

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

76. It would take three years, probably, before the service could be made monthly?—Yes, I think so.

77 *Hon. Mr. Reynolds.*] I understand you to say the contractors, whoever they might be, would require to select their own ports of arrival and departure?—Yes. The vessels could not visit all the ports of the colony each trip. They would require to vary the visiting ports, so as to give the different parts of the colony the benefit of the service. For instance, on one trip it might be desirable to visit Auckland, and it might not be possible for the steamer to proceed right to the extreme South on that trip. On another trip it might be more desirable for the steamer to visit the South, and then she could not go to Auckland.

78. Then, would one port be sometimes the port of arrival and sometimes another port—depending on for which the vessel had most passengers and cargo?—Yes. It might, however, be advisable to visit Wellington every trip, whether proceeding north or south, as it is a central port, and convenient for transhipment.

79. Then your impression is the contractors would not bind themselves to come to any particular port regularly?—If they got a large subsidy they might; but I am talking of a fair subsidy. A contractor will bind himself to anything stipulated; but I imagine you are looking at the thing more from a colonial point of view, and it would be necessary the vessels should visit all the different ports. The proper intervals and the time of visiting would have to be arranged—that is a question of expediency.

80. I want to know whether you think a contractor would require a larger subsidy if he was required to run to one port, say Auckland, or Port Chalmers, than if he was allowed to take the ports as he thought proper; when on one voyage he might take Auckland, on another he might come to Lyttelton, another to Wellington, and another to Otago, just according to circumstances, to suit his own convenience? You think he would require a larger subsidy if he was bound to one port, than if he could go to any one he pleased from time to time?—I think he would.

81. *Hon. Mr. Williamson.*] If the contract bound the contractor to arrive and depart from one port, would he require a larger subsidy than he would if he could go to any port he liked?—Yes; probably.

82. *Hon. Mr. Reynolds.*] I want to know whether you think a contractor would require a larger subsidy if he was bound to come to only one port in the colony, say Wellington, and was not to go to any other?—I think he would.

83. *Hon. Mr. Peacock.*] You think he would require a larger subsidy if he went to only one port, than if he went to others, backward and forward. For instance, if a steamer arrived at Auckland, and then had to come all along the coast, and then to go back to Auckland, it would require a larger subsidy?—Yes; the contractor should have some say in selecting the route and ports of call on the coast, at different times of the year—according to his cargo engagements, coaling facilities, &c.

84. Do you think, if there was a direct steam service, say, monthly, or two-monthly, that the facilities for getting such cargo as comes by steamer now by way of Melbourne would be made easier than at the present time? Do you think it would be more an advantage to get this cargo by boats that come direct once in two months, than getting it now by vessels which come weekly?—That is a matter of personal interest. I can only say that the present system of transhipment *via* Melbourne suits us very well, and I am sure it suits the public.

85. Then it would be no advantage, in your opinion, to have a direct steam service for that?—It would not be any advantage to the Union Company.

86. I am not speaking about the Union Company. You must forget all your feelings for the Union Company at the present moment?—It is very difficult to do that.

87. What is the cost at the present time of delivering cargo brought by way of Melbourne in New Zealand?—At present, cargo rates are very low: cargo has been delivered in New Zealand at a through rate of 61s. per ton.

88. *Hon. Mr. Williamson.*] Those goods came all the way by steamer, and that includes everything?—Everything. The freight to the Union Company and the cost of transhipment; probably the net to the English steamer was 30s. No doubt they are not taking Melbourne cargo at that rate.

89. *Hon. Mr. Peacock.*] Do you know if any new companies are likely to start to run steamers between Australia and Europe?—No.

90. Do you know if France and Germany are going to subsidize lines?—I understand France has subsidized a line. There is a German line running; but whether with a subsidy or not I do not know.

91. At any rate, if these boats run, is not the competitive system likely to reduce the rates?—Competition only reduces rates temporarily, and in time it is bound to lead to a reaction. Somebody must give way.

92. But the tendency in the meantime would be to lower the rates?—Yes.

93. Do not you think if there was all this competition some of the steamers would look further afield? Do not you think some of them might extend their operations to New Zealand, and get extra cargo, without a subsidy?—Cargo steamers might. I do not think that large passenger boats would do so, because it is very expensive to them to extend their voyages.

94. But cargo steamers might?—Yes.

95. Supposing we gave a subsidy to steamers simply to carry the mails. By coming to the whole of the ports of New Zealand could they be delivered as quickly as at the present time?—Do you mean by the proposed through service?

96. Supposing the Union Company were subsidized to carry the mails, would not that be a more direct mail service than a line we might subsidize to go to the various ports?—It would depend upon the speed of the direct service.

97. Well, the speed by which, at the present time, the Peninsular and Oriental and Orient mails are delivered?—They could be delivered as quickly that way.

98. Therefore, there would be no advantage for mails from a new service?—No. The whole of my evidence throughout has been in reference to a passenger and cargo service, and not to a mail service.