

on the two vessels *Aorangi* and *Niagara*, which sail every four weeks from Vancouver and Victoria to the Fiji Islands, Auckland and Sydney, returning the same way.

By Mr. Neill:

Q. Is that clause in?—A. Yes.

Mr. NEILL: Then the question arises as to why this company had it in and the other company had not.

WITNESS: The large proportion of Australians and New Zealanders employed may be explained by the fact that prior to 1932 the line was owned and operated by the Union Steamship Company of New Zealand, and it was not until that year that the Canadian Pacific purchased a half-interest in the subsidized service; the other half being still held by the Union Steamship Company of New Zealand. New Zealand also pays a subsidy of £20,000 a year to this line for the northbound mail service from New Zealand to Canada.

By Mr. Neill:

Q. How much?—A. £20,000. Roughly, \$100,000.

Q. You are increasing the subsidy here, I see?—A. Yes. This is a line which is suffering very severely from American competition, and if it does not get more assistance we are informed it will have to be taken off.

By Mr. MacNicol:

Q. In spite of the oriental labour?—A. There is no oriental labour on this. This is to Australia.

By the Chairman:

Q. What effect has the Empire trade treaties on the trade between Canada and New Zealand?—A. Well, we have a trade agreement with New Zealand and we have a trade agreement with Australia and they are both beneficial.

Q. Has the trade peak been going up or down in the last two or three years, do you know?—A. I have got the figures here, but I think it has been going up.

Q. You spoke about the company needing more assistance, or it might go out of business?—A. Yes.

Q. That is the reason for the increased subsidy from \$200,000 to \$300,000?—A. Yes.

Mr. HILL: Trade dropped rapidly from 1930 to 1933. It has been picking up since.

WITNESS: Just a minute. I think I can give you that.

The CHAIRMAN: That might explain it. I think there has been an increase the last two years.

WITNESS: Our exports to Australia in 1932 were \$5,387,982; in 1933, \$7,312,574; in 1934, \$12,138,869; and in 1935, \$18,081,847.

Mr. NEILL: We were not dealing with Australia.

WITNESS: This service goes to New Zealand and Australia. As far as New Zealand is concerned, our exports have gone up in this way: In 1932 they were \$3,724,225; in 1933, \$3,608,500; in 1934, \$4,480,219; in 1935, \$7,344,785.

By Mr. Neill:

Q. And yet it is necessary to increase the subsidy?—A. The service is not making any profit, and if it cannot be supported it will have to be taken off.

Q. That might damage your trade?—A. Well, the trade can be carried by freight steamers; but this service is the only connection for mails, passengers and fast freight that we have with New Zealand.

[Mr. F. E. Bawden.]