

1941.
NEW ZEALAND.

WATERFRONT CONTROL COMMISSION

ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR PERIOD ENDING 31ST MARCH, 1941.

Presented by Leave of the House.

8th August, 1941.

SIR,—

We have the honour to submit a report covering the activities of the Commission from the date of its appointment—viz., 9th April, 1940, until the 31st March, 1941. In certain instances activities of the Commission subsequent to that date have been referred to.

R. E. PRICE }
J. ROBERTS } Commissioners.

The Hon. P. C. Webb, Minister of Labour.

CONTENTS.

	PAGE		PAGE
General Survey	2	Appendix— <i>continued.</i>	
Organization	3	Rates of Work— <i>continued.</i>	
Measures taken to expedite Turn Round of Shipping	3	Coastal Vessels other than Vessels of Union	
Co-operative Contracting	3	Steam Ship Co. of New Zealand, Ltd. ..	9
Working Extended Hours	4	Table showing the Reduction effected in the Time	
Working round the Clock (Shift-work)	4	spent in New Zealand by Overseas Food Ships	9
Working Sundays and Holidays	5	Summary of Profit Distributions under the Co-	
Reduction in Number of Ports of Call	5	operative Contracting System made by the	
Summary of above Measures	5	Commission	10
Disputes	5	Summary of Equivalent Profit Distribution under	
Effect on Secondary Ports of Shortage of Shipping		the Co-operative Contracting System made by	
and Centralization of Available Shipping at Main		Railways Department, Harbour Boards, &c. ..	11
Ports	6	Accounts—	
Accounts	6	Co-operative Contracting—	
Conclusion	7	General Revenue Account and Appropriation	
Appendix—		Account	11
Rates of Work—		Balance-sheet	11
Overseas Vessels	8	Central Pay Offices—	
Vessels of Union Steam Ship Co. of New Zealand,		Revenue and Expenditure Account	12
Ltd.	9	Balance-sheet	12
		Table of Wages paid by Shipping Companies	
		through Waterside Central Pay Offices controlled	
		by Commission	13
		Table of Levies on Wages paid by Shipping	
		Companies through Central Pay Offices controlled	
		by Commission	14

GENERAL SURVEY.

In submitting this, the first report of the activities of the Commission, which covers portion of the year ending 31st March, 1941, it is both fitting and proper to refer briefly to the importance of the industry and the circumstances which led up to the setting-up of the Waterfront Control Commission.

In the first place, the prosperity of the people of this Dominion depends upon the production and exchange of goods, and the security of the people lies mainly under the protection of the armed forces of Britain, and it is a responsibility of Government to ensure that both the prosperity and security of our people is not imperilled by industrial unrest or inefficiency in the process of either production or distribution of essential commodities. The advent of the war increased these responsibilities, creating an emergency which compelled a complete regrouping of the Dominion's industrial and economic forces under the direction or control of the State or special authorities appointed for the purpose. To maintain our prosperity as far as possible and to contribute to the security of the Empire, it became apparent in the first few months of the war that nothing short of the maximum effort of every citizen was required, directed on national lines.

The export of our primary products to feed our kinsfolk and troops overseas became of paramount importance to Empire security in particular and to our economy generally, and so attention was directed on the question of the more efficient use of shipping tonnage. The problem was aggravated by the withdrawal of ships for naval and military purposes and to the loss of tonnage by enemy action, as well as the diversion of a number of refrigerated vessels to the South American trade, which provided a shorter route over which to convey essential foodstuffs to the United Kingdom.

It was obvious to those in authority that to bring the efficiency of the shipping industry to the highest pitch in the shortest possible space of time, the methods and manner of loading and discharging cargo would have to undergo a complete change. The Government was aware of the fact that a long-standing dispute existed between the representatives of the shipowners and the waterside workers which had aroused a hostility injurious to the national effort, and in an endeavour to settle same and re-establish good will between the parties as a prelude to effective co-operation, Ministers of the Crown met representatives of the parties. Though both parties offered their full co-operation, it became only too apparent that they could not resolve differences of long standing and work in that degree of accord which the circumstances required. In view of the degree of urgency existing, something had to be done, but before taking action it was decided to set up an inter-departmental Committee consisting of representatives of the Labour, Railways, and Marine Departments under the chairmanship of a master mariner, with directions to report on the system of waterside work, its results, and what was required to be done to obtain the maximum efficiency in the despatch of ships in the shortest possible space of time. The Committee, which was set up in February, 1940, was alive to the necessity for haste and the extent of the work entrusted to it, and after several weeks of sustained effort, reported at the end of March, 1940, that there was considerable room for improvement in the speed and method of working cargo at the main ports and to a lesser extent at some of the secondary ports. It advocated a complete change in the system of remuneration, and the setting-up of a Commission to control the industry.

Following receipt by the Government of this report, Emergency Regulations were gazetted, and a Commission of three persons having knowledge of the industry from different angles was appointed on the 9th April, 1940, and was known as the Waterfront Control Commission. The Commission was armed with the wide powers the emergency demanded to control and do anything necessary on the waterfronts of the Dominion to bring about speedier handling of cargo and a quicker turn around of shipping. The Commission realized that it had no light task ahead to control approximately six thousand casual workers and reorganize methods of handling a daily average of 25,000 tons of cargo.

The Commission decided that the first essential to improve working was to restore harmonious relationships between the shipowners and the waterside workers by settling the long-standing dispute which existed. The major cause of the dispute was found to be the failure of the employers to grant an increase in the hourly time rates equivalent to the increase awarded to all other industrial workers in the Dominion by the Arbitration Court's general order of September, 1937. The waterside worker, by not participating in the increases referred to, lost the relative position he held for fifteen years comparable with other industrial workers, and the Commission issued an order which restored same by an increase in the hourly rate. The order also increased the minimum payments, and made a few other adjustments which were relatively unimportant. The order was in substitution of the award of the Court of Arbitration, which had been cancelled on the setting-up of the Commission by the Minister of Labour pursuant to the Waterfront Control Commission Emergency Regulations. The issue of the order was intended purely as an expedient to bridge the gap until such time as an entirely new system of remuneration could be substituted for the unsatisfactory method of hourly payment whereby a maximum return was obtained for a minimum effort. The method of working decided upon was designated co-operative contracting, and as soon as the organization of the Commission was advanced far enough, the new system was put into operation at Wellington on the 3rd June, 1940, and proved instantly successful in speeding up the work.

The new system of remuneration was designed to return an equivalent hourly rate of pay to each member of a gang working cargo at a fair average speed of work—the speedier the rate of work became above that basic level, the greater the reward that would accrue to the workers.

It was not to be expected that so revolutionary a change of system could be established without bringing in its train a host of minor difficulties, and expectations in this respect were well fulfilled. However, the difficulties that arose were tackled with energy, and, when resolved, the new system of

working was extended from port to port parallel with the training of specialist staffs and the development of the Commission's organization, until at the close of the financial year the system applied to the working of practically all overseas vessels using the ports of the Dominion as well as to many of the coastal and inter-colonial vessels. The process of expansion will continue until every vessel and every port operates under this scheme.

The results of the working of the co-operative system, which are tabulated in the Appendix, will bear testimony to its efficiency, and indicate the extent of its operation in the short period in which the Commission has been operating.

ORGANIZATION.

As the Commission was appointed for the express purpose of doing whatever was deemed necessary to bring about a greater efficiency in the working of all ships on the waterfronts of the Dominion and was vested with the widest powers to carry out its functions, it was necessary to have a suitable organization to give effect to the purpose for which it was appointed. The regulations broadly determined the character of the organization by providing for the appointment of Waterfront Controllers and Wharf Superintendents at ports of importance, and experienced master mariners were appointed as Regional Controllers, one being stationed at each of the four main ports, Auckland, Wellington, Lyttelton, and the Port of Otago.

These Controllers were armed with powers to expedite the working of ships almost as complete as that vested in the Commission. The Controllers were instructed that in carrying out their duties the co-operation of all parties in the industry should be sought and utilized to the full in order that the desired results could be obtained in the shortest possible space of time with that spirit of unity the emergency demanded.

It was anticipated that there would be honest differences of opinion with the measures thought necessary by the Commission and its officers to bring about greater efficiency, coupled with distrust and doubt as to the value of some of the measures which had to be imposed by the exercise of arbitrary authority. Nevertheless, the striving for co-operation and the growing realization of the crisis contributed to the gratifying measure of co-operation which has been achieved in the short period the Commission has operated, and which has been reflected in improved working. Six Wharf Superintendents were appointed to assist the Controllers, four of whom were drawn from the ranks of the Waterside Workers' Union. These men at the time of their appointment were responsible and respected officers of their organizations, with wide experience and understanding of the problems and difficulties that had a restrictive influence on efficiency. The knowledge these men brought to bear on matters affecting the working of cargo has done much to avoid friction and disharmony. Their work has been at times difficult and onerous, but the valuable results achieved have fully justified the appointments made. Parallel with the policy of co-operation was the necessity to co-ordinate the various local organizations which functioned separately and to form committees for special purposes where none previously existed.

For example, the Berthage Allotment Committee at Auckland is performing a good service in allocating the most suitable berths for ships to work at; also, the meeting of the representatives of parties concerned, called to consider the allocation of railway-trucks at the same port was responsible for removing the evil of over-ordering by individual companies that previously existed and which resulted in occasional shortages of rolling-stock and consequent delays in the loading and discharging of ships.

The Commission, prior to the introduction of co-operative contracting, took over control of the Waterside Central Pay Offices and Labour Engagement Bureaux, the staffs of same at the main ports being directly responsible to the Waterfront Controller.

The committees equally representative of employers and workers that previously controlled the Labour Engagement Bureaux have, under the policy of co-operation, been retained as consultative committees. As soon as co-operative contracting was established, a specialist staff was appointed at Head Office distinct from the general office staff, and check timekeepers were appointed and detailed to record particulars of the working of each gang of men employed on a ship, such records being verified daily by a representative of the shipping interests involved. Supervising check timekeepers were appointed where necessary to collect all records and correct same before lodgment at the office of the Commission. As the contracting system is extended, the staff will have to be augmented to meet requirements.

MEASURES TAKEN TO EXPEDITE THE TURN ROUND OF SHIPPING.

- (1) Co-operative contracting, which has speeded up the rate of work.
- (2) Working extended hours.
- (3) Working round the clock (shift-work).
- (4) Working Sundays and holidays.
- (5) Reduction in number of ports of call.

CO-OPERATIVE CONTRACTING.

A table in the Appendix shows the rates of work under the co-operative contracting system, and indicates what has been accomplished in the short period in which the new system has operated. While the results obtained justify the establishment of the new system, there still remains ample scope for further improvement.

The growing realization of the advantages of the system to the workers in the industry and the national effort is noticeable, and it is expected with the passing of time to make for that measure of

progressive improvement so much desired. From the Commission's records it is estimated that the loading and discharging of overseas vessels under the co-operative contracting system has resulted in an average saving of three days per ship.

WORKING EXTENDED HOURS.

The waterside workers answered the call to work longer hours each day to such an extent that responsible interests in the industry expressed their concern, and proposed alternatives with a view to avoiding the possible detrimental physical effect on the men, who have on a number of occasions worked a regular span of thirteen hours consecutively every day for more than a week at a time.

In an effort to remedy this evil the Commission introduced a relief system of working which provided for continuous work on ships by the employment of fresh gangs from 11 p.m. to 7 a.m. the following morning. While this did not shorten the hours worked by the day gangs, it did shorten the number of days men worked on extended hours, and so minimized fatigue, also reducing the time in port of the vessels concerned.

This system operated only in special cases of urgency such as when a vessel was found to be falling behind her schedule sailing-time. It was felt by the Government, however, that the shipping outlook necessitated still further efforts being made to expedite despatch of vessels, and a conference of all parties directly interested was called to consider what further steps were necessary to achieve that objective. The Conference reached a unanimous agreement on several proposals, the most important having reference to "round the clock" working, referred to hereunder.

WORKING ROUND THE CLOCK.

The Conference referred to this as shift-work. The term, however, does not correctly describe what was meant, as shift-work can only apply where the work to be performed is reasonably continuous. However, the term will be used in the sense in which it was accepted by the Conference.

To those who have insufficient knowledge of the industry, there appears to be no earthly reason why the process of loading and discharging of ships should not go on continuously. If there was a reasonable continuity of shipping, the problem would be simplified. It is, however, complicated by the irregularity of the arrival of shipping characteristic of the industry, which has been aggravated by conditions arising out of the war. This irregularity necessitates a varying labour demand, every man being wanted at the same time in busy periods, while a substantial number being surplus at slack times, this ebb and flow of labour requirements is too erratic to provide that degree of permanency of work sufficient to arrange for a satisfactory shift-work system. If sufficient men were engaged in order to fulfil maximum requirements by night as well as by day during busy periods, several hundred more men would be required at the ports of Wellington and Auckland alone, which would add to the normal number of idle men during slack periods, and if such additional men became a charge on the industry then payment for idle time might well exceed, on occasions, payment for working-time, or, put in another way, if working-time was loaded with the cost of idle time, then hourly rates would be considerably higher than at present; or to guarantee an adequate weekly income to which every man is entitled, a very heavy levy would have to be imposed on the industry for maintenance of the men during slack periods.

Apart from the excessive costs of any of the foregoing arrangements, there would be a wastage of labour-power at a time when the conservation of man-power is vital, and so would be rightfully condemned by all right-thinking citizens. If it were possible to provide some subsidiary essential employment during slack periods to which men could be transferred without unnecessary formality, then there would be no difficulty in arranging regular shifts, for additional men could be engaged with a knowledge that, where the industry did not provide sufficient work or earnings, the subsidiary employment would fulfil those requirements without any potential waste of labour-power. It has also been contended without any reservation that when a ship arrives, cargo-working operations should continue unceasingly. This, however, is not always practicable, as it is impossible to clear the ship's cargo out of the sheds as rapidly as it can be discharged from the ship, and even under extended-hours system of working with nine hours' cessation of work every twenty-four hours, congestion of cargo in wharf sheds frequently occurs, and ships have had to be removed to three different berths and store cargo in nine sheds before being able to quit their cargoes, so obviously any attempt to work with full gangs and without a break in such circumstances would accentuate the problems arising from congestion, particularly so at the week-ends and holidays, when no delivery of cargo is taken by the scores of consignees to whom it belongs.

Another reason why it is unnecessary to work continuously at some ships is the need for repairs to either the machinery, hull, or the docking of the vessels for cleaning and painting. If such vessels have to wait their turn for the dock or require two or three weeks to complete repairs, the only justification for working unceasingly at cargo operations would be to release labour for other vessels when a shortage of workers was anticipated.

These are only a few of the reasons which complicate the working of straight-out shifts, some of which can be overcome in time. It is significant, however, that when agreement had been made for round-the-clock working, some shipowners' representatives have shown reluctance to avail themselves of same when men have been available and willing to perform the work.

With the anticipated reduction in the number of ships arriving in the Dominion, it may be found that a more flexible system of working will fulfil requirements more efficiently and economically than the semi-rigid shift system.

The Commission is of the opinion that the system of working extended hours, with arrangements for relief gangs wherever it is necessary to work round the clock, will prove most satisfactory.

WORKING SUNDAYS AND HOLIDAYS.

A very material saving in time to overseas vessels on the New Zealand coast has been brought about by working on Saturday evenings, Sundays, and holidays.

REDUCTION IN NUMBER OF PORTS OF CALL.

The Overseas Shipowners' Allotment Committee, which consists of representatives of the shipping companies, Marketing Department, Railways Department, and Naval Authorities, has made a very valuable contribution to the speedier turn round of shipping by reducing the number of ports of call for discharging and loading of cargo.

SUMMARY.

The factors enumerated above have to a varying degree contributed to the despatch of overseas shipping.

Records for sixty-two overseas vessels trading to New Zealand during the period January to June, 1939, show that each vessel spent an average of thirty-six days on the coast. An average of only twenty-two days was spent on the coast by thirty-nine vessels trading to New Zealand during the period January to June, 1941. It should also be pointed out that repairs to engines, normally carried out in the United Kingdom, are now performed in New Zealand, and the Commission's records show that this factor delayed vessels an average of two days per vessel. There has been, therefore, a total saving of sixteen days in the despatch of overseas vessels brought about by the various measures referred to above. This represents, a 45-per-cent. reduction on pre-war averages. With the universal application of shift-work to all overseas vessels, the saving in time to vessels during the ensuing year should be even greater.

A table setting out the position is shown in the Appendix.

The results indicate that waterside workers have made a substantial contribution to the national effort by the working of long hours during week-days, Sundays, and holidays, and by the speedier handling of cargo under the co-operative contracting system.

DISPUTES.

A very important function of the Commission is the settlement of the multiplicity of disputes which are characteristic of the industry.

The very nature and variety of the work tends to create differences. Generally speaking, all cargo-handling work is laborious, while some cargoes such as phosphates, bulk sulphur, &c., are obnoxious and discomforting to work, especially in the confined holds of ships during hot or windy weather. Other cargoes such as frozen carcasses handled in the refrigerated spaces of ships are both laborious and physically distressing. Other cargoes again are dangerous to handle, sling, and keep clear of when being hoisted. Apart from the variety of cargoes to be handled, the construction of some vessels makes it more difficult to work any class of cargo than in other vessels. Differences also arise between members of a gang, some of whom carry the greatest burdens of the work. It is not to be wondered at that in such circumstances disputes are frequent, and however trivial they may appear to be initially, it is essential to settle same as soon as possible, otherwise they are likely to assume an importance out of all proportion to their original significance. The Commission, by providing ample machinery for the rapid settlement of all disputes, has removed any justification that may have previously existed for unconstitutional action.

The general principle on which the machinery of settlement rests is that the parties themselves must make an effort to resolve their differences by conciliation. Any failure automatically invokes the compulsory arbitration provisions. It should be realized, however, that the negotiations between the parties for the settlement of disputes are too often marred by psychological factors, sometimes subconscious, not openly expressed or discernible, yet real and potent.

The enmities and antagonisms embedded in human emotions over a period of years are frequently fanned by provocative remarks during negotiations, and the problems that arise are the most difficult and onerous the Commission and its officers have to arbitrate upon, often in an unavoidable haste, which does not permit of that quiet reflection and calm detachment which the occasion warrants. It is pleasing, however, to record that a very real improvement in the relationships between the parties has and is continuing to take place, which will be beneficially reflected in the national effort.

The number of recorded disputes settled by the officers of the Commission over a period of approximately seven months ending 31st March, 1940, totals 105. There are many minor differences settled by Waterfront Superintendents which are not entered in the records.

The number of disputes settled by decisions of the Commission after all other means had failed totals 59. The decisions given have not necessarily been findings in the accepted legal sense, or strict interpretations of the code of conditions operating, but rather judgments of equity in the light of the circumstances made known when the cases were presented. The findings of the Commission have been accepted by the parties in very good spirit, and it is expected that this method of determining differences will continue to give more satisfaction to the parties than the decisions of the past, which, given in accordance with accepted legal practice, often created greater difficulties in application than they were expected to resolve.

Very few disputes have resulted in a cessation of work, and no large-scale stoppages have occurred since the Commission was established. The following comparison of time lost by stoppages of work over a period of years will prove interesting and will require no explanation: Average number of disputes per year for twelve calendar years 1928-40 was 8.17, with a loss of 3,326 man-working days

and loss of £3,497 in wages. This compares with 6 disputes for the year 31st March, 1941, with a loss of 405 man-working days and loss of £444 in wages. When it is understood that there are not less than 1,000,000 man-working days in the year, the days lost by disputes—viz., 405—represent only 0·04 per cent. of total working-days.

Wherever stoppages have occurred, the Commission has been reluctantly compelled to invoke the powers of the Waterfront Control Commission Emergency Regulations 1940 and inflict severe penalties in certain cases. The Commission appreciates the fact that efficiency and industrial peace, so essential in the present emergency, depend far less on the penalties provided by statute than on common-sense, good will, and co-operation, and therefore these attributes are offered to and invited from waterside workers at every possible opportunity.

EFFECT ON SECONDARY PORTS OF THE SHORTAGE OF SHIPPING AND CENTRALIZATION OF AVAILABLE SHIPPING AT MAIN PORTS.

The diversion of shipping for naval and military purposes both here and abroad, the transfer of some overseas vessels from the Dominion trade to shorter routes, the loss of shipping due to enemy action, together with the loss due to the perils of the sea, have all contributed to the difficulties of attempting to maintain our overseas and coastwise trade. The four main ports, particularly Auckland and Wellington, have not felt the effects of the loss of shipping tonnage to anything like the extent that the secondary ports have, due to the policy of centralizing shipping at the former ports. The secondary ports, with the possible exceptions of Napier and New Plymouth, have been severely affected, and the authorities who control them are faced with serious financial difficulties. The considerable reduction in the amount of work offering at the smaller ports has also affected the earnings of the waterside workers, many of whom cannot earn a subsistence wage.

Some of the men have entered the armed Services, while others have drifted away to other employment.

The readjustment still continues, but there has been genuine hardship among some who could not move to other locations due to personal and family reasons, &c. There are a number of factors which contribute to the very real difficulties of effecting a proper balance between the number of men required for the effective working of the ships, which call irregularly, and the provision of an adequate wage to maintain the number required. In the meantime there is much dissatisfaction among the remaining men over the position in which circumstances beyond their control have placed them. The Government has been able in some ports to grant assistance by providing supplementary work under Scheme 13, but the scheme possesses disadvantages to the partially unemployed waterside worker compared with the men who rely on the scheme solely to provide their income. This is understandable, as Scheme 13 was designed for the re-employment of men without work, not to provide partial employment as a subsidiary to under-employment of waterside workers. The Commission realizes that unless some scheme can be evolved attractive enough to retain the number of men required for the effective operation of cargo-working, then costly delays to ships will occur through lack of labour or the employment of inefficient men not required by other industries.

Already it is noticeable that inefficient labour is replacing to some extent the men that have gone, and efficiency is thus impaired. As the working of ships transcends in importance that of any State employment scheme, a satisfactory solution of the problem is essential, and it is hoped to enlist the assistance of the Government in this direction.

ACCOUNTS.

The accounts of the Commission fall under three headings:—

- (a) Consolidated Fund expenditure.
- (b) Co-operative contracting.
- (c) Labour Engagement Bureaux and Central Pay Offices.

CONSOLIDATED FUND EXPENDITURE.

The administrative expenses of the Commission are payable from the Consolidated Fund, and details of expenditure may be found in the annual accounts of the Labour Department. The estimate of expenditure for the year ending 31st March, 1941, was £11,690. The actual amount expended was £8,773. The estimate for the ensuing financial year is £10,647. The increase over previous year's expenditure is due to additional staff required on account of "round the clock" working of overseas vessels. Expenditure for 1940-41 was also for portion of year only.

CO-OPERATIVE CONTRACTING.

The total value of contracts entered into by the Commission up to 31st March, 1941, was £407,289 3s. 1d., and an amount of £42,796 15s. 9d. was distributed to the casual waterside workers employed, representing an average profit of 9·52d. per working-hour. A table in the Appendix summarizes the position.

Arrangements were made by the Commission whereby casual waterside workers employed by the Railways Department, Harbour Boards, and freezing companies and working in conjunction with casual waterside workers employed under the co-operative contract system should receive an equivalent profit distribution. The amount distributed up to 31st March, 1941, was £3,838 6s. 10d. Details are summarized in a table appearing in the Appendix.

After meeting working-expenses of £7,327 17s. 9d. (less than 2 per cent. of total value of contracts), an amount of £48,546 2s. 6d. is transferred to Appropriation Account.

Profit distribution represents £42,796 15s. 9d., an amount of £4,000 is transferred to a Gear Purchase Reserve Account, and the balance of £1,749 6s. 9d. is carried forward as accumulated funds.

Revenue Account, Appropriation Account, and Balance-sheet are shown in the Appendix.

LABOUR ENGAGEMENT BUREAUX AND CENTRAL PAY OFFICES.

Up to 31st March, 1941, the Commission assumed control of the Labour Engagement Bureaux and Central Pay Offices at the undermentioned ports:—

Port.	Date taken over.
Auckland	31st July, 1940.
Wellington	10th July, 1940.
Lyttelton	30th October, 1940.
Dunedin	28th August, 1940.
New Plymouth	2nd October, 1940.
Bluff	11th December, 1940.*

* Office established by Commission.

A levy is struck at each port to cover salaries of staff and to meet operating-expenses. All accounts have been closed at 31st March, and each port's accounts will cover period from date Commission assumed control until 31st March, 1941.

Summarized Revenue Account and Balance-sheet appear in the Appendix.

Statements also appear in the Appendix showing wages and levies thereon paid by the respective shipping companies at each port for the period of Commission control.

The amounts of wages paid, levies on wages, and profit distributions shown in the statements of accounts of Labour Engagement Bureaux and Central Pay Offices do not agree with the amounts shown in the statements of accounts for the operation of the co-operative contracting system, for the following reasons:—

- (a) The wages and levies shown in statements of accounts for Labour Engagement Bureaux and Central Pay Offices represent total wages paid on all vessels for period shown whether worked under contract or not.
- (b) At some ports where vessels were worked under the co-operative contracting system, the Central Pay Offices were not controlled by the Commission.

CONCLUSION.

The activities of the Commission since its appointment have been directed towards the speedier turn round of shipping. One of its greatest problems has been the substitution of a "payment by results" system in lieu of the unsatisfactory method of hourly payment whereby a maximum return is obtained for a minimum of effort.

The inevitable difficulties accompanying such a fundamental change in the basis of remuneration are being ironed out with time. Unfortunately, uniformity in the application of the system of contracting is unattainable, due to the dissimilar characteristics of the ports of the Dominion, which require varying methods of working to meet particular needs. The system has yet to be extended as far as coastal vessels are concerned to certain secondary ports, and the experience gained over the past portion of a year will facilitate establishment.

It is anticipated that the improvement obtained in the past will be eclipsed in the year that is passing, but it is not to be expected that the handicaps to efficiency that have grown up over practically half a century can be overcome in a few short months.

An unreasonable impatience is sometimes displayed by individuals with the progress made in the removal of restrictions, but such persons fail to understand the rudiments of industrial contentment, and would prefer to see the Commission exercise more frequently its arbitrary powers to enforce discipline.

It is felt that these people mistake the patience of the Commission under the duress of irrational actions by small groups of workers for a sign of weakness, but it should be fully realized that the use of arbitrary authority tends to usurp the functions of good will and is therefore inimical to the spirit of co-operation, which alone will produce that measure of efficiency which the national effort requires.

What is wanted most of all is a new industrial outlook and a new spirit of co-operation between all groups within the industry, and efforts are directed towards that desirable end, and it is expected that results in future will fully justify the measures taken and the attitude adopted by the Commission.

R. E. PRICE }
J. ROBERTS } Commissioners.

RATES OF WORK : VESSELS OF UNION STEAM SHIP CO. OF NEW ZEALAND, LTD.

Summary of 213 Vessels worked under Co-operative Contracting System at Wellington from 23rd October, 1940, to 31st March, 1941.

Cargo.	Quantity handled.	Net Gang-hours.		Average Work per Gang per Hour.
		H.	M.	
General	95,878 tons	6,615	20	14.6 tons.
Iron and steel	7,074 tons	598	15	11.8 tons.
Pig iron	1,046 tons	86	20	12.1 tons.
Hides	173 tons	15	10	11.4 tons.
Tallow	1,076 tons	70	0	15.3 tons.
Empties	1,830 tons	66	10	27.6 tons.
Coke	194 tons	20	0	9.7 tons.
Coal—				
Grab	97,610 tons	4,464	45	21.8 tons.
Basket	1,680 tons	174	40	9.6 tons.
Newcastle grab	11,910 tons	702	40	16.9 tons.
Wool	34,885 bales	513	15	67.9 bales.
Cars	336 cars	26	50	12.5 cars.
Timber—				
Trucks	3,568,352 sup. ft.	1,430	15	2,495 sup. ft.
Wharf	3,866,139 sup. ft.	1,115	10	3,466 sup. ft.
Poles and hardwood	359,561 sup. ft.	106	35	3,373 sup. ft.
Cement	3,279 tons	211	45	15.4 tons.
Pipes	201 tons	16	45	12.0 tons.

NOTE. Authentic records obtained by the Commission show that there has been an increase of 15 per cent. in the rate of work under the co-operative contracting system.

RATES OF WORK : COASTAL VESSELS OTHER THAN VESSELS OF UNION STEAM SHIP CO. OF NEW ZEALAND, LTD.

Summary of 57 Vessels worked under Co-operative Contracting System at Wellington from 19th February, 1941, to 31st March, 1941.

Cargo.	Quantity handled.	Net Gang-hours.		Average Work per Gang per Hour.
		H.	M.	
General	10,012 tons	620	5	16.1 tons.
Iron and steel	43 tons	7	15	6.0 tons.
Hides	166 tons	9	0	18.4 tons.
Tallow and pelts	178 tons	9	30	18.7 tons.
Empties	1,318 tons	37	50	34.83 tons.
Coal: Grab	4,048 tons	194	15	20.83 tons.
Wool	15,334 bales	125	40	122.0 bales.
Cars	15 cars	1	10	12.85 cars.
Hardwood	3,356 sup. ft.	1	0	3,356 sup. ft.
Fruit	1,845 tons	87	45	21.02 tons.
Cement	795 tons	41	15	19.27 tons.

NOTE.—Authentic records obtained by the Commission show that there has been an increase of 20 per cent. in the rate of work under the co-operative contracting system.

TABLE SHOWING THE REDUCTION EFFECTED IN THE TIME SPENT IN NEW ZEALAND BY OVERSEAS FOOD SHIPS.

	Number of Ships.	Number of Ports. (Average.)	Days in New Zealand. (Average.)
1939 (January-June)—			
Loading and discharging	36	6.81	42.1
Loading only	26	5.23	26.8
All vessels	62	6.13	35.7
1941 (January-June)—			
Loading and discharging	20	4.05	27.8
Loading only	19	2.10	14.9
All vessels	39	3.10	21.5

Notes.—(1) During 1941 vessels were delayed on an average of at least two days per vessel for engine repairs not previously carried out in New Zealand—

Therefore true average saving — 35.7 days
 Less 21.5 days
 — 14.2 days
 Plus 2.0 days

16.2 days = 45 per cent. reduction on pre-war average.

(2) Not more than one-quarter of the work covered by the above table for 1941 was performed under the shift system, so that most of the saving recorded above is attributable to faster working, working extended hours and week-ends, and reduction in ports of call. It can be assumed that under the universal application of shift-work to all overseas ships, vessels will be turned round in approximately half the normal time.

(3) The names of overseas vessels incorporated in above table are on record in the office of the Commission.

WATERFRONT CONTROL COMMISSION : SUMMARY OF RESULTS OF PROFIT DISTRIBUTIONS UNDER CO-OPERATIVE CONTRACTS FROM 10TH JULY, 1940, TO 31ST MARCH, 1941.

Port.	Class of Vessel.	Period covered by contracts included in Distribution.		Number of Contracts included in Distributions.			Working-times included in Distributions.		Total Contract Price.	Amounts of Profit Distributed.	Average Rates of Profit Distributions per Hour.					
		From.	To.	Discharging.	Loading.	Discharging and Loading.	Total Labour-hours.	Winch-hours.			On Total Hours.		On Winch-hours.			
											s.	d.	s.	d.		
Auckland	Overseas	17/9/40	31/3/41	50	38	..	88	557,752	390,890½	145,105	£	14,158	0	6.09	0	8.66
Wellington	"	10/7/40	29/3/41	66	57	..	123	453,807¼	306,321½	119,231	13,594	0	7.18	0	10.65	
"	Union Co.	23/10/40	31/3/41	..	..	199	199	280,164	206,804½	61,482	3,604	0	3.08	0	4.18
"	Coastal	19/2/41	31/3/41	..	..	57	57	18,046½	12,966	3,914	250	0	3.31	0	4.61
"	Bunkering	10/1/41	25/3/41	..	..	20	20	11,118½	8,349½	2,735	130	0	2.80	0	3.72
Lyttelton	Overseas	11/10/40	22/3/41	20	16	..	30	46,178½	32,179½	12,982	1,554	0	8.07	0	11.59	
"	Union Co.	4/2/41	4/2/41	..	1	..	1	569	400	106	..	..	..	..	..
Port Chalmers	Overseas	20/1/41	8/3/41	1	3	..	4	10,107	6,578½	3,013	632	1	3.02	1	11.07	
Opua	"	3/1/41	5/1/41	..	1	..	1	1,452	1,214½	573	91	1	3.00	1	5.93	
Napier—	"	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Breakwater	"	8/12/40	27/2/41	1	5	..	6	14,695½	9,575½	4,735	773	1	1.16	1	7.38	
Roadstead	"	12/12/40	21/3/41	..	6	..	6	22,659	13,326½*	8,845	1,913	0	10.60	1	6.02	
New Plymouth	"	27/9/40	14/3/41	..	11	..	11	71,916	48,192½	21,097	2,585	0	8.62	1	0.87	
"	Union Co.	15/3/41	22/3/41	..	..	2	2	1,892¼	980	436	53	0	6.66	1	0.86
Wanganui roadstead	Overseas	3/2/41	5/2/41	..	1	..	1	1,168	466½	355	59	0	0.21	2	6.59	
Nelson	Union Co.	17/2/41	29/2/41	..	2	..	2	1,330	726	300	27	0	4.91	0	9.00	
Pictou	Overseas	21/8/40	13/1/41	..	2	..	2	3,792	2,618	911	241	1	3.23	2	4.63	
"	Union Co.	21/1/41	22/2/41	..	2	..	2	1,845	800½	459	29	0	3.73	6	8.60	
Timaru	Overseas	2/8/40	3/3/41	1	6	..	7	16,243½	10,348	6,172	798	0	11.78	1	6.50	
Bluff	"	26/8/40	28/2/41	3	9	..	12	45,385	33,531½	14,838	2,306	1	0.19	1	4.50	
Totals	..	..	..	142	154	278	574	1,580,152½	1,085,669½	407,289	42,797	0	6.50	6	9.46

* Winch-hours on ship-working only.

Average profit distribution on total of all contracts at all ports : On total labour-hours, 6.50d.; on winch-hours, 9.46d.

SUMMARY OF PROFIT DISTRIBUTIONS PAID ANCILLARY TO THE CO-OPERATIVE CONTRACTING SCHEME BY BODIES OTHER THAN THE WATERFRONT CONTROL COMMISSION FOR THE YEAR ENDED 31ST MARCH, 1941.

Port.	Class of Vessel.	Amount of Profit Distributed.	Total Labour-hours.	Wellington Harbour Board.	N.Z. Government Railways.	N.Z. Refrigerating Co., Ltd., Wanganui.	Average Rate of Profit per Hour.
		£		£	£	£	s. d.
Wellington ..	Overseas (loading) ..	320	5,679½*	320	..	..	1 1·51*
..	.. (discharging) ..	1,015	38,554½	1,015	..	..	0 6·32
..	Union Co. ..	769	42,145½	769	..	..	0 4·38
Lyttelton ..	Overseas ..	440	10,269	..	440	..	0 10·28
Port Chalmers ..	.. ..	6	79½	..	6	..	1 6·01
New Plymouth ..	.. ..	359	10,379½	..	359	..	0 8·29
Wanganui ..	.. ..	76	1,521	..	..	76	1 0·00
Picton ..	.. ..	27	500	..	27	..	1 1·00
Timaru ..	.. ..	186	3,843	..	186	..	0 11·63
Bluff ..	.. ..	646	13,657¼	..	646	..	0 11·35
Totals ..	.. ..	3,844	126,628¼	2,104	1,664	76	0 7·27

* Represents profit distributed on *winch-hours*; all other profits distributed on total *labour-hours*.

GENERAL REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.

<i>Expenditure.</i>		£	<i>Income.</i>		£
Wages advances .. ..	.. ..	351,415	Contracts .. ..	.. ..	407,289
Working-expenses—					
Per Cent.	£				
51·83 Check Timekeepers	3,798				
1·23 Depreciation: Office furniture and fittings	90				
0·72 Insurance: Check Timekeepers	53				
9·21 Pay Office Levies	675				
3·50 Printing and stationery	256				
3·47 Rent of offices	255				
20·66 Salaries	1,514				
5·29 Sundries: including office cleaning, postages, telephone rentals, tolls, &c.	387				
4·09 Travelling-expenses	300				
		7,328			
100·00					
Balance, carried down to Appropriation Account	48,546				
		<u>£407,289</u>			<u>£407,289</u>

APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.

<i>Dr.</i>	£	<i>Cr.</i>	£
Profit distributions	42,797	Balance, brought down from General Revenue Account	48,546
Stevedoring Gear Purchase Reserve	4,000		
Balance carried down to Accumulated Funds Account	1,749		
	<u>£48,546</u>		<u>£48,546</u>

ACCUMULATED FUNDS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.

Balance, brought down from Appropriation Account	£ 1,749
--	---------

BALANCE-SHEET AS AT 31ST MARCH, 1941.

<i>Liabilities.</i>	£	£	<i>Assets.</i>	£	£
Profit distributions	42,797		Cash—		
Less paid out to 31st March, 1941	31,234		At Bank of New Zealand	6,007	
		11,563	In hand	5	
Stevedoring Gear Purchase Reserve	4,000				6,012
Accumulated funds: Balance brought in for year	1,749		Sundry debtors—		
			Contracts	10,404	
			Waterside Central Pay Offices—		
			Bluff	268	
			Lyttelton	226	
			Wellington	1	
					495
			Office furniture and fittings: Purchases		
			for year	491	
			Less depreciation	90	
					401
		<u>£17,312</u>			<u>£17,312</u>

NOTE.—The above accounts refer to income and expenditure in connection with the co-operative contracting system. Other administration expenses are paid from the Consolidated Fund, and details of the expenditure may be seen in the annual accounts of the Labour Department. Income and Expenditure Accounts and Balance-sheets of Bureaux and Pay Offices controlled by the Commission are summarized in a separate statement included in the Appendix.

A. E. BOCKETT, Secretary.

I hereby certify that the General Revenue Account and Balance-sheet relating to co-operative contracts of the Waterfront Control Commission have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—CYRIL G. COLLINS, Controller and Auditor-General.

TABULATED STATEMENT OF ACCOUNTS FOR WATERSIDE CENTRAL PAY OFFICES AND LABOUR BUREAUX
CONTROLLED BY WATERFRONT CONTROL COMMISSION AS AT 31ST MARCH, 1941.

Revenue Account No. 1 for Period ended 31st March, 1941.

Items.	Auckland (as from 31st July, 1940).	Wellington (as from 10th July, 1940).	Lyttelton (as from 30th October, 1940).	Otago (as from 28th August, 1940).	Bluff (as from 11th December, 1940).	New Plymouth (as from 2nd October, 1940).	Totals.
<i>Expenditure.</i>							
Salaries—	£	£	£	£	£	£	£
Office	3,074	3,534	778	679	283	341	8,689
Wharf Superintendents	785	854	242	346	..	..	2,227
Audit fees	94	110	39	57	22	21	343
Printing and stationery	413	297	118	95	107	9	1,039
Insurances	95	63	16	70	23	21	288
Rent	44	..	..	93	9	28	174
Telephones, tolls, and postages	31	39	13	55	13	17	168
Guaranteed wage	21	46	..	..	..	..	67
Cleaning, heating, and lighting	80	81	13	45	..	3	222
Depreciation	50	132	..	5	..	..	187
Travelling-expenses	50	62	9	9	13	6	179
Sundries	33	51	15	67	8	3	177
Sub-total of Expenditure	4,770	5,269	1,243	1,521	508	449	13,760
Excesses of income over expenditure to Revenue Account No. 2	2,401	1,379	..	252	..	141	4,173
	7,171	6,648	1,243	1,773	508	590	17,933
<i>Income.</i>							
Levy on wages	£ 7,171 (2%)	£ 6,648 (2½%)	£ 1,088 (2½%)	£ 1,773 (2½%)	£ 269 (2½%)	£ 590 (2%)	£ 17,539
Excesses of expenditure over income to Revenue Account, No. 2 .. .. .	..	..	155	..	239	..	394
	7,171	6,648	1,243	1,773	508	590	17,933

Revenue Account No. 2 for Period ended 31st March, 1941.

<i>Dr.</i>	£	<i>Cr.</i>	£
Excesses of expenditure over income (Revenue Account, No. 1)	394	Excesses of income over expenditure (Revenue Account, No. 1)	4,173
Balance, carried to Balance-sheet	3,779		
	£4,173		£4,173

BALANCE-SHEET AS AT 31ST MARCH, 1941.

Items.	Auckland.	Wellington.	Lyttelton.	Otago.	Bluff.	New Plymouth.	Totals.
<i>Liabilities.</i>							
Unpaid wages	£ 370	£ 385	£ 2	£ 1	£ ..	£ ..	£ 758
Sundry creditors: General .. .. .	..	109	..	7	91	..	207
Waterside Labour Employment Associations	648	924	221	39	..	175	2,007
Waterfront Control Commission: Advances, &c. .. .. .	..	..	226	..	268	..	494
General Revenue Account	2,401	1,380	<i>Dr.</i> 155	251	<i>Dr.</i> 239	141	3,779
	3,419	2,798	294	298	120	316	7,245
<i>Assets.</i>							
Cash at Bank of New Zealand	£ 2,159	£ 1,493	£ 43	£ 141	£ 37	£ 151	£ 4,024
Cash in hand .. .. .	..	..	..	..	..	..	..
Cash wages in hand	359	..	..	..	..	..	359
Petty cash	10	..	..	5	..	..	15
Wages suspense	4	..	..	..	..	..	4
Wages advances	11	..	..	..	..	..	11
Sundry debtors .. .. .	..	..	..	60	..	..	60
Bicycle (less depreciation)	10	..	..	..	..	..	10
Motor-car (less depreciation)	183	353	..	..	..	..	536
Furniture (less depreciation)	628	920	228	92	83	165	2,116
Insurances in advance	52	32	23	..	..	..	107
Telephones in advance	3	..	..	..	..	..	3
	3,419	2,798	294	298	120	316	7,245

A. E. BOCKETT, Secretary to Commission.

I hereby certify that the above Statement of Accounts and Balance-sheet are correct summaries of audited accounts and balance-sheets submitted by auditors appointed by the Audit Office in terms of Regulation 16 (5) of the Waterfront Control Commission Emergency Regulations 1940 to audit the accounts and stores of Waterside Central Pay Offices and Labour Bureaux.—CYRIL G. COLLINS, Controller and Auditor-General.

TABLE OF WAGES PAID BY SHIPPING COMPANIES THROUGH CENTRAL PAY OFFICES CONTROLLED BY WATERFRONT COMMISSION FOR PERIODS ENDING 31ST MARCH, 1941.

Companies.	Auckland (as from 31st July, 1940).	Wellington (as from 10th July, 1940).	Lyttelton (as from 30th October, 1940).	Otago (as from 28th August, 1940).	New Plymouth (as from 2nd October, 1940).	Bluff (as from 11th December, 1940).	Totals, each Company.
	£	£	£	£	£	£	£
Auckland Stevedoring Co., Ltd. ..	44,603	..	..	..	..	..	44,603
British Phosphate Commission ..	6,652	..	191	4,976	795	..	12,614
Colonial Sugar Refining Co., Ltd. ..	2,943	..	..	..	..	..	2,943
A. G. Frankham, Ltd. ..	817	..	..	..	..	..	817
Huddart, Parker, Ltd. ..	1,790	615	..	..	..	..	2,405
Leonard and Dingley, Ltd. ..	36,521	..	..	..	..	..	36,521
New Zealand Shipping Co., Ltd. ..	76,000	50,422	1,584	..	2,855	..	130,861
Northern Steam Ship Co., Ltd. ..	11,261	..	..	..	596	..	11,857
Richardson and Co., Ltd. ..	7,103	3,231	..	..	..	..	10,334
Shaw, Savill, and Albion Co., Ltd. ..	23,521	27,087	2,782	2,028	320	1,763	57,501
Union Steam Ship Co. of New Zealand, Ltd.	135,129	112,024	24,326	34,870	2,716	5,816	314,881
Westport Coal Co., Ltd. ..	169	1,409	68	..	238	..	1,884
Wilson Portland Cement Co., Ltd. ..	1,689	..	..	..	..	..	1,689
Anchor Shipping Co., Ltd. ..	..	7,532	..	..	..	..	7,532
Blue Star Line, Ltd. ..	..	7,042	..	..	24	..	7,066
Canterbury Steam Shipping Co., Ltd. ..	..	5,979	1,441	3,115	..	..	10,535
Federal Steam Navigation Co., Ltd. ..	..	89	..	..	..	..	89
Gannaway and Co., Ltd. ..	..	2,149	..	..	..	..	2,149
Gardiner and Co., Ltd. ..	..	1,157	..	..	..	..	1,157
Holm and Co., Ltd. ..	..	10,982	..	..	..	..	10,982
Johnston and Co., Ltd. ..	..	1,631	..	..	..	..	1,631
Levin and Co., Ltd. ..	..	1,152	..	..	..	..	1,152
New Zealand Waterside Workers' Union ..	..	278	715	..	..	..	993
Port Line, Ltd. ..	..	12,706	..	..	..	..	12,706
G. H. Seales, Ltd. ..	..	3,874	..	..	..	..	3,874
South Taranaki Shipping Co., Ltd. ..	..	2,693	..	..	..	..	2,693
A. H. Turnbull and Co., Ltd. ..	..	793	565	..	..	..	1,358
Wright, Stephenson, and Co., Ltd. ..	..	294	..	..	..	..	294
A. L. Herdman, Ltd. ..	..	..	324	..	..	..	324
Kinsey and Co., Ltd. ..	..	..	10,381	..	..	..	10,381
W. W. Toy, Ltd. ..	..	..	7	..	..	..	7
J. E. Watson and Co., Ltd. ..	..	..	..	..	..	1,774	1,774
John Mill and Co., Ltd. ..	..	..	..	9,840	..	559	10,399
Southland Stevedoring Co., Ltd. ..	..	..	..	..	..	1,325	1,325
H. L. Tapley and Co., Ltd. ..	..	..	..	8,446	..	19	8,465
Cock and Co., Ltd. ..	..	..	..	..	841	..	841
Dominion Stevedoring Co., Ltd. ..	..	..	..	..	16,472	..	16,472
Hooker Bros., Ltd. ..	..	..	..	..	2,628	..	2,628
Newton King, Ltd. ..	..	..	..	..	10	..	10
Keith Ramsay, Ltd. ..	..	..	..	6,722	..	..	6,722
R. Leftwich, Ltd. ..	..	..	..	793	..	..	793
Sub-total, all companies ..	348,198	253,139	42,384	70,790	27,495	11,256	753,262
Waterfront Control Commission : Profit distributions	10,361*	12,754	1,149	144	1,977	717	27,102
	358,559	265,893	43,533	70,934	29,472	11,973	780,364

* Includes Check Timekeeper's wages, £57.

TABLE OF LEVIES AT RATES SHOWN, ON WAGES PAID BY SHIPPING COMPANIES THROUGH CENTRAL PAY OFFICES CONTROLLED BY WATERFRONT COMMISSION FOR PERIODS ENDING 31ST MARCH, 1941.

Companies.	Auckland. (2 Per Cent.)	Wellington. (2½ Per Cent.)	Lyttelton. (2½ Per Cent.)	Otago. (2½ Per Cent.)	New Plymouth. (2 Per Cent.)	Bluff. (2½ Per Cent.)	Total, each Company.
	£	£	£	£	£	£	£
Auckland Stevedoring Co., Ltd. . .	892	..	..	..	..	..	892
British Phosphate Commission ..	133	..	5	124	16	..	278
Colonial Sugar Refining Co., Ltd. . .	59	..	..	..	..	..	59
A. G. Frankham, Ltd.	16	..	..	..	..	..	16
Huddart, Parker, Ltd.	36	15	..	..	..	..	51
Leonard and Dingley, Ltd.	731	..	..	..	..	..	731
New Zealand Shipping Co., Ltd. . .	1,520	1,261	39	..	57	..	2,877
Northern Steam Ship Co., Ltd. . .	225	..	..	..	12	..	237
Richardson and Co., Ltd.	142	81	..	..	..	..	223
Shaw, Savill, and Albion Co., Ltd.	470	677	70	51	6	40	1,314
Union Steam Ship Co. of New Zealand, Ltd.	2,703	2,801	608	872	56	130	7,170
Westport Coal Co., Ltd.	3	35	2	..	5	..	45
Wilson Portland Cement Co., Ltd. . .	34	..	..	..	..	..	34
Anchor Shipping Co., Ltd. . . . .	..	188	..	..	..	..	188
Blue Star Line (N.Z.), Ltd. . . . .	..	176	..	..	..	..	176
Canterbury Steam Ship Co., Ltd. . .	..	149	36	78	..	..	263
Federal Steam Navigation Co., Ltd. .	..	2	..	..	..	..	2
Gannaway and Co., Ltd. . . . .	..	54	..	..	..	..	54
Gardiner and Co., Ltd. . . . .	..	29	..	..	..	..	29
Holm and Co., Ltd. . . . .	..	274	..	..	..	..	274
Johnson and Co., Ltd. . . . .	..	41	..	..	..	..	41
Levin and Co., Ltd. . . . .	..	29	..	..	..	..	29
New Zealand Waterside Workers' Union . . . . .	..	7	17	..	..	..	24
Port Line, Ltd. . . . .	..	318	..	..	..	..	318
G. H. Seales, Ltd. . . . .	..	97	..	..	..	..	97
South Taranaki Shipping Co., Ltd. .	..	67	..	..	..	..	67
A. H. Turnbull and Co., Ltd. . . . .	..	20	14	..	..	..	34
Wright, Stephenson, and Co., Ltd. .	..	7	..	..	..	..	7
H. L. Herdman, Ltd. . . . .	..	..	8	..	..	..	8
Kinsey and Co., Ltd. . . . .	..	..	260	..	..	..	260
J. E. Watson and Co., Ltd. . . . .	..	..	..	..	..	40	40
John Mill and Co., Ltd. . . . .	..	..	..	246	..	13	259
Southland Stevedoring Co., Ltd. . .	..	..	..	..	..	30	30
H. L. Tapley and Co., Ltd. . . . .	..	..	..	211	..	..	211
Cock and Co., Ltd. . . . .	..	..	..	..	17	..	17
Dominion Stevedoring Co. . . . .	..	..	..	..	329	..	329
Hooker Bros., Ltd. . . . .	..	..	..	..	53	..	53
Keith Ramsay, Ltd. . . . .	..	..	..	168	..	..	168
R. Leftwitch, Ltd. . . . .	..	..	..	20	..	..	20
Sub-total, all companies	6,964	6,328	1,059	1,770	551	253	16,925
Waterfront Control Commission: Profit distributions	207	319	29	3	40	16	614
	7,171	6,647	1,088	1,773	591	269	17,539

Approximate Cost of Paper.—Preparation, not given; printing (745 copies), £27 10s.

By Authority: E. V. PAUL, Government Printer, Wellington.—1941.

Price 6d.]