic.

101. As a business concern, could you carry on in any other way?—No, certainly not.

102. Now, was not your Department compelled to make, in the interests of the railways as a business concern, special rates in the South Island as between Dunedin and Oamaru, and Timaru and Oamaru?—Yes, between Dunedin and Oamaru, and Lyttelton and Timaru. We have also similar rates in the North Island; a case in point is between the Thames and Paeroa and Auckland.

103. You had to do that in the interests of the Railway Department and of the public as a whole, to meet the sea competition?—That is so. The rates are competitive to meet road and water competition.

104. Of course, there is no differentiation—every one is on the same basis?—Yes, exactly. The Department's action is quite proper and legal. The rates are gazetted and apply to all under the conditions laid down in the regulation.

105. Take the position so far as the South Island traffic is concerned: the railways have maintained their position, have they not?—To a very large extent they have. Of course, you cannot altogether wipe out sea competition.

106. But the railway traffic has been more successful than the sea traffic to Oamaru, has it not?—Yes, we succeeded there: we attained our object.

107. Now I come to another point. Supposing this wharf is handed over to the Foxton Harbour Board, I want to know what is going to be the effect as far as Nelson and Picton are concerned. First of all, take Picton. Your Department has spent a very considerable amount of money on wharfage there, has it not?—Yes, we have built a new wharf there at very considerable expense. We regard Picton as the terminus of the South Island Main Trunk Railway, and have made provision ahead, which is far in excess of present requirements.

108. And I suppose from that point of view the wharf is at present run at a loss?—Yes, it is.

109. *Mr. Williams.*] If you had to sell it, would you say that it should be sold for nothing?—No, certainly not; but it seems to me that if a man buys a section at £4 and the value depreciates he will not sell it below £4 if he can avoid it: he will get as much as he can.

110. *Mr. Myers.*] Picton at present has not a Harbour Board, but supposing one is created and the Foxton Wharf is handed over to the Harbour Board, do you see any difficulty in the position?—Yes. Once you establish the precedent that the Department has to give up its assets—which, as a matter of fact, are pledged as securities for the loans invested in railways—every Harbour Board which takes a fancy to a railway wharf will consider that it has a perfect right to come along and demand it.

111. I want you now to come to the case of Nelson: what is the position there?—Well, at Nelson it would be a very serious matter for the Railway Department if it lost revenue from the wharf.

112. *The Chairman.*] What have the wharves cost you?—The capital cost of the Nelson Wharf, buildings, and sidings is £65,000.

113. *Mr. Myers.*] That includes the railway-sidings?—Yes.

114. And your net income there?—The income from the Nelson Wharf represents £1 0s. 3d. per cent. interest on the total capital invested in the whole of the railways of the Nelson Section—not merely on the cost of the wharf alone. If deprived of the earnings of the wharf the net return from the Nelson Railway would be about 12s. per cent. The net earnings last year from the wharf were £6,395.

115. In Nelson, I suppose, the Harbour Board charges port dues?—We get wharfages and we get berthage; but we have certain charges there.