

39. *Mr. Perceval.*] What I want to get at is this: How was it the Harbour Board spent £3,000 of their own funds to assist the Government, and never asked for rent or payment of interest? I believe you have demanded payment?—The Government have agreed to pay the £3,300. There is a letter from the Premier's office, dated 15th June, 1887, stating the Government would ask Parliament for a vote for that purpose.

40. Independent of the question of the other sheds?—No; I think it was conditional. It was made a condition in the Premier's letter of the 8th December, 1886, that if the Board got £3,300 for these sheds they should reduce the rent of No. 5 shed to £500 a year. The Board would not accept any such offer.

41. *Hon. Sir J. Hall.*] Who is in occupation of these Gladstone Sheds?—These transit-sheds are used by the Railway Department for facilitating the Customs operations and the rapid discharge of ships.

42. *Mr. Perceval.*] With reference to the tenancy, can you explain how it came to be a yearly tenancy?

*Mr. Graham:* No. 5 shed, do you mean?

*Mr. Perceval:* Yes.

*Mr. Graham:* Well, it was simply an arrangement that the Government should rent the shed at the rate of £2,000 per year until, as the Board understood it, the Government were in a position to pay for the shed.

43. *Hon. Sir J. Hall.*] Who built the original shed on the Gladstone Wharf?—The General Government.

44. *Hon. Sir H. A. Atkinson.*] Not on the Gladstone Wharf?—In 1877 the General Government built the Gladstone Shed on the Officers' Point breakwater, not on the wharf. It was moved subsequently on to the wharf.

45. *Hon. Sir J. Hall.*] It was useless, because it was too far from the water's edge?—It was too far from the ships. The reason which led to this idea of the shed being shifted will be found set forth in the following extract from the report of Mr. Conyers, the then Commissioner of Railways for the Middle Island: "In its present position the shed can only be used as a railway store. All material must be put into it and removed from it by railway-wagons, and consequently it is of no more service on the wharf than if it stood in Christchurch or any other place remote from the ships. What appears to be required is a shed into which railway-wagons could discharge and thence be delivered direct to the ships, or ships discharged and thence to wagons. This would immensely relieve the demand for wagons, and facilitate loading and discharging of ships."

46. *Hon. Sir H. A. Atkinson.*] By "no more use" he means as to the discharging of ships?—As to the discharging of ships. It would be as useful for storage purposes as anywhere else.

47. *Hon. Sir J. Hall.*] Why do the Board claim this £3,000?—Because the title is not clear to the Board—the title to the portion of the site on which two of these sheds now stand.

48. Was there any arrangement between the Harbour Board and the Railway Department at the time these sheds were cut up and moved that the cost should be paid by the Government?—It was an understanding, unless they vested the site absolutely in the Board.

49. What would that have to do with it?—If they did not, the Board would expect to be repaid the expenditure on these sheds.

50. Is there any evidence as to this?—There is a letter from Mr. Conyers, the Commissioner of Railways, dated the 22nd October, 1879, in which the Government agree to vest the site in the Board.

51. *Hon. Sir H. A. Atkinson.*] What date was that?—The Board's letter, dated the 27th August, 1879, which embodies the terms under which the Board took over the Gladstone Shed, says: "The control of the shed to remain under the Government, they taking the necessary steps to vest the shed in the Lyttelton Harbour Board."

52. *Hon. Sir J. Hall.*] What advantage would it have been to the Board to have the sheds vested in them if they were only to be used as transit-sheds and not as storage-sheds?—Well, it would be their property; it would be an asset.

53. They would not have derived any revenue?—Indirectly, by facilitating the discharge of ships.

54. That they have got now. You say the Government have agreed to pay the £3,000?—Yes.

55. Is that in evidence?—Yes; on a certain condition they have agreed to pay it.

56. *Hon. Mr. Larnach.*] What date is that?—The 8th December, 1886, and the 15th June, 1887.

57. *Mr. Rhodes.*] Have any Government before that recognised your claims?—Not before 1886.

58. *Hon. Sir J. Hall.*] I understand the Harbour Board derives no revenue from the sheds?—None.

59. What wharfage do they get?—The usual wharfage on goods put into the shed. They get no revenue from the shed itself.

60. I come to another point: As to the No. 5 shed, would you be good enough to state to the Committee how the capital sum upon which £2,000 represents 7 per cent. has been expended? You see, £2,000 is 7 per cent. on the cost of this. How do you make that up?—It is estimated on £28,600. The total original cost was £32,000. Part of that was for ground belonging to the Government, which the Board reclaimed, and the amount was subsequently refunded by the Government—some £4,000 odd. That leaves some £28,000 in round numbers. To speak more correctly, the sum is £28,600.

61. And 7 per cent. on that would be?—£2,002.

62. What is the present position of No. 5 shed? Is it occupied?—No; it has been empty