

entirely in the interests of subjects, and of every practical nature, which was as follows:—

Scale of Subventions and Premiums for Approved Ocean Going Steamers of 4,000 tons and Upwards Built to Admiralty Requirements.

Class.	Speed in knots.	Percentage cost of hull and machinery by the Admiralty.	Annual premium per ton gross register, payable by the Admiralty during efficiency, apart from hire in war time.
A. 1	20 to 21	20 per cent.	3s. 6d.
A. 2	21 to 22	24 per cent.	5s.
A. 3	22 to 23	27 per cent.	6s. 6d.
A. 4	23 to 24	32 per cent.	8s.
A. 5	24 to 25	38 per cent.	9s.

Lord Brassey has expressed the opinion that "it is of urgent importance to bind together as closely as we can all the parts of our scattered Empire. Frequent and rapid communication are amongst the most effective of all the bonds with which the fabric can be welded."

In Answer to a Question Before the House of Commons Select Committee on Steamship Subsidies in 1903, Lord Brassey said:

"He would give subsidies for forming a union between the different portions of the Empire." In a debate in the House of Lords 8 July, 1902, he said,—

"I propose to deal with merchant cruisers, not as fit to take the place of regularly built vessels of war but as the eyes of the fleet. . . . For certain services in which extreme speed is necessary the Navy could be reinforced from the mercantile marine. It cannot give us battleships, armored cruisers, or a torpedo flotilla. It can

supply scouts, perhaps of a more effective type than any regularly built vessels of war. For scouts in search of an enemy whose position is unknown, high speed and long coal endurance are essential, and these the mercantile auxiliaries possess in a high degree. In the war with Spain the value of mercantile auxiliaries were practically tested. Many ships were taken up by the United States and successfully used as cruisers. . . . Without

dwelling further on the value of auxiliary cruisers I turn to the relative position of Great Britain and foreign countries in ocean going steamships having a speed of 20 knots and over. This is the most suitable type. Lloyd's Register gives a list of 28 ships, and seven only are under the British flag. Since 1893 eleven ships of 20 knots and over have been built for foreign countries, while the "Oceanic" of the White Star line is the only vessel added to the British fleet. The ships which carry mails across the ocean under the British flag should be second to none in power and speed. All the naval powers of Europe give liberal subsidies. . . . It must be for the Government to use opportunities. Canada may desire improved communication as a means of extending trade. The mother country may assist in order to obtain auxiliary cruisers."

The views expressed by Lord Brassey on that occasion were concurred in by Lord Selborne, then first Lord of the Admiralty, and also by Earl Spencer.

There is an opportunity now presented under this agreement whereby the views expressed by the noble lords referred to may be carried into effect. This Government is prepared to assist towards this end by the granting of a cash subsidy of 875,000 per annum; by the granting free of terminal sites; of right of way for railways, and grants of land amounting to 125,000 acres, together with the minerals that may be contained thereon.

It is important for the House to observe that under this agreement no liability whatever by way of subsidy attaches to this Colony until the service is in actual operation.

This agreement in respect to the short line scheme by way of Green Bay and Bay of Islands holds good for 25 years from the date this House ratifies it.

If this railway line is not commenced