

communication, and there are two or three boats on the Lakes themselves, some of which boats are handsomely subsidized.

Sir GEORGE FOSTER: I think my hon. friend would probably get some enlightenment in regard to that item if he talked to the Halifax merchants and to their customers. A number of these ports get the service of more than one steamer, but that is only a partial service, and then these boats carry on also to other ports that are not touched by the services with which they interlock. It is a most complicated system. I started in with the idea of stopping duplication, and I have been at the work for the last eight or nine years, but I have found it pretty nearly impossible, because one line of argument is that when you build a railway you do not want any ship service; and the other is just what I have mentioned. Whilst we have succeeded in cutting out quite a lot of duplication, some still remains, I cannot see any better system than we have there now, unless we drop the whole thing, and then I know what a howl there would be from members representing those districts and also from interests outside. I try to be as fair as I can and to keep things running along. It is true that my hon. friend (Mr. McKenzie) living in Sydney, to which the railway could bring all possible things needed, might start out with the assumption that that was the point of supply and distribution for the whole of that section, but he would find, if that were applied, economic and traffic reasons which would bear somewhat heavily upon the steamers in the end.

Mr. REID (Mackenzie): Does any arrangement exist between the federal Government and the provincial government in regard to these subsidies? Is this business run at a profit or at a loss, and is it really necessary to continue these subsidies? It seems to me that it is perhaps a long established custom and very hard to break away from. Perhaps if some arrangement was entered into between the provincial and federal governments the federal government could be relieved of these subsidies.

Sir GEORGE FOSTER: I would like my hon. friend to try and work that out. Unfortunately the provincial governments have a decided objection to carrying the whole burden. Then, too, during the last two years the cost of service has very greatly increased. The service of which my hon. friend has just spoken, ought not on general principles to be subsidized by

[Mr. McKenzie.]

this government at all, for it is really confined to the waters of Prince Edward Island; but we have always helped to carry it on and it is a service which is useful and to a certain extent is necessary.

Mr. SINCLAIR (Queen's): I am sure my right hon. friend cannot refer to Northumberland strait as being within the province of Prince Edward Island.

Sir GEORGE FOSTER: I was speaking of Holliday's wharf service.

Mr. SINCLAIR (Queen's): Victoria is up the Northumberland strait on the coast of Prince Edward Island, so it is not wholly within the province.

Sir GEORGE FOSTER: I was referring to the service up and down those wonderful Arms.

Mr. REID (Mackenzie): My right hon. friend forgot to answer that part of my question as to whether these services are run at a loss? I am referring to those covered in items 170 to 176.

Sir GEORGE FOSTER: We get returns from all those companies showing the amount of their revenue from freight and subsidies and I can assure my hon. friend that the credit balances are not making those companies rich. On the contrary, in most cases they have all they can do to just squeak along. It would be a very great deprivation to the people down there in subsidies and I can assure my hon. friend miles away from a railway to deprive them of their only means of receiving and forwarding freight. Therefore, we have continued the service on as economical a line as we possibly could.

Mr. REID (Mackenzie): I did not catch whether the minister said that the companies referred to return annual balance sheets to the minister.

Sir GEORGE FOSTER: Yes, always. If my hon. friend wishes to verify that, if he will go to my department, will find all those returns.

Mr. REID (Mackenzie): I take the minister's word.

Sir GEORGE FOSTER: That is right.

Steam service between Quebec and ports on the north or south shores of the gulf of St. Lawrence, and or between ports in Prince Edward Island, Nova Scotia, Newfoundland and the Magdalen Islands, \$70,000.

Mr. LEMIEUX: I want to say just a word or two on this item. I understand the subsidy has been removed this year with