

The order of reference dated 5th November was read.

*Resolved*, on motion of the Hon. Mr. Macandrew, That the Committee do inquire into the circumstances connected with the sale of the "Luna."

Mr. E. W. Mills and Captain Johnston, being in attendance, were examined, and their evidence was taken down by the reporter present.

*Resolved*, on motion of Mr. Harper,—

That it appears from the evidence taken before the Committee that the "Luna" was sold for the best price obtainable in the colony.

That it does not appear that any better price could have been obtained if the vessel had been sold otherwise than by private sale.

But that the Committee are of opinion that under ordinary circumstances Government property should be sold by public tender or auction.

Read and confirmed.

## MINUTES OF EVIDENCE.

TUESDAY, 23RD OCTOBER, 1877.

Mr. GEORGE McLEAN, M.H.R., being in attendance was examined.

Mr. G. McLean.  
23rd Oct., 1877.

1. *The Chairman.*] You were Commissioner of Customs?—Yes.
2. And the "Luna" was officially in your charge?—Yes.
3. *Mr. Gisborne.*] Had the House ordered the sale of the "Luna"?—I made some statement in the House. I believe, now you mention it, that I did make a statement, when the vote was on, that she was for sale. I may say that there were several inquiries for her, and amongst them one from Captain Macfarlane, of the steamship "Rotorua." He said he could get £3,000 for her in Sydney.
4. *The Chairman.*] What date was that?—I could not now say.
5. Was it after the session?—Yes, a good while after the session. I told him we wanted £5,000 for her by some means or other. He said he would see what he could do over there; but we heard nothing more of it. There was an inquiry from Melbourne, from Messrs. Coffey and Turnbull; and when they got particulars they would not have anything more to do with her. The only *bonâ fide* purchaser that ever came forward, I had reason to believe at the time, was the Brunner Coal Company, from negotiations that took place when I was away. They offered £3,000, and would not give any more. For six months after this, no negotiation took place, until it was opened by Mr. Turnbull.
6. Did you advertise at that time?—No. There was always an idea of putting her up for sale. From my own knowledge, I knew that was not a good way of getting the money we wanted for her. I came to Wellington, and the negotiation took place with Mr. Turnbull, on the 5th of April. They stuck at £3,500, and at last they offered £4,000, cash down.
7. Did they initiate negotiations, or did you go to them?—Mr. Turnbull came to us. I do not know whether Mr. Turnbull had anything further to do with the matter than buying for the company. First, he would give £3,500, and I told him we wanted £5,000. At last, he came up to £4,000 cash, and would give no more, and made an offer accordingly. He said it was for a West Coast firm, and I knew it was likely to be the Brunner Company. I found there were four of my colleagues away from Wellington. I consulted those who were here, and they said decidedly to take it, and get her out of the road. I then consulted my own people (the Union Company), and asked Mr. Mills, the Manager, if it would be a proper transaction to let her go for £4,000 cash, and he said decidedly that was the full price for her, and to let her go to whoever gave that amount. I sent telegrams to my absent colleagues, and they all concurred in the sale. I will read copies of the telegrams:—  
(Telegram.)—Government Buildings, 5th April, 1877.—Shall I accept £4,000 cash for "Luna"? Atkinson, Pollen, and I think that I should.—G. McLEAN.—To Hon. F. Whitaker, Auckland.  
(Telegram in reply.)—Auckland, 5th April, 1877. "Luna."—I say accept £4,000.—F. WHITAKER.  
(Telegram.)—5th April, 1877.—Shall I accept £4,000 cash for "Luna"? Atkinson, Pollen, and I agree to take that sum.—G. McLEAN.—To Hon. C. C. Bowen, Christchurch.  
(Telegram in reply.)—Christchurch, 5th April, 1877.—*Re* "Luna." Ormond and I agree to sell for £4,000 cash.—C. C. BOWEN.  
(Telegram.)—5th April, 1877.—Shall I accept £4,000 cash for "Luna"? Atkinson, Pollen, and I think we should sell at that price.—G. McLEAN.—To Hon. D. Reid.  
(Telegram in reply.)—Queenstown, 6th April, 1877.—Certainly; accept without delay.—D. REID.

We never before had been able to get an offer for her. Mr. McIntyre asked me about her, and I told him that, if he could get us terms in Adelaide, we should be very pleased to pay him commission; but we never got any reply. As far as my own knowledge went, I was perfectly satisfied that a very large sum would have to be spent on her before she could go to sea. Without spending about £800 on her she would not, I believe, have been allowed to go to sea. Patching would have had to be done to her boilers, and otherwise a very considerable sum spent on her. I thought it a first-rate sale. What bears me out more in this opinion is this: The Union Company have been trying to sell the "Phœbe" and "Ladybird," and can sell neither. They sent the "Phœbe" to Sydney, where there is said to be a sale for old steamers, and the company put her up to sale and never got an offer. They afterwards got an offer of £5,000 for her, which they declined, and now no offer can be got for her, and she is worth three "Lunas." My experience is that, unless in a catch like this, where the "Luna" can be used, there is no sale for old steamers, and I myself would be very glad to hand back the "Luna" for the money they paid and the amount spent on her since.