

but whether they were to run first to Lyttelton, Port Chalmers, Wellington, or Auckland, and then take branch steamers up or down, I do not think that was definitely talked of.

11. Have you any idea of the difference of cost per ton in steamship building now, and at the time you refer to?—I think there is a difference of £10 to £15 a ton in the cost of iron ships then and now

12. *Hon. Mr. Holmes.*] I think you hardly understand the question. It was as to the difference in the cost of building steamers in 1878 and in 1881. What is the difference in cost? Is the cost greater or less now, than in 1878?—I should think it would be at least £10 a ton cheaper now It was so a few months ago.

13. *Mr. Oliver.*] Do you think the success of the freezing process would make a great difference in the demand for subsidy?—I should think so, because it is likely to become a sure and paying freight; more so, I think, than passengers.

14. *Mr. Reeves.*] Do you think the steamers would be able to take grain Home in competition with sailing vessels?—No doubt about it.

15. In a letter from Mr. Galbraith here, he says there must be a dry dock and jetty 410 feet long. Is there such a thing in the colony?—Lyttelton will have a dry dock completed 450 feet in length shortly

16. *Hon. Mr. Menzies.*] The matter of calling at different points was to be left entirely to the discretion of the contractor?—So far as I remember, that was to be left to the shipowner.

17. I mean, was that contemplated in the conversations you had with different shipowners?—Oh yes; at the time there was no desire that the steamers should run to any particular port. That was left more to the convenience and option of the shipowners, whether Auckland, Wellington, Lyttelton, or Port Chalmers.

18. The matter, I understand, was to be left open, rather than to become one of the stipulations of the contract?—I think, at first, it was to be left optional with the owners to decide which port would be most convenient to run to.

19. *Hon. Mr. G. R. Johnson.*] That, I suppose, would depend upon the cargo?—It would entirely depend upon the cargo and passengers. If there was a large portion of the cargo for any particular port, and that cargo was uppermost in the ship, she would most likely take that port first.

20. *Hon. Mr. Peacock.*] Do you think the estimates contained in these papers, upon which Mr. Galbraith, and Denny Brothers, based their calculations of subsidy, would be realized at the present time?—I have not seen these papers before, I think.

21. They are under date 1878. I refer to Table A?—[After referring to table]; I am inclined to think they err on the right side, so far as shipowners are concerned.

22. You think these freights would be realized at the present time?—I think so.

23. And passengers too? I see they calculate upon getting 450 steerage passengers each trip?—Well, I think the steerage passengers might vary somewhat. There might be fifty less or more.

24. Do you know what is the charge for steerage passengers now?—£17 to £18 to Melbourne, by steamer. I may say when the "Orient," the largest of the Orient Line, was launched, it was said she was absurdly large for the trade; but I heard that the owners had to shut out nearly fifty first-class, and nearly one hundred second-class and steerage passengers. We brought over 800 souls on the first voyage, and she has been full, or nearly so, every voyage since.

25. I suppose the Orient Line is paying?—I do not know sufficient of the company to say

26. But have you heard?—Well, according to hearing, the line is not paying; but I am not inclined to rely on that belief.

27. Does the Orient Company get a subsidy?—Not at present. The company are trying, I think, to get one from the Victorian Government. There may be reasons why the line is reported as not paying at present.

28. I think you said a lot of goods came *via* Melbourne?—Yes.

29. What quantity per annum come that way by steamer?—I am not prepared to say at present. I had no idea when I came to Wellington that I should be required to give evidence here; had I known I would have furnished myself with the particulars that would have been useful now

30. You could not tell us what is the rate of freight that way, and what is the difference?—There is a considerable difference. It used to be £6 when we paid £2 by direct sailing vessel. That would be a difference of £4. There used to be that difference; but now I do not know if it remains the same.

31. *Mr. Oliver.*] I think it was stated by the Dunedin Chamber of Commerce lately, that 300 to 400 tons of goods a month come by way of Melbourne.

32. *Hon. Mr. Martin.*] What tonnage were these ships supposed to be?—They were to be from 2,500 to 4,500 tons.

33. You mean what Mr. Galbraith states?—Yes, up to 4,250 tons.

34. *Hon. Mr. Williamson.*] Do you think it would pay exporters of grain to send grain at nearly 50 per cent. more, because the calculation here is 70s. a ton freight, and the freights by sailing vessels run from 40s. to 45s.—I may tell you in the South we have been paying 50s. to 60s., in some cases, this year on grain. I do not think there has been many freights under 50s. in the South, this year, for grain.

35. Have you had any communication with Messrs. Denny or Galbraith since these papers were returned, because here I notice, in your reply, you said three years would be a suitable time for the contract. They say not less than eight years. They say: "If the Government is willing to give £80,000 a year subsidy, and a contract for not less than eight years, there is every probability that associated with friends, by the time you are in possession of the views of the Government, we will be in a position to treat definitely with you for the service." They bind themselves to that term here?—I had some conversation a few days before I left London with Mr. Galbraith, and we were speaking as to the terms. I gathered from him that he would not be indisposed to make the time, if they got the subsidy, from three to five years. What you refer to, of course, was his first proposal.

36. *Hon. Mr. Richardson.*] I see in this letter of Mr. Galbraith's he says not only that the term is to be eight years with the subsidy, but also that he proposes a two-monthly service, and he also proposes

*Mr. Larnach.*

11th Aug., 1881.