

which would be required for the proposed service have still to be built, the question should receive early consideration.

If a weekly mail service was secured across the Atlantic and a fortnightly across the Pacific it might be practicable for Great Britain to divert to these purposes, for which the sum of £75,000 is asked from her—a part of the £104,000 which, in round figures, is at present paid to the New York lines, and a part of the £95,000 paid as the Imperial contribution for the weekly eastern line. It is, however, only fair to the Peninsula and Oriental and Orient companies to say that they have served Australia well, and deserve the fullest consideration at the hands of the governments which now subsidise them. Mr. Playford was emphatic on this point, and I am happy to endorse his views. It would not be prudent to starve or endanger these excellent services.

Her Majesty's Government will naturally, in considering the application for an Imperial subsidy of £75,000, consult the expert advice at their command, with regard to Mr Huddart's figures. I may observe that the total subsidy of £300,000 does at first sight appear considerable in relation to a capital of £3,000,000, but the annual expenses connected with the maintenance of shipping property are very large in proportion to the capital invested.

The figures were not produced which would enable me to go into the question as to whether the subsidies demanded are or are not a reasonable price for the capital employed and the services rendered. They are probably not wide of the mark, and have been accepted by the Dominion Government so far as they, the largest contributors, are concerned.

Then the question presents itself whether the Imperial Government would obtain from the service adequate value for the subsidy of £75,000, which is suggested as their proportion. The main arguments for the service, from the Imperial point of view, would be its rapidity for mails, and the circumstances that it would combine in one route through British territory and the high seas carriage to both North America and Australasia. To these it may be added that the vessels would be built in accordance with admiralty requirements, and would be available as armed cruisers in time of war.

The route to Canada is so much shorter than that to New York that it is anticipated that mails would be carried to Halifax in 36, and to Quebec in 24 hours less than to New York. Moreover, it is understood that they would thus be delivered in actually a shorter time than at present in New York itself, and in a considerably shorter time in Chicago and other places west. The service, therefore, could be adopted with advantage in respect of time for a large portion of the British mail to the United States, as well as to Canada and beyond.

If then, instead of the two weekly mails being both sent to New York by the Cunard and White Star lines, one of them were sent by the proposed line to Canada, not only would certain political and naval advantages be secured, but about £52,000, half the poundage now paid yearly to the New York lines, would be saved, as the subsidized service would carry mail matter free to the extent of the subsidy. Thus there would be a large set-off against the contribution of £75,000 and the remainder would be still further reduced by the free carriage of any mails sent from Vancouver to New Zealand and Australia.