

8. Have they laid out much money on her?—Mr. Kennedy told me about £3,000.

9. How long did the Government have her?—Since 1871. If you take the ordinary depreciation of 5 per cent. from the time the Government got her, she is well sold for the Government. In these times people will not buy any of these old steamers. The "Phœbe's" boilers have been four years only at work, and they will not buy them on account of this consumption of coal. The saving in coal effected by the compound boilers prevents people looking at these others. That is the reason why these old steamers cannot be sold.

10. *Mr. Bowen.*] Do you remember being often urged by your colleagues to get rid of her when lying at anchor?—Yes.

11. *Mr. Rees.*] Why did you not give some notice to the public that she was to be sold by tender?—It was always the intention to sell her, and everybody knew she was to be sold from one end of New Zealand to the other. Every merchant in New Zealand knew she was for sale. It was stated in the House last year that she was for sale.

12. When?—On some statement of Mr. Macfarlane's, if I recollect rightly. From her very large consumption of coal I do not think she was a steamer at all saleable, except for a trade like this, where the coal costs them very little. When the "Albion," which cost £34,000, was put up for sale, my firm bought her for £8,000, and she is running now with the same boilers in her. That shows how difficult it is to sell old steamers at anything like a price.

13. Why was public intimation not given, and tenders called for? There is another Government boat, the "Hinemoa"?—The "Hinemoa" is a perfectly different thing. She is a new steamer, and I consider that no Government would be justified in putting up a new steamer except by public auction or tender. I quite agree that no new steamer such as the "Hinemoa" should be sold privately, except it is first tried by auction or tender. I put in these telegrams to show that the majority of the Government absolutely knew nothing of who was to be the purchaser till they came to consent to the sale.

14. *Hon. Mr. Gisborne.*] Did you take any professional opinion as to the value of the vessel—persons who knew anything about the value of boilers, ships, &c.?—I took the opinion of the Managing Director of the Union Company. Captain Johnston and I used to discuss the matter; so did Mr. Nancarrow and I. I also spoke to Captain Macfarlane.

15. You never had a written opinion?—No. There is no question about it, full value was obtained for the vessel, and I believe Mr. Kennedy is quite willing to give her back for the purchase-money and a fair estimate of the cost of making her fit for sea.

16. I see the Estimates contained an item of "£12,000 in addition to proceeds of sale of 'Luna.'" What was your impression as to the amount of the proceeds?—I did not think we should get more than £5,000.

17. *Mr. Rees.*] I thought it was understood that £20,000 was to be given for a new steamer, and that £8,000 would be got for the "Luna"?—Yes. I believe Sir Julius Vogel expected she would realize £8,000; but I was positive that nothing of the sort would be got.

FRIDAY, 23RD NOVEMBER, 1877.

Mr. E. W. MILLS, being in attendance, was examined.

18. *The Chairman.*] You are proprietor of the Lion Foundry in this town—Yes.

19. And are in the habit of repairing vessels, putting in new boilers, &c.?—Yes.

20. Have you had anything to do with the old Government steamer "Luna"?—I have had her in my hands for repairs at different times.

21. Were you familiar with her condition about the time she was sold, or a little before that?—Yes; I may say I made two surveys of her.

22. Can you give the Committee any idea of the value of the steamer?—The New Zealand Steam Shipping Company had an idea of purchasing her for the Wanganui trade, for which they particularly wanted a vessel, and for which trade she would have been adapted because of her light draught, and they thought of offering £3,000 for her, but, on examination, we found her in such a condition that we could not recommend the Company to give that. It was left to me and my foreman to decide, and we found we could not recommend the Company to buy her at that figure, as it would cost £7,000 or £8,000 to repair her and convert her engines. £3,000 or £3,500 would be an outside value. After Mr. Kennedy bought her he placed her in my hands for repairs. My account came to within a trifle of £1,000, and I believe he would be very glad now if he had never seen anything of her. One boiler has been taken out to give more room for cargo, and it is now impossible to get any speed out of her. The other day, for instance, she left Lyttelton on Thursday, and did not get in here until Sunday, while other boats, leaving at the same time, would get in on Friday. We renewed her bulkheads, took one of the boilers out, and effected other repairs, but these were only of a temporary character. We put it to Mr. Kennedy whether he would have her thoroughly repaired, or such repairs as would keep her going for the present. He decided on the latter course, but I believe she now wants more repairs. Then she burns an immense quantity of coal. She used to burn about twenty-five or twenty-seven tons with the two boilers, and with one boiler I suppose she will burn about seventeen tons in the twenty-four hours.

23. *Mr. Bowen.*] Are you aware what sort of a demand there was for steamers of that class on the coast?—Well, I do not know of any demand, except that the New Zealand Steam Shipping Company would have bought her if I could have recommended her at £3,000.

24. *Hon. Mr. Gisborne.*] Are you accustomed to repairing vessels of this class?—Yes; I have had to do with a good many since I have been in the business, twenty years.

25. *Mr. Harper.*] It was pretty well known that she was for sale?—Yes; I should think it was known all over the colony. Engineers and masters of vessels generally tell one another of these things, and it was well known that she was lying in the harbour here for months for sale.

26. She is not a good commercial boat?—No. She always eats her head off in expenses.

27. *Hon. Mr. Gisborne.*] You repaired her after she was sold?—Yes. My account came to about

*Mr. G. McLean.*

23rd Oct., 1877.

*Mr. E. W. Mills.*

23rd Nov., 1877.