

*The Chairman:* The flaw they ask you to pay for is the monopoly.

*Mr. Weston:* I submit it is contrary to the spirit of the Railways Act. The Railways Act gave the Governor in Council power to charge wharfages. The wharfages are not the fees paid for the use and advantage of a natural harbour—those are covered by port charges; but wharfages are fees which are supposed to cover the value of services rendered by the erection in a natural harbour of certain artificial constructions, so that when the Railway authorities are given power to impose wharfages those wharfages ought to be based on the value of the services rendered. We have got to remember that the wharves are only an incidental adjunct to the New Zealand Government Railways. The main business of the New Zealand Government Railways are railways, and they only erect a wharf in New Zealand where it has been found necessary to do so in connection with their business. It is not part of their business nor the principal object of their business, and I submit that when they are given power to impose wharfages, although they have an absolute discretion as to the charge, that discretion ought to be exercised on the principle that a Government entrusting any discretion to a Government official should see that that discretion is administered with equity and justice. Now, what is the justice? When you provide an artificial structure in a natural harbour, what is the justice of doing what the Railway Department admit they have done in this case? We have had it said by Mr. McVilly that as far back as Mr. Maxwell's time the Foxton-Palmerston Railway was only saved from a loss because they imposed wharfage charges on the Foxton Wharf which gave them a net revenue of £600 to make up the loss on the line. That is not fair. The people using the wharf are a different class of people to those using the railway. If you are going to draw from the people using the wharf an excessive amount above the actual cost of rendering the services for which they are paying, you are practically penalizing the people who are unfortunate enough to live next to a railway wharf in order to give to the people using the railways of New Zealand as a whole a subsidy. One cannot put it plainer than that. Is that just? If so, although it may be in accordance with the discretion given to the Railway officials to impose what wharfages they like, then they have not administered that discretion with fairness and equity, and consequently they are breaking the spirit of the Act if they are not breaking the law. Moreover, they are doing what a local Harbour Board could not do.

*The Chairman:* What they are doing is perfectly plain. They are putting on what is equivalent to a terminal charge on the Foxton line for the loss which would otherwise be entailed on the Government by running to the Foxton-Palmerston line.

*Mr. Weston:* What I submit is this: the Railway people are imposing wharfages which admittedly are close on 50 per cent. more than the cost to them of the wharf. The wharfage they are charging is for the use of an artificial structure in a natural harbour. The principle with regard to Harbour Boards as laid down in the Harbours Act is that all wharfages and all revenue from the harbour have to go back into that harbour; so that because they have erected an artificial structure in a natural harbour, and because owing to the circumstances of the case they cannot have any opposition (it would be idle for us to erect another wharf here—the Railway authorities would not give us a railway-siding if we did), they are really exercising the powers given them in a way that if they were a Harbour Board they would have no right to do. Take the case in Wellington: supposing for one moment that all the wharves were in the hands of the Railway people, and they were levying wharfages under the power given them under the Government Railways Act, would they be allowed for one instant to derive a proportionate profit in the same way as they are deriving it from the Foxton Harbour Board? In the case of Wellington all the profits from wharfages go back into the harbour. They are bound to. No Harbour Board can expend a penny outside those purposes; but here is the Railway Department taking this sum from this wharf every year and putting it towards the maintenance of the railways as a whole. I submit that surely the principle which applies to harbours which are managed by local authorities should apply to a wharf which is managed by the Government Railway Department. Why should a man who is unfortunate enough to have an area of land close to a railway wharf be penalized? Is it fair?

*The Chairman:* Of course, there is the other way of putting it. Why should the whole colony make a railway to a district that cannot support a railway?

*Mr. Weston:* That is so.

*The Chairman:* They say this is a branch railway which does not pay except we get wharfage.

*Mr. Weston:* We say they will not give us the sectional returns. But apart from that, we did not choose that they should start the railway here at Foxton. It was the original idea—it was the starting-point. They picked on Foxton as being the best place to start from. Why should the people who live in Foxton now have to contribute £1,500 as a subsidy to the Government railways? It makes the class of people in Foxton different to the people using the railways. It is equivalent to a differential rate.

*The Chairman:* I do not know that we can go into that. They are carrying the burdens of the earlier people just as posterity will have to carry our burdens.

*Mr. Weston:* It seems to me it would be a curious thing if this applied right throughout the colony. The Railway people have two things: they have the railways and they have the wharves.

*The Chairman:* You say this: that the Railway people are making a profit out of the Foxton Harbour, and that it is not fair for them to do so and charge upon the Foxton people this wharfage when they are doing nothing for it, but simply applying the profits to the railways instead of improving the harbour.

*Mr. Weston:* That is my whole point, yes. Then, with regard to the difficulty about dual control, we are going to call evidence as to the capacity for improving the harbour. What we say is that we want these wharves in our own hands so that this wharfage will, as in the case of a harbour controlled by any other local authority, go towards improving the harbour.