

Mr. Larnach. to have only three streamers, with the right of substituting another in case of anything going wrong. In conversations you had with Mr. Galbraith, do you say you were led to suppose these terms would be altered, because, as I understood you, you were talking of a monthly service. Of course that would be a totally different thing from a two-monthly service, as is said here?—As far as I remember, Sir Julius Vogel pointed out to Mr. Galbraith that a monthly service only would be acceptable to the colony; and I was inclined to believe that both Mr. Denny and Mr. Galbraith, in their desire to take part in the initiation of a new service of the kind, would be disposed to meet the Government on very much the same terms as I have named.

37 *The Chairman.*] Was there any conversation with regard to the vessels calling at Melbourne on the homeward voyage?—Oh, yes; and that was objected to by us *in toto*.

38. Would the subsidy have been reduced if that had been consented to?—Yes; no doubt it would, very considerably—perhaps by half, at least.

39. Do you think that would be any objection, so far as New Zealand is concerned?—Well, we have that service already, now that the Orient vessels and Peninsular and Oriental boats do that service fortnightly, alternately.

40. I understand you to say that a 3,000-tons ship would cost £20,000 less now than three years ago—that is, that the price of shipbuilding has come down so much?—Perhaps not so much as that. I think the cost would be £10,000 to £15,000 less, perhaps nearly £15,000 less.

41. *Mr. Reeves.*] What difference would calling at Melbourne, in coming and going back, make in the time—if they go by Suez, of course—what difference would calling there make?—I should think it would make a difference of four days, from taking the voyage direct from here through the canal. Calling at Melbourne would, I daresay, make a difference of four days in the passage.

APPENDIX B.

THURSDAY, 18th AUGUST, 1881.

Mr. James Mills.
18th Aug., 1881.

Mr. JAMES MILLS, Managing Director of the Union Steamship Company, examined.

42. *The Chairman.*] Mr. Mills, you have had great experience in the practical working of steam-ships for many years?—Yes.

43. You are aware that the object of this Committee is to consider the best means of establishing a direct steam line between New Zealand and the Mother-country. We should be glad to have your opinion on the subject. I will just ask perhaps a few leading questions, that may draw that opinion out. I will ask first, what class of ships you would consider most adapted for that trade?—That would depend upon what is sought—whether a mail service, or what I might term a commercial service.

44. Commercial and postal. I gather from the papers that it is proposed to make it a very fast service.—My own views are very much against a fast service.

45. On what grounds?—Because fast boats are so enormously expensive to work. As the speed is increased so the expenses are increased, in a very large proportion; a very large passenger trade, as well as a heavy subsidy, would be required to make such a service pay; and a large passenger trade could not be expected between New Zealand and Great Britain for some time to come.

46. What would be the relative cost of a 10½ and a 12-knot service?—I could not say off-hand, but there would be a very great difference in the cost of running. An 11-knot service could be done with boats of similar dimensions to those proposed by Mr. Galbraith, but very much less power, and they would carry larger cargoes. The original cost, also insurance, wages, wear and tear, and indeed all expenses, would be reduced very considerably.

47. Do you consider there would be an advantage in beginning with slow boats at first?—I certainly think any service initiated should be of moderate speed.

48. What do you call moderate speed?—Ten to eleven knots. The vessels should be of sufficient speed to command the passenger traffic, and yet they should be able to carry large cargoes economically.

49. Are there any steamers in the market now, do you know, suitable for the trade?—I think not. The steamers that come to Australia seem to be of the two extremes—either very fast boats, more designed for passengers, or slow boats, purely designed for cargo.

50. In your opinion, then, would it be necessary to build ships especially for this trade, if we go into it?—Yes.

51. How long would that take?—It depends very much upon the state of the building trade at the time of ordering steamers. They could not be built in less than eighteen months, if in that time.

52. How many in number could be built in that time?—By employing more than one yard, of course a number could be built. Just now the ship-building trade is rather brisk, and builders will not take orders for quick delivery at all. All the leading builders take from twelve to fifteen months to supply quite a moderate-sized steamer, as they are fairly busy now; some indeed are very busy.

53. I suppose in this steam line, if we establish it, they would use New Zealand coal?—Yes, certainly.

54. What quantity of coal for a voyage would they require to take in here?—That, again, depends upon the power and the speed. I suppose, towards 2,000 tons.

55. Could you indicate what would be the monthly disbursements in the colony of the vessels, exclusive of coal?—Their disbursements in the colony would comprise the labour discharging and loading, provisions, dues, docking expenses, and the money that the crew would spend in the colony. Of course they would not spend the whole of their wages here. I should think towards £3,000 each visit, exclusive of coal. I have not gone into it very minutely, because I did not know the class of evidence I was expected to give.

56. Assuming it could be clearly shown there would be sufficient goods and passenger traffic, both inwards and outwards, to load steamers of the size you indicate, are you of opinion that any private company would be induced to take it up as a speculation “entirely on their own hook”?—I hardly think