

80. I believe our trade will be before long of sufficient magnitude to justify the employment of steamers, and that they will come; but they will be merely cargo vessels coming at irregular intervals, and to the principal cargo ports. There will be no attempt, I should imagine, to run a regular line of passenger steamers without a considerable amount of assistance. *Mr. James Mills.*  
18th Aug., 1881.

57. In what shape should the assistance required be given, do you think—as a subsidy, or a guarantee of interest upon capital?—That would be more for your Committee to consider. I suppose it would come to very much the same thing either way. It is a matter of calculation.

58. For example, supposing that it required a million of capital to put on the necessary boats, would the Union Company be disposed to negotiate with that view, upon being guaranteed a minimum rate of interest, say, 6 or 7 per cent. on the capital?—I could not say that, off-hand. I am not prepared to make an offer without consultation with my directors. Of course, if a proper subsidy is offered, the Union Company is quite prepared to negotiate. It can command the necessary capital without difficulty; but as to the terms, I am not prepared to speak at the moment.

59. Possibly my questions may not have brought out evidence which you are prepared to give. If there is anything further you can state, the Committee will be glad to hear it?—I cannot add much to what has already been said. I presume I am not expected to express an opinion as to the policy of the colony offering a subsidy, but more as to what would be the most workable service, should it be decided to invite one. I strongly favour a combined passenger and cargo service, with steamers of large capacity and medium speed, doing the passage in about forty-eight days. Such a service would probably in time become a success; but, to insure this, it would need to run in harmony with existing lines, and also visit all the main ports in turn, to secure the support of the whole colony. I do not think it would be advisable to confine the line to only one port of call in the colony.

60. *The Chairman.*] The contractor would have to fix the port of arrival and departure?—Yes. That would have to be a matter of expediency in the interest of the trade generally. I presume no one port would be preferred always, but ports of call would vary according to the trade at different times in the year.

61. *Hon. Mr. Richardson.*] Can you tell us what amount of cargo is now brought from Great Britain to New Zealand by steamers, by way of Melbourne?—No; I could not tell you off-hand.

62. Bearing upon this question of speed, can you tell us what the present contract rate of speed is for the Peninsular and Oriental Company, in their service to Australia?—I think their contract is for 11 knots, but that they run 12 knots.

*Hon. Mr. G. Buckley.*] I came out in one of their boats lately. They run 10 knots to Galle, when they have plenty of time; but from Galle to Melbourne they run 12 knots.

*Hon. Mr. Richardson.*] The Peninsular and Oriental subsidy is between £80,000 and £90,000.

*Hon. Mr. G. Buckley.*] £80,000. My impression is that their tender was £80,000 for a monthly service, but more for a fortnightly one.

63. *Hon. Mr. Richardson.*] You have seen these letters from Mr. Galbraith, Mr. Denny, and others?—Yes, I have seen them.

64. It is said there by Mr. Denny or Mr. Galbraith that they would be prepared to negotiate for a two-monthly service, which they say they would do with three steamers, and they would require a subsidy of £80,000. It has been stated here that amount might be very largely reduced. Is that your opinion?—No; with such a service as is proposed there I should think not.

65. Can you tell the Committee whether there is any appreciable difference in the cost of ship-building in 1878 and now?—The cost has increased considerably within the last two years. The price of labour has increased. At the time those letters were written the cost of building was at about the lowest.

66. *The Chairman.*] You are speaking from your own knowledge?—Yes; we are kept informed from time to time, and are getting new boats ourselves at intervals. A brisk building trade always leads to an increase in the price of labour at Home very quickly.

67. *Hon. Mr. G. Buckley.*] Can you give the Committee any information as to the amount of subsidy you think would be required for a monthly service, say of 10½ knots?—I could not do so off-hand.

68. *The Chairman.*] I suppose you would feel rather a delicacy in answering the question, if you could?—I should prefer not to give figures at present which would be published and canvassed.

69. *Hon. Mr. G. Buckley.*] The offer made in these letters is a two-monthly service for £80,000?—Yes; for a very fast service, with 14½-knot boats.

70. You cannot give any opinion, as an estimate, as to the cost a monthly service would be at a speed of 10½ knots? It would not, under the most favourable circumstances, be under the amount stated here—£80,000. There are several items in the calculation of earnings, on which that tender was based, which cannot now be counted on; for instance, “450 steerage passengers at £18 each.” Again, “70 saloon passengers at £70 a head each way.” That is quite an excessive calculation.

71. So, if anything, a larger subsidy would be required, as the circumstances now are not so favourable?—They are not so favourable as regards passengers.

72. *The Chairman.*] But they did not calculate on frozen meat?—No, they did not calculate that.

73. *Hon. Mr. Williamson.*] You have a very good general knowledge of the capabilities of New Zealand to support a service? Do you think there would be enough employment for vessels of that kind to make the service a success at the present time?—At the present time I do not think a monthly service would get full support; but it is hard to say what might be the case eighteen months hence, when the proposed service would commence running.

74. *Hon. Mr. G. Buckley.*] They might then have a full complement of passengers and freight?—Yes.

75. *Hon. Mr. Williamson.*] The passenger traffic cannot be made to hold out the inducement of a prospect of success?—I cannot say what would be the case eighteen months hence. Whoever undertook the contract would probably not be prepared even then to start with a monthly service. It would have to be at much longer intervals to begin with.