

fixing the tariff of charges at a comparatively low rate ; but if any stand off at first they will be compelled to adopt the route when they find the trade leaving their hands ; the rates of freight must inevitably be reduced by this short cut—in some instances two trips may be made where now only one is possible—business will be increased, and new trades spring up ; and while the shipping, fishing, mining, lumber, farming, and other interests will be benefited, and new produce brought to market, other indirect advantages will follow the successful accomplishment of this new isthmus transit ; and the result to the Company (as they well deserve), will no doubt be very profitable.

The Government, in granting the subsidy of £35,000 a year, have made it a condition that they shall only be called upon to pay sufficient to make up the net earnings to £77,000 (7 per cent. per annum on the authorised share and bond capital), and that in case they exceed this amount one-half of the surplus shall be paid to the Government until the whole of the subsidy, if any, found by them shall have been repaid.

The capital issued and taken up amounts to £650,000, viz., £300,000 in 7 per cent. preferential shares, £100,000 in ordinary shares, and £250,000 in 5 per cent. mortgage debenture bonds (part of an authorised issue of £700,000).

The subsidy of £35,000 will pay interest on the whole authorised issue of bonds for twenty years, leaving the traffic to provide a revenue to pay dividends on the share capital.

Before the Government are entitled to participate in the profits of the undertaking, £42,000 (equal to  $10\frac{1}{2}$  per cent. on the share capital) must be paid to the shareholders, and to earn this amount it would require only a daily traffic of about three vessels of 1,000 tons each, for 200 days of navigation, as will be seen by the following calculation:—