

By Mr. MacInnis:

Q. What is the theory in regard to the carrying of mails?—A. Just suppose that a ship would carry the mails free. If that is not the theory, then we are paying for merely carrying the mail?—A. The theory is that we want a regular and fast service for the carriage of our mails.

By Mr. Neill:

Q. How fast is this service?—A. Twice a week in the summer and once in the winter.

By the Chairman:

Q. If the service was not a speedy one it could not carry the mails successfully?—A. That is the idea.

Q. Speed is, I understand, an important element in the contract?—A. Yes.

By Mr. MacKenzie:

Q. Don't you think it would be a good idea to have the subsidies separated?—A. As to whether they are for mails or trade purposes?

Q. Yes.

MR. BLACKMORE: The question is, what is the subsidy for? What service do we get in return?

By Mr. MacInnis:

Q. If a ship carries 20,000 tons of mail for \$20,000 then she is getting a dollar a ton for carrying the mail?—A. The money is not paid directly for carrying the mail; it is paid to the shipping company that has a regular service, and they have to carry whatever mails there may be. The mails may be twice as much in one year as in the next year but we might still consider we should have the same regular fast service.

Q. They are not subsidies in the ordinary sense of the word; they are payments for service rendered. \$250,000 would not work out at 15 cents a mile?—A. Fifteen cents a mile is what the Post Office department pays for local services, but I do not think that ocean service contracts would be made in the same way. I think they would be so much a pound or so much a cubic foot.

By Mr. MacKenzie:

Q. Actually a subsidy for carrying mail is a mail contract?—A. It is a subsidy for the provision of a suitable service for the carriage of mails.

Q. The same as a person who carries the mail from the post office to the local station; he has to be suitable?—A. He has got to be suitable. There has to be the service there no matter whether the amounts of mail are large or small.

Q. Don't you think it would be a good idea to have them separated?—A. I could possibly separate these, I think, but I have given you these things and I think you will find them pretty well separated later.

By Mr. MacInnis:

Q. Does the Post Office pay anything in addition?—A. For this service?

Q. Yes, to these shipping companies for the carrying of the mail.—A. Not to this service. The Post Office pays some additional amounts to some coasting services, two or three coasting services; they do not pay anything additional to any ocean service.

By the Chairman:

Q. On either ocean?—A. On either ocean. Now, shall I continue?

Q. Yes.—A. *Canada and South Africa*: There is no "British Subjects" clause in this contract, but the contractors state that the crews of the regular