



1927.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

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JOINT COMMITTEE OF PUBLIC ACCOUNTS *of the Senate.*  
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## REPORT

ON THE

## PACIFIC ISLANDS SHIPPING FACILITIES.

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# JOINT COMMITTEE OF PUBLIC ACCOUNTS.

## REPORT

ON THE

## PACIFIC ISLANDS SHIPPING FACILITIES.

### INTRODUCTION.

Under date 28th August, 1926, the Minister for Home and Territories (Senator the Honorable Sir T. W. Glasgow, K.C.B., C.M.G., D.S.O., V.D.) intimated to the Joint Committee of Public Accounts that "upon the expiry, on the 31st July, 1926, of a contract held by Messrs. Burns, Philp and Co. Ltd., for mail and shipping services between Australia and certain Territories and islands in the Pacific, Cabinet decided to renew the contract for a further period of twelve months, and gave the following direction, viz.:—That the Parliamentary Joint Committee of Public Accounts be invited to investigate the question of the shipping facilities to the Pacific Islands served under the contract."

The Committee undertook to conduct the desired investigation, and on the 29th September, 1926, commenced the taking of evidence in Sydney.

### COMMITTEE'S PROCEEDINGS.

After hearing preliminary evidence from representatives of the Department of Home and Territories, Burns, Philp and Co. Ltd., the Sydney Chamber of Commerce and others engaged in the Pacific Islands trade, the Committee, to more thoroughly acquaint itself with the subject-matter of its investigations, and to actually see typical conditions under which the services were conducted, left Sydney on the 14th October, 1926, by s.s. *Morinda*, and called at the following ports:—Brisbane, Cairns, Port Moresby, Bootless Inlet, Samarai and Woodlark Island. Whilst at Samarai awaiting steamer connexion to New Guinea, the Administrator of the Territory of Papua kindly invited members of the Committee to join the Government steamer *Laurabada*, which visited the following places along the north-east coast of Papua:—Baniara, Cape Nelson (Tufi), Forlock Harbour, Buna and Salamo, as well as Gili Gili (Milne Bay).

Joining the s.s. *Melusia* at Samarai for Rabaul on the 9th November, the Committee visited the following ports in the Mandated Territory:—Rabaul, Lindenhafen, Salamo Bay, Singawa, Finschhafen, Madang, Witu, Kaewieng, Rabaul, Soraken, Numa Numa, and Kieta, proceeding thence to Tulagi, in the British Solomon Islands, where, on the 28th idem, the party transhipped to the s.s. *Mataram*. In this steamer the Committee, accompanied by the Resident Commissioner (Captain R. R. Kane, M.C.), visited the following places in the British Solomon Islands Protectorate:—Thousand Ships Bay (Garuhu), Maringe Lagoon, Russell Group (Yandina, Ufa, Faiani, Pepesala), Tetipari, Rendova, Konalo, Gizo, and Faiani on the outward journey, returning via Gizo, Vila, Russell Group (Somata, West Bay, Kaylan, Pepesala, Faiani, Ufa, Yandina, Banika, Loavie), Gavutu, and Makambo to Tulagi. The party then proceeded, via Brisbane, to Sydney, reaching there on the 14th December, 1926.

Before leaving Australia the Committee communicated with the Administrations of the various Territories to be visited, explaining the nature of its investigation, and asking them to announce the objects of the inquiry and to invite any one who had relevant information to place it before the Committee. As a result, the Administrations and representatives of the commercial interests prepared, for submission to the Committee, evidence setting out their views concerning the shipping facilities, and their treatment in this regard. When passing through Brisbane en route to the Islands requests were received by the Committee to visit Townsville and Cooktown,

### MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE OF PUBLIC ACCOUNTS.

(Fifth Committee.)

(Appointed 22nd January, 1926.)

\*The Honorable Sir GRANVILLE DE LAUNE RYRIE, K.C.M.G., C.B., V.D., M.P., Chairman.

#### Senate.

- †§ Senator HATTH SPENCER FOLL.
- †§ Senator JOHN BLYTH HAYES, C.M.G.
- †§ Senator WALTER KINOSMILL.
- †§ Senator CHARLES STEPHEN McHUGH.
- †§ Senator EDWARD NEEDHAM.

#### House of Representatives.

- †§ CHARLES LYDIARD AUBREY ABBOTT, Esquire, M.P.
- SYDNEY LANE GARDNER, Esquire, M.P.
- JOHN HENRY LISTER, Esquire, M.P.
- PARKER JOHN MOLONEY, Esquire, M.P.
- \*\* THOMAS PATTERSON, Esquire, M.P.
- JOHN HENRY PROWSE, Esquire, M.P.
- EDWARD CHARLES RILEY, Esquire, M.P.

\* Chairman from 2nd July, 1926. † Discharged from attendance, 26th June, 1926. ‡ Appointed 1st July, 1926. § Vice-Chairman from 22nd January, 1926, to 23rd June, 1926. Chairman from 18th June, 1926, to 23rd June, 1926. ¶ Vice-Chairman from 2nd July, 1926. † Appointed 18th June, 1926. \*\* Chairman from 22nd January, 1926, to 18th June, 1926. Discharged from attendance, 18th June, 1926.

but, as it was not then possible to do so, the Committee intimated that if representative interests in those towns would submit their views in writing, consideration would be given to them. Such statements were subsequently received from the Chamber of Commerce, Townsville, and from the Town Clerk and Secretary to the Progress Association of Cooktown. At a later date Dr. L. W. Nott, M.H.R., tendered evidence on behalf of the Cairns and Townsville Chambers of Commerce.

During the journey through the islands members of the Committee took every opportunity of familiarizing themselves with local conditions, the trade prospects of the various Territories, and the views of the residents generally. Further evidence was heard by the Committee in Sydney and Melbourne during January, February, and March, 1927.

The witnesses who appeared before the Committee were :—

Anderson, William Forbes, Miner and Planter, Woodlark Island, Papua.  
 Atherton, Ernest Albert, Chairman of the Cairns Harbour Board, Cairns.  
 Bennett, Joseph, Solicitor, Cairns, and Member of the Cairns Chamber of Commerce.  
 Beisted, the Honorable John Thomas, Director of Public Works, Territory of Papua.  
 Boland, Thomas Joseph, Merchant, representing the Mercantile Section of the Cairns Chamber of Commerce.  
 Bowater, William Henry, Mine Manager, Woodlark King Gold Mining Company, Woodlark Island, Papua.  
 Bunting, the Honorable Arthur Herbert, Planter and Merchant, Samarai, Papua.  
 Campbell, George Archibald, President of the Chamber of Commerce, Cairns.  
 Carpenter, Walter Randolph, Managing Director, W. R. Carpenter and Company Limited, Merchants, Sydney.  
 Clift, John McElhone, Planter, Guadalcanal, representing the Eastern Solomon Islands Planters' Association, Tulagi, British Solomon Islands.  
 Davis, John King, Director of Navigation, Melbourne.  
 Deck, John Northcote, Surgeon and Missionary, South Sea Evangelical Mission, Onepusu, Malaita, British Solomon Islands.  
 Ede, Richard Henry, Planter, Woodlark Island, Papua.  
 Faris, Frederick Norman, Business Manager, Whitten Brothers Limited, Samarai, Papua; representing the commercial interests of Samarai.  
 Fitch, Algernon Sydney, Managing Director, Steamships Trading Company Limited, Port Moresby, Papua; representing the commercial interests of Port Moresby.  
 Frame, Edward James, Manager, G. A. Loudon and Company Limited, Samarai, Papua; representing the commercial interests of Samarai.  
 Fulton, George, Managing Director, Levers' Pacific Plantations Limited, Sydney.  
 Guttridge, George William, General Manager, British New Guinea Development Company Limited, and G. A. Loudon and Company Limited, Port Moresby, Papua; representing the commercial interests of Port Moresby.  
 Handley, Cecil John, Manager, Handley and Clay Limited, Samarai, Papua; representing the commercial interests of Samarai.  
 Harkness, Edward Burns, Under-Secretary, Chief Secretary's Department, New South Wales, and member of the Lord Howe Island Board of Control.  
 Henderson, Walter, Director of External Affairs, Prime Minister's Department, Melbourne.  
 Hunter, Ernest Charles James, Sugar Estates and Agency Company, and member of the Cairns Chamber of Commerce.  
 Huntley, the Honorable Earle Stafford, General Manager, New Guinea Copper Mine, Bootless Inlet, Papua.  
 Johnston, Frederick England, Treasurer and Collector of Customs, Tulagi, British Solomon Islands Protectorate.  
 Kane, Richard Rutledge, M.C. Resident Commissioner, British Solomon Islands Protectorate.  
 Kerr, Donald Hugh, Director, Kerr Brothers Limited, Planters and Traders, New Hebrides and Sydney.  
 Laws, Richard Arthur, Stores Manager, G. A. Loudon and Company Limited, Port Moresby, Papua; representing the commercial interests of Port Moresby.  
 Lyall, Robert, Chairman of the Export Trade Section of the Melbourne Chamber of Commerce.  
 MacCrimmon, Neil, Timber Exporter, Suva, Malaita, British Solomon Islands.  
 Maddock-Evans, Cecil William, Planter and Trader, Faisi, British Solomon Islands.  
 Mason-Robinson, Thomas Benjamin, Planter and Trader, Faisi, British Solomon Islands.

Murphy, James Francis, Chief Clerk and Accountant, Department of Home and Territories, Melbourne.  
 Murray, the Honorable Hubert Leonard, Official Secretary to the Territory of Papua, Port Moresby.  
 Musgrave, Arthur Wellesley, Chairman, Planters and Settlers Association, Gizo, British Solomon Islands.  
 Nott, Lewis-Windermere, Member of the House of Representatives, Melbourne.  
 Peck, Lieutenant-Colonel John Henry, C.M.G., D.S.O., Chairman and Executive Member of the Expropriation Board, Rabaul.  
 Perryman, Bertram Benjamin, Manager, W. R. Carpenter and Company Limited, Rabaul.  
 Philbbs, Edward Featherstone, Chief Collector of Customs, Territory of New Guinea; representing the Administration of the Mandated Territory.  
 Smith, the Honorable Miles Staniforth Cater, M.B.E., Administrator of the Territory of Papua, Port Moresby.  
 Smith-Rewse, Geoffrey Bingham, British Resident Commissioner in the New Hebrides.  
 Spiller, Hobart, Planter and Recruiter, Menapi, Cape Vogel, Papua.  
 Theile, Reverend Friedrich Otto, Director of the Lutheran Mission in New Guinea, Dornoch Terrace, Brisbane.  
 Tracy, Francis Charles, Chairman of the Island Trade Section, Sydney Chamber of Commerce.  
 Wallin, Frederick, Island Manager, Burns, Philp and Company Limited, Sydney.  
 Walton, George William, Planter, Woodlark Island, Papua.  
 Younger, George Riccalton, Planter and Trader, Nono, Cape Marsh, British Solomon Islands.

Owing to his absence from the Territory on official business, His Excellency the Lieutenant-Governor of Papua, Sir Hubert Murray, K.C.M.G., was not able to attend before the Committee, but on his return to Port Moresby he intimated by radiogram, in response to the Committee's inquiry as to whether he desired to give evidence, that he had read the recommendations of the Government of Papua, as submitted to the Committee, and that they expressed his own views. Statements conveying their views on the shipping facilities were submitted by Mr. H. G. Eckhoff, Manager of the Matanatar Plantation, near Rabaul; Mr. Geoffrey E. Clift, of the Breeze Plantations, Yasabel, as representative of three companies in the British Solomon Islands, viz.: Clift and Clift Limited, Hivo Plantations Limited, and the Faturu Island Development Company; and by Mr. Leslie F. Gill, of Choiseul, in the British Solomon Islands.

#### PACIFIC ISLANDS SHIPPING SERVICES.

Australian connexion with the trade of the south-western Pacific Islands may be traced back to the early seventies, when small schooners operated from Queensland ports. In 1873 the firm of Burns, Philp and Company Limited was founded in North Queensland, and since its inception has been identified with pioneering shipping work amongst the Pacific Islands. In 1885 the company inaugurated a service from Thursday Island to New Guinea, and three years later it established regular communication from Cooktown to the eastern end of New Guinea and Woodlark Island. These services were gradually extended from Brisbane and Sydney to the whole of the western Pacific Islands and New Guinea. In September, 1900, the State of New South Wales entered into a contract with Burns, Philp and Company Limited for services to the New Hebrides, Santa Cruz, and Solomon Islands. When, on 1st March, 1901, the State Postal Departments were transferred to the Commonwealth, the latter assumed responsibility for the obligations of the State under the contract.

Since the inception of Federation, therefore, the Commonwealth has been interested in mail and shipping services to the Pacific Islands, and recognizing the necessity for maintaining British prestige in these islands and advancing Australian commerce, more especially as contiguous foreign interests were particularly active in encouraging trade to their own centres, the Commonwealth has, from time to time, extended the services, varied the itineraries, subsidies, and other conditions.

At different periods subsidized services have been conducted from Australia to the following Territories and Islands in the Pacific:—Papua, German New Guinea, Solomons, Santa Cruz, Gilbert, Ellice, Marshall, Nauru, Ocean, Lord Howe, Norfolk, New Hebrides, and Banks.

Although public tenders have from time to time been invited for these services, Burns, Philp and Company Limited have almost invariably been the sole tenderers, and this company has conducted all such services.

The last contract entered into between the Commonwealth and the Company is dated 17th March, 1924, and provided for the conduct of certain mail services from 1st April, 1923, to 31st July, 1925. On the expiry of this contract tenders were invited, but Burns, Philp and Company Limited were the only tenderers, and whilst the company was prepared to make certain freight reductions; it required a three or five years' contract. It also made proposals for the institution of a service between Sydney, Port Moresby, Samarai, Rabaul, and Singapore. As the Report of the Royal Commission on the Navigation Act was shortly expected it was considered inadvisable to enter into a new contract for an extended term, and the contract was renewed for a period of six months from 1st August, 1925.

The coastal provisions of the Navigation Act were removed from Papua and New Guinea as from the 26th August, 1925, and tenders were again called for the services without any stipulation that coloured crews must not be employed. Only one tender—that of Burns, Philp and Company Limited—was received, and that was based on the employment of white crews, the company preferring not to take the initiative in proposing coloured crews; moreover, they had objections to the use of coloured crews for these services, owing to the absence of a terminal port in the East, and the consequent difficulties in the engagement and discharge of crews. Pending further consideration of the many factors involved, Cabinet decided to renew the contract for a further term of six months to 31st July, 1926. Inquiry made from Papua and New Guinea meanwhile concerning the effect of the suspension of the coastal provisions of the Act indicated that insufficient time had elapsed since the alteration to forecast the result.

As steps were about that time being taken to dispose of the expropriated properties in the Mandated Territory, it was deemed inadvisable during the period of transition of ownership of the plantations and other properties to alter the nature of the shipping services, and Cabinet decided to extend the renewal of the contract for twelve months, i.e., to 31st July, 1927, and, as already indicated, to request the Joint Committee of Public Accounts to investigate the question of the subsidized Island services.

Particulars of the shipping services provided under the current contract, and as at present conducted, together with a brief description of the Territories and Islands served, are as follow:—

#### PAPUA.

The Territory of Papua, with its capital at Port Moresby, is a self-governing dependency of the Commonwealth, under whose control it was placed on the 1st September, 1906. It comprises the south-eastern portion of the Island of New Guinea, together with the Trobriands, Woodlark, d'Entrecasteaux, and Louisiade Groups, or a total of 87,786 square miles on the mainland, and 2,754 square miles in islands. From east to west, Papua extends for upwards of 800 miles, and its greatest width north and south is 200 miles.

The total European population of the Territory on 30th June, 1926, was 1,452, with a native population estimated at 275,000.

During 1925-26, the value of the imports—practically all from Australia—amounted to £470,774, and exports to £649,373, this being the first occasion in the history of the Territory that the value of exports exceeded that of the imports. The principal items exported were 9,263 tons of copper, valued at £155,305, 8,419 tons of copra, valued at £204,079, and 640 tons of rubber, valued at £194,849. The outward cargo goes to Australia, but only for transhipment to Europe.

The current contract provides for Papua, a through mail service of one sailing every calendar month by s.s. *Morinda* (1,500 tons gross), with the following itinerary:—Sydney, Brisbane, Cairns, Port Moresby, Bootless Inlet, Samarai, and return by the same ports, calling at Yule Island on alternate trips and at Woodlark Island each quarter, with the right to call at Milne Bay and/or Misima when approved by the Minister.

The amount of subsidy paid in respect of this service is £12,000 per annum.

At the time of the Committee's visit, Woodlark Island was being visited bi-monthly; and Baibara has since been added as a port of call between Port Moresby and Samarai. In addition, s.s. *Malabar* calls at Port Moresby every three or four months on her Singapore-Australia run, and the steamers engaged in the New Guinea service pay regular visits to Samarai.

**Local Services.**—The Commonwealth also pays £2,000 per annum for a monthly service along the south coast of Papua from Daru to Samarai, calling at Daru, Kikori, Oroko, Yule Island, Hisiau, Port Moresby, Kapa Kapa, Aba, Bailara, Samarai, and others by agreement. This contract is for a period of five years from 1st January, 1926, and is held by the Steamships Trading Company Limited, the service being conducted by the *Papuan Chief* (255 tons gross).

The same company has also a contract for a monthly mail service along the north-east coast of Papua from Samarai to Mambare, calling at Puni Puni, Baniara, Cape Nelson, and Buna Bay, for which it receives £540 per annum from the Papuan Administration. This service is conducted by the *Queenscliffe* (109 tons gross).

In addition to the *Papuan Chief* and *Queenscliffe*, the following vessels over 30 tons gross operate along the Papuan coast:—Auxiliary ketches *Lamau* (32 tons), *Taroo* (40 tons), *Ketch Alert* (32 tons), auxiliary schooner *MacLaren King* (41 tons), the last named being a mission vessel and used solely on mission work.

All vessels leaving coastal ports in the Territory are obliged to take whatever mails are offering before they sail.

#### NEW GUINEA.

The present Territory of New Guinea comprises that portion of the German New Guinea Protectorate south of the Equator, with the exception of the Island of Nauru. The principal islands and their approximate areas are as under:—

North-east New Guinea	..	..	..	70,000 square miles
Bismark Archipelago—				
New Britain	..	..	..	13,000 "
New Ireland	..	..	..	3,000 "
New Hanover	..	..	..	600 "
Admiralty Islands and North-Western Islands	..	..	..	1,000 "
Solomons—				
Bougainville	..	..	..	3,200 "
Buka	..	..	..	200 "
Total	..	..	..	91,000 "

The Government of the Commonwealth of Australia, having been given full powers of administration and legislation over these areas under Mandate from the League of Nations, this Territory was, by the *New Guinea Act 1920*, declared to be a Territory under the authority of the Commonwealth by the name of the Territory of New Guinea. Civil Government was established in May, 1921, following on the military occupation of the Territory by Australia, which dated from 17th September, 1914.

On 30th June, 1926, the number of Europeans in the Territory was about 1,776, Asiatics totalled approximately 1,500, and the native population was estimated at 400,000.

The value of the trade of the Territory for the last four years has been:—

Year.	Imports.	Exports.	Total.
	£	£	£
1922-23 .. .. .	516,855	630,892	1,147,747
1923-24 .. .. .	485,434	719,635	1,204,169
1924-25 .. .. .	537,940	858,960	1,396,900
1925-26 .. .. .	568,339	1,105,168	1,673,497

The following figures indicate the position regarding imports for the past two years:—

	From Australia.	From other Countries.	Total.
	Tons.	Tons.	Tons.
1924-25 .. .. .	16,737	5,059	21,796
1925-26 .. .. .	16,907	6,352	23,259

The principal items of Australian manufacture included in these figures are tinned meat flour, and tinned milk. Drapery, tobacco, wines and spirits are imported through Australia.

The exports of the Territory, practically copra only, were:—

	To Australia.	To other Countries.	Total.
1924-25 .. .. .	Tons 11,500	Tons 28,397	Tons 39,797
1925-26 .. .. .	18,649	30,044	48,693

It is anticipated that the production of copra will increase until approximately 60,000 tons will be available for export.

Owing to the disposal of expropriated properties which has been taking place during the past six months, the whole of the shipping position in the Mandated Territory is undergoing a change, and as the properties pass into private ownership, radical alteration in the existing conditions may be expected. Until recently about two-thirds of the copra exported was controlled by the Expropriation Board, whilst the balance belonged to the missions and private traders, and was handled by Burns, Philp and Company Limited or W. R. Carpenter and Company Limited. The Board controlled about 300 plantations, which produced about 24,000 tons of copra annually. Most of this copra was shipped in bulk to Europe, but under the shipping contract the produce of certain places, viz., Manus, Maron, Witu, and Kieta had to be shipped to Sydney to ensure back loading for the subsidized steamers.

The current contract provides for the following services to New Guinea:—

- (a) A through mail service, known as the "Rabaul Direct Service," of one sailing every six weeks by s.s. *Mataram* (3,331 tons gross), proceeding from Sydney to Brisbane, thence direct to Rabaul, Kaewieng, Manus, Maron, Madang, Witu, returning to Rabaul and Sydney, with the right of the contractors to call at any other port or place in the Territory approved by the Administrator.

The subsidy in respect of this service is £12,000 per annum.

- (b) A through mail service, known as the "Rabaul-Solomon Service," alternating at Rabaul with the "Rabaul Direct Service"—of one sailing every six weeks by s.s. *Melusia* (1,989 tons gross), proceeding from Sydney to Brisbane, thence to Rabaul and Kaewieng, returning to Rabaul, thence via Faisi, Gizo, Russell Group, and Tulagi, and such other outports in the Western Solomons Group as may be approved by the Minister, to Brisbane and Sydney.

The subsidy in respect of this service is £8,000 per annum.

At the present time, however, due to the overhaul of steamers and other reasons, these services have been re-arranged. S.S. *Montoro* (4,057 tons gross) is now employed in the New Guinea service, making the following run:—Sydney, Brisbane, Samarai, Rabaul, Kaewieng, Manus, Maron, Longan, Matty, Seleu, Potsdamhafen, Madang, Alexishafen, Witu, Rabaul, Samarai to Sydney; and s.s. *Melusia*—recently replaced by s.s. *Marsina*—is conducting a service as under:—Sydney, Brisbane, Samarai, Rabaul, Lindenhafen, Salomoa, Singawa, Finschhafen, Kaewieng, Rabaul, Soraken, Numa Numa, Kieta to Sydney—the extension to the Solomons being omitted, as a larger and faster vessel is now serving those islands.

**Local Services.**—The inter-island and coastal trade of New Guinea is conducted by small boats running on a competitive basis and serving the plantations on the various islands. Figures submitted to the Committee showed that there were 91 coastal vessels registered in the Territory, varying from 3 to 797 tons register, the principal ones being—*Madal* (797 tons), *Meklong* (267 tons), and *John Douglas* (95 tons), run by W. R. Carpenter and Company Limited, and *Maivara* (600 tons), owned by Burns, Philp, and Company Limited.

It was also intimated to the Committee that W. R. Carpenter and Company Limited proposed to augment their inter-island fleet by the addition of s.s. *Durour* (700 tons). The services conducted by this Company include—Rabaul to the South Coast of New Britain and Morobe and Salomoa; Rabaul to Buka and Bougainville; Rabaul to the West and East Coasts of New Ireland, including Kaewieng; Rabaul and the North Coast of New Britain and Baining. The Rabaul manager of this Company was of opinion that there were sufficient coastal vessels available in New Guinea to run a four-weekly service for freight and passengers to the subsidiary ports from Rabaul, although, in some cases, additional passenger accommodation might be required.

As in Papua, all schooners and vessels leaving ports must carry mails.

#### BRITISH SOLOMON ISLANDS:

The British Solomon Islands are a British Protectorate, comprising a number of islands lying to the east of Papua and New Guinea. The Protectorate extends north-west and south-east for a distance of 900 miles and north and south for a distance of 430 miles, the largest islands being Choiseul, Guadalcanal, Malaita, New Georgia, San Cristoval, and Yasabel. The total area of the British Solomon Group is about 11,000 square nautical miles. The Resident Commissioner, who is subject to the High Commissioner for the Western Pacific, has his head-quarters at Tulagi.

The population of the Group at the last census was—whites, 493; foreign, 90; and natives, 150,000 (estimated).

The principal product of the Islands is copra, although a quantity of timber, trochus shell, and ivory nuts is exported, the quantities for 1924-25 and 1925-26 being as under:—

	1924-25		1925-26	
	Total Exports.	Exports to Australia.	Total Exports.	Exports to Australia.
Copra .. .. .	Tons. 16,500	Tons. 10,378	Tons. 19,324	Tons. 10,105
Trochus .. .. .	334	299	379	348
Ivory Nuts .. .. .	1,568	990	1,381	649
Miscellaneous .. .. .	31	31	49	49
	18,442	11,698	21,033	11,151
Timber, super. feet .. .. .	283,106	283,105	526,876	526,876

General imports, all of which came from Australia, totalled 7,847 tons in 1924-25 and 9,652 tons in 1925-26; timber imported amounted to 294,000 super feet and 386,788 super feet respectively for the last two years.

In addition to the "Rabaul-Solomons Service" referred to under "New Guinea," the contract provides for a through mail service, known as the "British Solomon Islands Service," alternating at Tulagi with the "Rabaul Solomons Service," of one sailing every six weeks by s.s. *Marsina* (1,750 tons gross), proceeding from Sydney to Brisbane, Tulagi, Gizo, and Faisi, returning to Sydney via the same ports and calling at not less than six other outports in the Solomon Group approved by the Minister.

The subsidy in respect of this service is £8,000 per annum, to which the Administration of the Solomon Islands contributes £1,800.

At the present time, however, s.s. *Mataram* (3,331 tons gross) is providing the Solomon Islands with an exclusive service, and as already indicated, the "Rabaul-Solomons Service" is in abeyance. The itinerary of s.s. *Mataram* in the Solomons on the occasion of the visit of the Joint Committee of Public Accounts was as follows:—Sydney; Brisbane; Tulagi; Makambo; Gavufu; Su-u (Malaita); Rere, Aola, Tenaru, Lunga, Mamara, Lavoru, Domma (Guadalcanal), Yandina, Ufa, Faiami, Pepesala, Kaylan (Russell Group); Garuhu, S.I.R.P., Maringe Lagoon, Fara (Yasabel); Tetipari; Rendova; Kenelo; Gizo; Faisi; Gizo; Kaylan, Pepesala, Faiami, West Bay, Ufa, Yandina, Loavie (Russell Group); Gavutu; Makambo; Brisbane; Sydney.

On alternate trips the steamer makes the following run:—Sydney, Brisbane, Tulagi, Gavutu, Su-u (Malaita) Kau-Kau, Rere, Tenaru, Kookoom (Guadalcanal); Yandina, Loavie Somata, West Bay, Pepesala (Russell Group); Garuhu (Yasabel), Lilihina, Hawthorn Sound, Stanmore, Vila, Salicana (off Choiseul), Jacks Harbour (Kulabangra); Gizo; Bagga; Choiseul Bay; Faisi; Tetipari; Somata, West Bay, Pepesala, Faiami, Ufa, Yandina (Russell Group); Gavutu; Tulagi; Brisbane; Sydney.

There are no subsidiary mail contracts in the Solomons, but the following vessels are engaged in the inter-island trade:—S.S. *Durambak* (131 tons), owned by W. R. Carpenter and Company (Solomon Islands) Limited, and s.s. *Malanta* (186 tons), and auxiliary *Maopa* (29 tons), owned by Burns, Philp (South Sea) Company Limited. In addition there are numerous small auxiliary boats owned by the planters and used in their business.

#### NEW HEBRIDES.

The New Hebrides, in which are included the Banks and Torres Islands, are situated to the south-east of the British Solomons, about 1,400 miles north-east of Sydney. The Group has a total area of 5,700 square miles, and is administered by British and French Resident Commissioners, as provided for by the Anglo-French Convention of 1906, and a protocol of 1914, these Commissioners being subordinate to the British High Commissioner for the Western Pacific and the French High Commissioner at Noumea respectively.

The Colonial Office Report of 1924 shows the population as under:—

<i>British.</i>				
	Adult Males.	Females and Children.	Totals.	
British Subjects .. .. .	123	124	247	
Foreign Subjects under British regime—				
European (a) .. .. .	14	13	27	
Asiatic .. .. .	22	..	22	
Totals .. .. .	169	137	296	

(a) Includes Americans.

<i>French.</i>				
	Adult Males.	Females and Children.	Totals.	
French Citizens .. .. .	290	451	741	
French Protected .. .. .	..	..	1,471(b)	
Foreign Subjects under French regime—				
European .. .. .	..	..	9	
Asiatic .. .. .	..	..	131	
Totals .. .. .	290	451	2,352	

(b) Indentured labourers (Indo-Chinese).

The native population is estimated at 60,000. Later information indicates that whilst the European population has remained stationary, the number of indentured labourers has doubled.

According to this Report the value of the trade of the New Hebrides for 1924 was as under:—

*Imports.*—British, £19,532; French, £72,668; total, £92,200.

*Exports.*—British, £65,540; French, £195,550; total, £261,090, made up of—

	Tons.	Value.		Tons.	Value.
		£			£
Copra .. .. .	6,792	125,652	Maize .. .. .	307	1,844
Cotton .. .. .	1,420	46,068	Sandalwood .. .. .	84	1,038
Cocoa .. .. .	1,517	60,716	Wool .. .. .	33	10,805
Coffee .. .. .	281	7,110	Miscellaneous .. .. .	347	7,857

As the Messageries Maritime Company supply a regular direct service to France, the bulk of the produce of the Islands is now shipped direct to Europe. Except for the importation of such articles as flour and sugar, trade with Australia has decreased considerably.

#### NORFOLK ISLAND.

Norfolk Island is situated about 900 miles north-east of Sydney; it is about five miles long and three miles wide—the total area being 8,500 acres. This Island was taken over from the State of New South Wales and became a Territory of the Commonwealth in 1914. The population on 31st December, 1925, numbered 747. The imports for 1924–25 were valued at £17,190 and exports, chiefly sub-tropical fruits, £3,900.

#### LORD HOWE ISLAND.

Lord Howe Island is situated about 400 miles north-east of Sydney, and has a population of less than 200. The island is about seven miles long and about one mile wide, with an area of 3,220 acres. Politically, it is part of New South Wales. The principal export from this Island is the kentia palm seed, of which product the island has practically a world's monopoly.

Both Norfolk Island and Lord Howe Island are becoming increasingly popular tourist resorts.

The current contract provides for a through service every five weeks by s.s. *Makambo* (1,158 gross), proceeding from Sydney to Lord Howe Island, Norfolk Island and Vila in the New Hebrides, and not less than four other ports in the New Hebrides, returning via Vila, Norfolk Island, Lord Howe Island and Sydney.

The contractor must also maintain a supplementary inter-island service in the New Hebrides by means of a small steamer connecting at Vila with the service from Sydney, and calling at not less than 40 ports in the New Hebrides and/or Banks Group. This supplementary service is maintained by the s.s. *Makatea*, at present being relieved by s.s. *Malinoa*, which travels about 1,566 miles each trip calling at 60 ports.

The amount of subsidy for the through service is £12,000 per annum, and for the supplementary service £3,000..

Early in 1925, the New Hebrides service was extended to Vanikoro (about 380 miles north of Vila), in the Santa Cruz Group of the British Solomons, and on account of the increasing tourist traffic between Norfolk and Lord Howe Islands and Australia, the passenger accommodation on the present vessel was found to be quite inadequate. To meet this demand, an arrangement was made in April, 1926, whereby the steamer left Sydney direct for Lord Howe Island only, discharged and received passengers and cargo, and returned to Sydney, without delay; the steamer then proceeded to Norfolk Island and the New Hebrides and returned by that route omitting Lord Howe Island from that trip. Experience showed this itinerary to be unsatisfactory and the original service has since been reverted to, but, in addition, the short trip to Lord Howe Island is made.

#### VARIATIONS IN SUBSIDIES AND RATES.

The following statements show the alterations in subsidies, together with the reasons for such alterations, and in passage and freight rates for the term during which Burns, Philp and Company Limited have been contractors to the Commonwealth Government:—

Date.	Amount Subsidy.	Increase.	Reasons.
	£	£	
1st March, 1901 .. .. .	3,600	..	
1st March, 1902 .. .. .	6,000	2,400	Extension to Gilbert and Ellice Islands
1st January, 1905 .. .. .	12,000	6,000	Extension to Papua
1st September, 1910 .. .. .	19,850	7,850	Re-arrangement and enlargement of services.
1st January, 1914 .. .. .	22,850	3,000	Improved service to Papua
1st September, 1915 .. .. .	21,050	1,800 (decrease)	Re-arrangement of services to New Hebrides and Marshall and Gilbert and Ellice Islands
1st August, 1920 .. .. .	40,000	18,950	It had been the practice to include in the earlier contracts a clause providing that the contractors would be re-imbursed in respect of increased expenditure caused by increases in wages to crews and waterside workers, and increases in the cost of coal. From 1st September, 1917, to 31st July, 1920, a definite sum of £10,000 per annum was provided in the contracts for this purpose. Since 1st August, 1920, no such provision has been made, but the subsidies for the respective services were increased from that date to make up for the discontinuance of the practice. Other increases at this date were due to improved services, viz.:— Papua-Rabaul service from £11,000 to £14,000; Solomons service extended to Rabaul, and subsidy raised from £2,750 to £14,000; New Hebrides from £4,900 to £12,000—total increase £21,350—against which there was a saving of £2,400 due to the discontinuance of the service to the Marshall, Gilbert and Ellice Islands.
1st August, 1921 .. .. .	50,000	10,000	New service direct to Rabaul and other New Guinea ports, £8,000. Increase in service to Solomons and Papua, £2,000.
1st August, 1922 .. .. .	55,000	5,000	Increases of £1,000 each in Papua and Solomons services. Subsidy of £3,000 per annum for vessels performing New Hebrides inter-island service

## SINGLE SALOON FARES UNDER CONTRACTS WITH BURNS, PHILP AND COMPANY LIMITED.

Sydney to—	Lord Howe Island.	Norfolk Island.	New Hebrides (Vila).	Solomons (Tulagi).	Port Moresby.	Rabaul.
1st January, 1905 ..	£ 3 0 0	£ 6 0 0	£ 10 0 0	£ 12 0 0	£ 12 0 0	£ ..
1st September, 1915 ..	3 6 0	6 12 0	11 0 0	13 4 0	..	..
1st September, 1917 ..	4 0 0	8 0 0	15 0 0	14 0 0	14 0 0	15 0 0
1st August, 1920 ..	4 8 0	8 12 0	15 12 0	15 12 0	15 12 0	16 16 0
1st August, 1922 ..	4 10 0	9 0 0	18 0 0	18 0 0	15 0 0	18 0 0

Deck Cabins 10 per cent. extra.

## FREIGHT RATES UNDER CONTRACTS WITH BURNS, PHILP AND COMPANY LIMITED.

Sydney to—	Lord Howe Island.	Norfolk Island.	New Hebrides (Vila).	Solomons (Tulagi).	Port Moresby.	Rabaul.
1st January, 1905 ..	s. d. 30 0	s. d. 40 0	s. d. 40 0	s. d. 35 0	s. d. 50 0	s. d. ..
1st September, 1910 ..	30 0	30 0	35 0	35 0	35 0	..
1st September, 1915 ..	33 0	33 0	38 6	38 6	45 0	45 0
1st September, 1917 ..	40 0	40 0	45 0	45 0	50 0	50 0
1st January, 1919 ..	44 0	44 0	50 0	50 0	60 0	60 0
1st August, 1920 ..	53 0	53 0	60 0	60 0	60 0	60 0
1st August, 1922 ..	45 0	50 0	60 0	60 0	60 0	60 0

Fares and freights between outports and Australia, and between Cairns and Papuan ports are adjusted in accordance with the distances covered.

The first increase in freights and fares occurred in 1915 after the commencement of the war, when services were seriously dislocated for a time and were temporarily curtailed. Upon the renewal of the contract in September, 1915, the Government agreed to an increase of 10 per cent. in freights and fares in consideration of increased running costs and the uncertainty and depression of trade. At that time Papuan rates were not raised, but when a further general increase was agreed to in 1917, the rates to Papua were brought into line with those of the other Territories. All increases since that time have been approved on account of higher running costs. During the last four years, a special rate has been quoted for copra, and the freight on this commodity to Australia is now no more than it was in 1910. The through freight to London via Australia on copra is 90s. per ton from Port Moresby, Samarai and Rabaul, and 105s. per ton from the principal ports in the Solomons; and the contract provides that in the event of the freight on copra from Sydney to London falling below 80s. per ton, a corresponding reduction shall be made on all copra shipped on a through Bill of Lading.

Refrigerator cargo is charged at 1½d. per lb. gross on all services.

## OTHER PROVISIONS OF THE CONTRACT.

The chief provisions of the contract, in addition to those relating to itineraries, subsidies, &c., were the adherence to time-tables approved by the Minister, the carriage of mails subject to the provisions of the Post and Telegraph Act, allowances of 20 per cent. off freights on cargo for other than commercial purposes carried for the various Administrations and 20 per cent. off the passage money and off the freight on personal effects of officers of the Territories travelling on duty or on furlough; preference to residents of the Islands in the allotment of passenger accommodation; free conveyance of Commonwealth officers from Australia to the Islands as required by the Minister—up to twelve return passages or twenty-four single passages per annum; exemption of the vessels from pilotage and other Government dues in respect of the Papuan service and permission for the contractors to carry cargo and passengers for their own profit and to trade with any cargo belonging to them.

It was also stipulated in the contract that no coloured labour or Asiatics were to be employed on any of the steamers, except that engaged in the New Hebrides subsidiary service, but that coloured labour could be used solely in connexion with boating and landing, handling, loading, and discharging of cargo at places outside the Commonwealth, and, further, that all persons employed by the contractor upon any steamer engaged in the services should be paid such wages and work under such conditions as awarded by the Commonwealth Court of Conciliation and Arbitration.

Another clause in the contract provided that "in the event of any of the Islands or Groups of Islands served by the steamships under this Agreement being transferred to any non-British power or of the Commonwealth Government being unable to protect effectively the contractors against non-British competition at any such Islands or Groups of Islands, the contractors shall have the right to terminate the service to such Islands or Group of Islands by giving to the Minister three months' notice in writing of such determination," and, further, that "if any question shall arise as to whether the Commonwealth Government is unable to protect effectively the Contractors against non-British competition, the question shall be submitted to the Minister, whose decision shall be final."

## STEAMERS.

The steamers engaged in these services are:—

	Tons Gross.	Speed Knots.	Date of Construction.	Date of Entering Service.
Makambo ..	1,168	8-9	1907	November, 1907
Morinda ..	1,600	10-11	1913	January, 1914
Marsina ..	1,750	10-11	1905	September, 1917
*Melusia ..	1,989	10-11	1902	September, 1917
Materam ..	3,331	10-11	1909	August, 1921
Montoro ..	4,037	11-12	1911	August, 1922
Malakata ..	814	7	1907	April, 1925
†Malina ..	838	7	1906	January, 1927

\* About to be sold.

† Temporarily relieving *ss. Malakata*.

## OPINIONS CONCERNING THE PRESENT SHIPPING FACILITIES.

## PAPUA.

In evidence placed before the Committee, the Papuan Administration expressed the opinion that, so far as the Territory of Papua was concerned, the existing shipping facilities were proving a severe handicap in the development of the Territory. Its principal exports, such as copra, rubber, and copper must be sold at world's prices, and as the freights from Papua to Europe via Australia were, it was stated, probably the highest ocean freights in the world—copra 90s. per ton deadweight and rubber 105s. per ton measurement—planters received about 30s. per ton less for their products than competitors. Under these conditions, the investment of private capital was prevented, and the development of the Territory retarded. Copra, the principal product of the Territory, had but a limited market in Australia, and by being shipped to that country, two freights and the cost of transshipment had to be incurred. It was recognized that as time goes on it would be increasingly difficult to keep the trade of the Territory on the Australian route, and impossible, without some artificial help such as a subsidy. Benefit to the Commonwealth would, however, arise from the advantage derived from the transshipment there and from the supplying of return cargoes. In the event of the products of the Territory being sent direct to Europe by tramp or other steamers, the country's inward requirements would also eventually come direct from overseas with resultant loss to Australia's export trade. It was claimed, therefore, that to balance the disadvantages of the Australian route, the subsidy should be such as to enable a reduction in through freights to Europe from 90s. to 60s. per ton—approximately the freight by direct shipment, and a reduction by one-third of the freight rates on general cargo between Papua and Australia.

In the opinion of the Administration, the subsidized service should provide for a vessel making monthly voyages from Sydney to Papuan ports as at present carried out by the *Morinda*, but it was considered that calls should be made at more centres of production—wherever and whenever a certain minimum quantity of cargo were guaranteed—the following places being suggested:—Milne Bay, Port Glasgow or Baibara, Dedele, and Misima. Such a service, it was contended, would be to the interests of producers, and save them the coastal freight and the cost of storage and transshipment.

To carry out the Papuan service, the Administration considered that the steamer should be of about 12 knots speed to allow a full week in Sydney for the fulfilment of orders, should have accommodation for at least 80 first-class passengers, be capable of carrying 1,200 tons of cargo, and have good freezer space.

As this proposal would provide only twelve mails a year—an insufficient number, in the opinion of the Administration—it was recommended that to increase the mail services and to provide better opportunities for passengers and tourists, the subsidized steamer running to

New Guinea should call regularly on both upward and downward voyages at Samarai, and that the Singapore vessels of Burns, Philp and Company Limited should call at Port Moresby—six calls on the upward voyage and six on the downward voyage each year. Although these proposals referred primarily to mails and passengers, it was suggested that they should not be confined to those services if cargo space were available; and, further, that the fares and freights to and from Australian ports by those steamers should be the same as those charged by the regular monthly vessel.

It was admitted that the adoption of the foregoing proposals would probably necessitate the payment of a much heavier subsidy than at present being paid for Papua, but it was pointed out that a substantial reduction could be made if the vessels were run with coloured crews; and it was submitted that the services of Papuan natives selected from the coastal districts might be utilized in some instances, or the same class of crew as in use on the Singapore run might be employed.

It was considered that, in the event of the better steamers recommended being made available, the present passage rates would not be unreasonable.

The guaranteeing to the contractors of any portion of the trade was opposed by the Administration.

Representatives of the principal commercial interests in Port Moresby were of opinion that the present contract vessel was inadequate for the growing needs of the Territory, and suggested that the disadvantages could be overcome by the employment of a larger and faster steamer, e.g., a twelve knot vessel with accommodation for 100 passengers and 3,000 tons of cargo, or by the inauguration of a three-weekly service. They agreed with the Administration's suggestion that the Singapore and Rabaul steamers should call at Port Moresby and Samarai respectively.

These witnesses considered that passage and freight rates were excessive and called for considerable reduction. Reduced rates, they maintained, would appreciably lower the cost of living and encourage more rapid development of the industries and resources of the Territory. It was particularly important that the rate on refrigerator cargo be brought to the lowest possible figure, as imported fresh foods were vital to the health of the community. Special freight rates on cement and flour were asked for, as they considered these items to be on a par with rice, which had received special treatment. They added that it should be possible to make considerable reductions by using colored crews, and to gain this end they recommended the employment of Papuan natives on the contract vessel.

These representatives were, however, strongly opposed to the proposal of the Administration that the contract vessel should call at Papuan coastal ports other than Port Moresby, Samarai and Woodlark Island, as there were, in their opinion, sufficient vessels engaged regularly on coast-wise freighting. They maintained that the mail steamer was already sufficiently hard-pressed to keep to its schedule, and any extension of ports of call would render it impossible to adhere to the timetable. The present ports of call in Australia—Sydney, Brisbane and Cairns—they stated, should be retained, but in the event of a faster vessel being engaged, the inclusion of Townsville was desired, provided the stay of the steamer in Sydney was not reduced below seven days. Concerning the suggestion that Melbourne be the terminal port in Australia, they would welcome the inclusion of Melbourne in the itinerary if that could be accomplished without sacrificing the frequency of the service advocated. It was further considered by these witnesses that in order to prevent contractors gaining a monopoly, the term of the contract for the shipping services should be for twelve months only; and they also maintained that it was undesirable that a company interested in trading in the Islands should hold the shipping contract.

Delegates representing the business community of Samarai informed the Committee that, generally speaking, they were in accord with the views submitted by the Administration. They asked, however, that the Papuan steamer wait at least forty-eight hours at Samarai to enable mails to be answered, and that accommodation on the Rabaul steamer be reserved for Samarai passengers. They concurred with the Port Moresby witnesses that Sydney, Brisbane and Cairns should be retained as the Australian ports of call, with the inclusion of Townsville, if a faster steamer were employed. A reduction in freights, particularly on refrigerator cargo, was also urged. There was, however, a difference of opinion concerning the question of ports to be visited by the contract steamer, those interested in coastal trading naturally being opposed to the Administration's proposals that the contract vessel should call at more ports in Papua.

Although the contract provides for a three-monthly call at Woodlark Island, situated 160 miles north-east of Samarai, the steamer at present visits there on each alternate trip. Evidence heard by the Committee at Woodlark Island indicated that a quarterly service would suffice for present requirements, but the revival of the mining industry on the Island may later on justify more frequent calls. The present annual production of copra on the Island is 300 tons, all of which is sent to Sydney for disposal.

Residents emphasized the advantage wireless communication with Samarai would be, and mentioned that, during the war, a powerful wireless station had been established on Woodlark Island, and, although the plant had been removed, the buildings and masts still remained.

#### NEW GUINEA.

Giving evidence on behalf of the Administration of the Territory of New Guinea, the Chief Collector of Customs, in submitting statistics concerning the trade of the Territory, emphasized how economically unsound it was to send copra to Sydney for transhipment to Europe, and to bring through Australia all requirements of rice, gunny bags, &c. To obviate this, it was suggested that the steamer services from Australia should go through to the East and make Rabaul a port of call rather than a terminal port. It was admitted that with such a service, some of the trade now going to Australia would go to the East, and that, moreover, little, if any, back loading to Australia from New Guinea would be secured. Regarding passenger accommodation, it was necessary that the Territory have passenger communication with Australia at least monthly, providing accommodation for 1,000 white passengers annually. A through boat to the East would require to have accommodation for 400 passengers, mostly steerage, from Rabaul annually. The Administration was of opinion that as the deviation for Singapore boats to go to Rabaul in lieu of Darwin would be only 600 miles, such a service, with the use of coloured crews, could be run practically without a subsidy.

With regard to the present shipping service of two vessels every six weeks, the chief complaint concerned its irregularity and the unsuitability of the steamers. A statement placed before the Committee setting out the dates of arrival and departure of each subsidized steamer from June, 1924, to October, 1926, showed that the number of days between vessels inwards and outwards varied from six to thirty-nine days.

In addition to the subsidized steamers, cargo boats under charter visit New Guinea about every six weeks, and the s.s. *Calulu*, trading between Australia and the East, calls at Rabaul quarterly.

#### BRITISH SOLOMON ISLANDS.

In giving evidence before the Committee, the Resident Commissioner of the British Solomon Islands stated that, on the representations of the residents of the Protectorate, he had recommended the institution of a six-weekly service from Sydney to Brisbane, Tulagi, Gizo, and Faisi, returning to Gizo, Tulagi, Brisbane and Sydney, and calling at not less than six other outports in the Solomons Group. That is the service at present being conducted by s.s. *Mataram*, known as the "British Solomon Islands Service." In consideration of such a service, the Administration was prepared to recommend to the Secretary of State that the British contribution be raised to £3,000 per annum. The present service, as conducted by s.s. *Mataram*, he added, was suitable to the Group, the public generally and the Administration; the majority of people and the greater proportion of the capital invested in the Solomons being Australian, residents naturally desired direct communication with Australia. The "*Rabaul-Solomons Service*" had not, it was stated, been satisfactory, inasmuch as the steamer, which was entirely unsuitable for the trade, was often late in arrival, both steamers sometimes being in port together and frequently, very little, if any, space was available for passengers and cargo.

If the contract steamer called only at the principal ports in the Solomons, the Resident Commissioner was of opinion that inter-island services would have to be subsidized, to provide the necessary connexion.

Representatives of the planters and settlers of the Solomon Islands, who appeared before the Committee at different ports, endorsed the views of the Administration as to the satisfactory nature of the service now being conducted by s.s. *Mataram*. Having heard that the Protectorate was to be called upon to increase its annual subsidy to £6,000, witnesses pointed out that such an amount would constitute a serious drain upon the limited resources of a community numbering only some 500 white people; they were, however, quite agreeable for the contribution to be increased to £3,000. As full cargoes were being maintained for s.s. *Mataram*, any divergence of the service through other groups of islands was opposed. In fact, so anxious were the planters to retain the present direct service to Australia, that they were willing to send their copra to Australia rather than ship it overseas by the tramp steamers which occasionally called at the Group.



On the other hand, the representative of a company, which has extensive planting interests in the Islands, and ships the whole of its output of copra—about 7,000 tons per annum—to Sydney for use there, informed the Committee that he preferred a three-weekly service between Australia and the Solomons, calling at all ports, a six-weekly service being merely what the Islands had 25 years ago. Owing to added expense, it would not assist his company to concentrate its copra at the main ports; moreover, he was of opinion that more concentration would probably mean more direct shipments from the Islands to Europe.

Regarding the prospects of increased trade and development in the Solomons, it was indicated to the Committee that, whilst good progress was being made, large areas of land suitable for plantations could not be developed owing to the shortage of labour, which was very acute throughout the Group. One witness told the Committee that, if his company could be assured of the necessary labour, it was prepared to spend half a million pounds in developmental work in the Solomons, and that it could guarantee employment for the next ten years to 1,000 or 2,000 natives if they were obtainable.

#### NEW HEBRIDES.

The subsidizing of a service from Australia to the New Hebrides goes back to 1887, when the Victorian Government voted £1,200 per annum for a monthly steamship service to these Islands. About the same time, the Government of New South Wales also entered into a contract for the same object, and subsequently both colonies became associated with the service. The Commonwealth took over the matter in 1902, and has continued to subsidize this service.

It was admitted that, from a commercial standpoint, the trade between Australia and the New Hebrides did not justify the payment of a subsidy, but for international and political reasons it was desirable that the service should be maintained in the interests of the British and Australian settlers.

Concerning the present shipping service to the New Hebrides, the representative of a firm of traders and planters, which had been operating in the Group for 30 years, informed the Committee that, notwithstanding increased subsidies, the service to these Islands had not improved during that period, and, moreover, the existing high passenger and freight rates had hampered Australian trade. This witness was of opinion that the Commonwealth Government should conduct a service to the Western Pacific Islands, including New Guinea, the Solomons, New Hebrides, and Fiji, carrying passengers and cargo at reasonable rates, with the object of fostering Australian trade with those Islands.

Although the Messageries Maritimes Limited runs a five-weekly service from Sydney to the New Hebrides, the freights on which are much lower than by the contract steamer, not many British settlers are in a position to take advantage of it, because the French line calls at about six ports only, whereas the contract steamers visit about 60 places amongst the Islands. The French Company also conducts a regular service from Marseilles to New Caledonia and the New Hebrides via the Panama Canal, Tahiti, and Fiji, which is availed of by the planters to ship their copra direct to Europe.

As in the Solomons, shortage of labour is retarding development in the New Hebrides, especially amongst the British residents. The utilization of indentured labour (Indo-Chinese) by the French settlers has, however, considerably improved the position of the latter.

In the contract of 1902 between the Commonwealth and Burns, Philp and Company Limited the Company undertook to hold as trustees for the Commonwealth 100,000 acres of land in the New Hebrides, previously acquired by it, for the purpose of encouraging Australians to settle in the Islands, and to lease such land to such persons at a rental of 1s. per annum for each 50 acres (or part), and on such terms and conditions as the Minister approved. Although this clause has not appeared in subsequent contracts, Burns, Philp and Company Limited regard the clause as still in operation, and refer any questions concerning the land to the Commonwealth authorities. It was stated that about 20 Australians had settled on the area in question.

#### NORFOLK AND LORD HOWE ISLANDS.

These two Islands depend largely for their prosperity upon tourist traffic, and the principal complaint concerned the unsuitability of the steamer *Makambo*, the passenger accommodation of which not only left much to be desired, but was always overtaxed between those Islands and Sydney. The Islanders also complained that for the accommodation provided—passengers having sometimes to sleep in a tent on the after hatch—the fares were excessive.

It was stated that the present arrangement under which the steamer makes a special trip to Lord Howe Island only, was not satisfactory, inasmuch as the stay at the Island was too short for any practical purposes, consequently passengers by this trip must still wait for return by the next short trip, as accommodation can rarely be secured when the vessel calls on return from New Hebrides and Norfolk Island.

Owing to the absence of wireless communication, residents on these Islands have no means of knowing definitely when the steamer is due, and great inconvenience and often financial loss result therefrom. Such communication would enable the Islanders to make the best use of the available shipping facilities by having their mail and produce ready for the steamer.

#### AUSTRALIA.

To ascertain the views of merchants and others interested in the Pacific Islands trade, the Accounts Committee invited the Sydney and Melbourne Chambers of Commerce to appoint representatives to submit their opinions as to the manner in which the shipping facilities could best be utilized for the development of the Territories and the fostering of trade.

The Sydney Chamber of Commerce appointed a sub-committee to formulate a report on the question, and this report was placed before the Committee by the Chairman of the Islands Trade Section of the Chamber. Owing to the gradually diminishing volume of trade between the Commonwealth and the Islands, the Chamber was of opinion that to retain the trade, the Commonwealth should assist in every way to procure better freight rates from Australia, and if it were proposed to increase the amount of the subsidy, such increase would be better applied to the reduction of freight rates rather than to extending the services to Melbourne, or by having additional ports of call in Australia. The best interests of the island settler would be promoted, it was considered, by extending steamer services to the outlying points of development in the several groups, thereby giving them direct communication with Australia. It was also indicated to the Committee that, owing to the restrictions placed on the export of dried and tinned fruits and other foodstuffs, Sydney merchants had been compelled to ship imported lines in place of goods manufactured or produced in Australia. Another aspect of the Island trade brought under notice was the imposition of income-tax, under the absentee provisions of the Act, on sales in Australia of island produce. This charge, it was stated, fell only on the small planters who could not afford to ship their produce direct overseas. One Sydney merchant emphasized the need for sympathetic reciprocal relations between the Commonwealth and the Islands—much Australian capital was invested there, and he was of opinion that manufacturers and importers in the Commonwealth should co-operate by looking to the Islands for their raw material, and, if necessary, assisting the planters with expert advice.

The Chairman of the Export Trade Section of the Melbourne Chamber of Commerce indicated that the members of that Chamber were more concerned with the question of regaining their trade with Fiji. They were of opinion, however, that if the regular island services called at Melbourne, a reciprocal trade could be developed.

Representatives of the Cairns Chamber of Commerce and the Cairns Harbour Board advocated the utilization of Cairns as the terminal port in Australia of the Papuan and New Guinea services. The adoption of such a course would, they maintained, permit of the conduct of a more frequent service to Australia for a much lower subsidy than that at present being paid. Representations were also made to the Committee on behalf of Townsville and Cooktown that these ports should be included in the itinerary of the Island services. In support of these claims, it was pointed out that North Queensland was the nearest and the most natural source for the supply to the Islands of perishable produce such as butter, bacon, &c., and for live stock.

It was claimed on behalf of Cooktown that a monthly service between Brisbane possibly Sydney—and Townsville, Cairns, Cooktown, Thursday Island, Daru, Port Moresby, and Samarai, would give satisfaction to North Queensland and the Islands generally.

In the opinion of a witness, who is managing director of a firm of merchants with considerable trading and shipping interests in Papua, New Guinea and the Solomons, the service to the Islands could be best conducted by the use of small steamers, and he suggested that there should be a three-weekly service from Sydney, calling at Port Moresby, Samarai, Rabaul and Tulagi, returning by the same route. Such a service, he considered, could be conducted for a subsidy of £25,000 per annum, and with suitable vessels, should be quite satisfactory, and provide a better service.

He was of opinion that it was detrimental to the interests of the Islands to let the contract to a shipping company, trading also as island merchants. Greater competition in tendering would, he maintained, be forthcoming if longer time were allowed between the date of calling for tenders and the inauguration of the service, and further, in order to encourage the building of new vessels, the term of the contract should be for six years. To provide connexion with the East, this witness considered that the present quarterly service through Rabaul to Hong Kong should be retained.

Concerning the conduct of these services and in explanation of the rates of freight charged, the representative of Burns, Philp and Company Limited pointed out that the suspension of the coastal provisions of the Navigation Act did not cover all the handicaps under which Australian registered ships labour in competing for the Island trade, as foreign ships visiting the Islands enjoyed comparative freedom and loaded direct at main ports where considerable quantities of copra were accumulated and facilities for handling it were available. The Company had endeavoured to meet this competition by encouraging the trade of the outlying parts of the Territories, in the hope that the extra costs would be met by the natural increased production, and by offering special freight rates on commodities required by the Islanders. It had also sought to obtain from overseas companies lower rates from Australia to Europe, as it was important to have some return freight to Sydney to keep the steamers in good trim. It was for this reason, also, that the steamers visited Island outports to collect as much copra as possible for transshipment at Sydney at through rates. Certain features of the Island trade, which the Company indicated were frequently overlooked, were the dangers of navigation, and the consequent necessity for the possession of local knowledge by ship's officers, the absence of storage and wharfrage accommodation, and the difficulties attending the loading and unloading of cargo at practically all the outports. In few of such places is there any wharfrage accommodation, and cargo has to be lightered into the ship's boats, towed ashore by the ship's launches, and landed, often through the surf, on to the beach. Even at the main ports, wharfrage facilities and storage accommodation were very poor. The cost and risk of delivery and shipment of goods under these conditions were borne solely by the company, and it had to have increased staff on the land and to carry additional pursers, boats' crews, and stevedoring labour on the steamers. Notwithstanding these disadvantages attending the collection of copra at outports in lieu of concentrating it at main ports, the Company stated that, from its point of view, the advantages were in favour of the ship from Sydney continuing through the groups to those outports where sufficient inducement offered and of returning to Sydney with that cargo. In quoting through freights from outports, it had endeavoured to arrive at a rate which would give the local people the same net return as if they concentrated their products at a main port.

#### COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS.

In approaching the consideration of the shipping facilities which should be provided for the Pacific Islands, the Committee has borne in mind the objects of these services, viz.:-

- To assist in the development of Australian Territories in the Pacific—Papua, New Guinea, and Norfolk Island;
- To foster Australian trade with those Territories and with the British Solomon Islands and the New Hebrides;
- To preserve and advance Australian interests in the Pacific;

at the same time paying due regard to the interests of the taxpayers of Australia, who have to provide the funds from which the subsidies are paid.

At the outset, however, there arises a conflict of interest with regard to the trade between Australia and these Territories. The principal product of these Islands is copra, amounting in the aggregate to some 65,000 tons per annum or about one-tenth of the world's production. Australia's requirements of copra are less than 10,000 tons annually, and are not likely to increase materially for many years. Consequently, producers must look elsewhere for their markets, and, moreover, by so doing, can secure more favorable terms for the shipment of their produce. On the other hand, Australia can and does supply many of the requirements of the Islands—apparel, boots, flour, tinned meats, and butter, condensed milk, jams, &c.—but goods such as rice, the food prescribed by law to be supplied to the indentured native labourers, and copra sacks, merely pass through Australia, and reach the Islanders at a cost artificially inflated on that account. If Australia could utilize their production of copra in manufacture, there is little doubt that she could practically control the trade of these Territories, but whilst the output of copra is steadily increasing, the consumption in Australia is almost stationary. To insist, however, on all copra produced in these Territories being brought through Australia is not only uneconomical, but unjust. The right of producers to dispose of their commodities to the best advantage must be acknowledged. Compulsory shipment through Australia tends only to the development of the entrepot trade of Sydney at the expense of the Territories.

Viewing broadly the present shipping arrangements, it cannot be said that they achieve the objects for which they were instituted; rather do they divert the trade from its natural channels and force it to flow by costly and circuitous routes through Sydney. The economic position of these Territories, particularly in the planting industry, is not such that they can afford this treatment, and the question is how far can relief be given them with least injury to Australian interests and trade.

Whilst there is a regular line of subsidized Australian steamers to these Islands, it can be expected that those steamers will carry the trade from Australia to the Islands, and statistics indicate that this trade is not only being maintained, but shows a slight improvement. But with tramp and other steamers calling in and offering to take produce overseas at low freights, it is only natural that the producers avail themselves of the opportunity, with the result that trade from the Islands to Australia is gradually diminishing. The export trade of Papua is as yet insufficient to attract regular overseas steamers, but from New Guinea each year a greater amount of copra is being shipped direct overseas, and with the increase of private plantation owners, it may be expected that this movement will, in future, be even more definite. Figures relating to the British Solomon Islands show that the quantity of copra exported to Australia has remained stationary for some years past, whilst the quantity sent direct overseas has increased to the extent of the natural development in production. It is obvious, however, that the services between Australia and the Islands would soon become unbalanced and uneconomical if ships leaving Australia well loaded have to return practically empty. This difficulty can best be overcome by the increased production in the Islands of these articles, such as cotton, coffee, and cocoa, which will find a ready market in Australia. So far as its own Territories of Papua and New Guinea are concerned, the Commonwealth has already indicated its sympathetic attitude by granting tariff preference and offering bounties on products imported direct from the Territories for home consumption in Australia.

The withdrawal of the application of the coastal provisions of the Navigation Act from the Territories of New Guinea and Papua opened the way for competitive shipping facilities to those Territories and new outlets for their produce, which it was thought would also result in substantial reductions in fares and freights, but, as yet, there has been no indication of any such competition.

In pre-war days, German, Dutch, and Japanese vessels traded through New Guinea, and although the re-entry of these or other vessels would introduce the element of competition, and so bring about cheaper freights, the incursion of foreign shipping would tend to the encouragement of trade relations with overseas countries to the detriment of Australia.

**Present Services.** Burns, Philp and Company Limited have performed valuable pioneering work in establishing and conducting these Island services and in advancing Australian commerce in the Pacific. From a national point of view, it is desirable that the shipping services should be in the hands of an Australian or British company, and in this respect, the service rendered by this Company must be valued apart from the trade aspect.

One feature of the current services, however, which impressed the Committee on its recent visit to the Territories was the obviously uneconomical system of sending steamers, up to 4,000 tons gross, from one small outport to another to pick up or set down one or two passengers and a few tons of cargo. Although the contract provides for calls at a few specified ports, with others at the option of the contractors and subject to approval, the practice has apparently grown up of permitting calls to be made wherever the Company proposed—evidently because it had some inducement to make the call—with the result that much time is so spent and running costs increased. Burns, Philp and Company Limited defend this practice on the ground that the Company desired to meet the wishes and convenience of the Islanders, and, further, that it possessed advantages by eliminating transshipment and coastal charges, and enabled the steamers to be utilized in running through the Islands instead of lying alongside the wharf at Sydney.

Concerning the subsidized vessels engaged in the Island trade the Committee would direct attention to the general unsuitability and inadequacy of most of the steamers now employed. The average age of the fleet is nineteen years, and practically none of the vessels was built for tropical trade, with consequent well-founded complaints as to their accommodation. When giving evidence before the Royal Commission on the Navigation Act in 1923, the representative of Burns, Philp and Company Limited intimated that a new motor vessel was being built for the Island trade, but no sooner was that vessel placed in commission than she was, and has since been, engaged in the Company's business elsewhere. It was maintained by the Company that indecision concerning the contract had to a great extent militated against a definite programme for the improvement of its Island fleet. Prior to the war, its policy had been to lay down a new keel every two or three years, but owing to increased cost, and the absence of a definite contract for the Island services, new building had been suspended. During the past fifteen months, the Company had spent over £100,000 to maintain the Island vessels in class 100 A1 at Lloyd's, although it would have preferred to have put such money into new tonnage.

*Conditions of Tender.*—From a careful review of all the circumstances, the Committee is of opinion that improved services at lower cost should be obtained if the conditions for their conduct were framed to attract more competition. Short extensions of the contract from time to time cannot be expected to give satisfaction, and this practice has been largely responsible for many of the present complaints. The last contract between the Commonwealth and Burns, Philp and Company Limited provided for the conduct of the services for a period of two years and four months, which has been extended on three occasions for terms of six months, six months, and twelve months respectively. In September, 1924, and October, 1925, fresh tenders were invited for these services for alternate terms of one year and three years.

To achieve the best results, the Committee is of opinion that the contracts for the Island services should be for a period of five years.

Competition in the past has also been restricted on account of the short time available between the calling of tenders and the date for the commencement of the services. For instance, the notification calling for tenders published in the *Commonwealth Gazette* of 8th October, 1925, intimated that tenders would close on 30th November, 1925, for services to commence on 1st February, 1926; and by notification in the *Gazette* of 25th September, 1924, tenders closed on 15th January, 1925, for services to be conducted from 1st August, 1925. To overcome this objection, and it is a very serious one, the Committee recommends that a period of at least twelve months should elapse between the dates of the acceptance of tenders and the inauguration of the service to enable the successful tenderer to acquire the necessary vessels or to have new tonnage built.

*Steamer Routes.*—After full consideration of all aspects of the question, the Committee is of opinion that the objects of the Pacific Island shipping services can best be achieved by conducting two main routes—

One serving the Territories of Papua and New Guinea, and

The other serving the British Solomon Islands Protectorate and the New Hebrides together with Norfolk and Lord Howe Islands;

these main services to be supported by local or inter-island services.

*Papua and New Guinea.* To meet the requirements of the Territories of Papua and New Guinea, the Committee recommends that these Territories be served by a three-weekly mail service from Sydney, calling at Brisbane, Cairns and Townsville on alternate trips, Port Moresby, Samarai, Rabaul, Kaewiang, Madang and returning to Sydney by the same ports.

Such a route, it is considered, would, by offering an inducement to shipping companies trading to south-east Asia to tender, be of advantage to the Territories themselves by placing them on a main trade route and providing them with direct connexion with the East, and to Australia also, by giving her regular steamship connexion with south-east Asia where, properly fostered, there is a growing market for Australian products. Lower freight rates between the Territories and Australia should also be possible by adopting this course.

*Solomons, New Hebrides, Norfolk Island and Lord Howe Island.* Admittedly, the New Hebrides service is not justified as a commercial proposition, but its continuance is necessary to maintain British prestige in the Islands, and to keep in touch with British and Australian settlers there. Very little cargo is brought to Australia by this service, and the main passenger traffic is between Sydney and Lord Howe and Norfolk Islands. On the other hand, the Solomons provide practically full cargoes to Australia. The Committee is of opinion, therefore, that the interests of these Groups, both of which are under the same Administration, the British High Commissioner for the Western Pacific, can be best met by combining the present services and instituting a six-weekly service from Sydney to Lord Howe Island, Norfolk Island, Vila (New Hebrides), Vanikoro (Santa Cruz), thence to the Solomons, calling at Tulagi, Russell Group, Gizo and Faisi, and returning by the same route.

*Type of Steamers.*—In the conduct of these two main services, it must be stipulated that the vessels to be engaged thereon shall be of adequate capacity to properly cater for the passenger and cargo business offering, and shall have an economic speed of not less than twelve (12) knots per hour.

*Fares and Freights.*—Although by these routes, the distance between Australia and some ports which are now served direct will be increased, the additional speed of the steamers as recommended will, to some extent, compensate for this drawback. The Committee is of opinion, however, that there should be no increase in fares and freights between Australia and the various ports by the adoption of these routes.

*Inter-Island Services.*—In order that outposts and places which have been enjoying a regular call under the present services shall not be left without adequate communication, the Committee considers that inter-island shipping services should be instituted.

*Papuan Coastal Service.* In Papua, there are current contracts under which the south and the north-east coasts are served, and it is recommended that the inclusion of Woodlark Island in the present coastal service be arranged on the basis of an additional amount of subsidy. It should, however, be made a condition of such an arrangement that a more suitable vessel than the *Queenscliffe*, now employed on the north-east coast, shall be engaged in the Papuan coastal services.

*New Guinea Inter-island Services.* In New Guinea, the following subsidiary services are suggested as those which will serve the outposts now called at; additional places along these routes at present without regular connexion could also be conveniently visited

(a) Rabaul, north coast of New Britain, Witu, Finschhafen, Singawa, Salamoa Bay, and Morobe, returning by the south coast of New Britain to Rabaul:—approximately 950 miles.

(b) Rabaul, south-west coast of New Ireland, along north-east coast of New Ireland, via Kaewiang to Manus, returning via New Hanover and western coast of New Ireland to Rabaul:—approximately 875 miles.

(c) Madang, north-east coast of New Guinea to Bitape, returning via Maty, Longan and Maron to Madang:—approximately 750 miles.

(d) Rabaul to Buka and Bougainville—Soraken, Numa Numa and ports to Kieta and return to Rabaul:—approximately 655 miles.

*Solomons Inter-island Service.*—To serve the places in the British Solomon Islands now catered for by the main route, the following Islands should be visited by an inter-island service:—Malaita, Guadalcanal, Ysabel, Rendova, Kulambangra, Vella Lavella, and Choiseul, and provision should be made for calls at such other places when and where required.

*New Hebrides Inter-island Service.* As it appears to the Committee that the only purpose served by the New Hebrides inter-island service is to concentrate copra, &c., at Vila for transhipment to Europe by foreign vessels, it is recommended that the granting of a subsidy for the inter-island service in the New Hebrides be discontinued.

*Tenders for Inter-island Services.*—In calling for tenders for the inter-island services, the Committee considers that, in lieu of the usual practice of inviting tenderers to state the amount of subsidy required, and indicate the fares and freights they propose to charge, the Commonwealth should stipulate the amount of the annual subsidy which will be available and award the contract on the basis of the passage and freight rates offered, taking into account also the tonnage, speed and type of vessel to be employed.

It is anticipated that such a system of tendering will result in much benefit to the settlers in the districts affected.

Although the authorities in New Guinea are of opinion that as competition exists there, no subsidy should be offered for inter-island services, the Committee considers that, with the institution of the system of shipping services as now recommended, the payment of a subsidy is desirable and advisable, as the acceptance of a subsidy will give the authorities power to insist upon the observance by the contractor of such conditions as adherence to time-tables, the provision of adequate and suitable tonnage, and generally will be in the interests of those to be served.

As subsidiary services depend almost entirely for their value on the regularity of the main services, the Committee would emphasize the necessity for regularity throughout both main and local services.

*Subsidies for Inter-island Services.* As an indication of the amount of subsidy which should be sufficient inducement to obtain satisfactory tenders for these inter-island services, the Committee proposes that in respect of the four services in the Territory of New Guinea, £1,000 each be offered, or that the total of £4,000 be made available and apportioned between these services as may be thought fit. The sum of £1,000 is also suggested as a suitable amount for the proposed inter-island service in the British Solomons.

*British Solomons Contribution.*—It has been intimated, and the Committee is of opinion that it is quite a reasonable proposal, that the contribution to the subsidy by the British Solomon Islands Administration will be increased from £1,800 to £3,000 per annum.

*Lord Howe Islands Contribution.*—As Lord Howe Island is portion of the State of New South Wales and the congestion in passenger traffic on this service is due largely to tourists visiting this Island, the Committee is of opinion that the State of New South Wales should be approached with a view to its making a contribution towards the subsidy.

*Granville Kyrie.*  
GRANVILLE KYRIE,

Chairman.

Office of the Joint Committee of Public Accounts,  
Federal Parliament House, Melbourne.  
21st March, 1927.

(Recommendations of Minority—page 22.)

## RECOMMENDATIONS OF MINORITY.

Whilst I am in agreement with the other members of the Committee as to their recommendations concerning the conditions under which tenders for the Pacific Islands shipping services should be called, viz., that contracts should be for a period of five years, and that at least twelve months should elapse between the dates for the acceptance of tenders and the inauguration of the services, and also that the vessels to be employed should be of adequate capacity to properly cater for the passenger and cargo business offering, and have an economic speed of at least twelve knots, I desire to go further and recommend that the Commonwealth subsidy should be available only to Australian firms employing white crews.

In my opinion, the best interests of Australia, and of these Territories and islands will be served by the continuance of separate services to: (a) Papua; (b) New Guinea; (c) the British Solomon Islands; and (d) the New Hebrides, Norfolk, and Lord Howe Islands—somewhat on the lines of the current routes, but omitting entirely the Rabaul-Solomons service. The calling of tenders for such services separately, with the conditions already enumerated, would, I consider, have the effect of stimulating competition amongst local companies, and result in more favorable passenger and freight rates, which are urgently needed.

As a result of my visit to the islands and a careful study of the evidence placed before the Committee, I am unable to subscribe to the recommendation that there should be only two main services, viz., one to serve the Territories of Papua and New Guinea, and the other to combine the Solomon Islands with the New Hebrides, Norfolk Island and Lord Howe Island.

A combined service to the Territories of Papua and New Guinea was not urged nor supported by the local Administrations, nor by the commercial representatives. Such a service was conducted some years ago, but was abandoned under pressure from the local Administrations, as it was found that the interests of one Territory were subordinated to the other and difficulties in the cargo and passenger traffic resulted. Any action designed to reduce the ports of call on the main services and increase the number of places to be covered by local services will not satisfy the needs and wishes of the Administrations or of the residents generally. The benefits which it is claimed are likely to accrue to the Territories by opening the way for a through route, will be largely counteracted by additional coastal rates and transhipment charges. I consider that a three-weekly combined service catering for Papua and New Guinea, with a view to securing connexion with south-east Asia, is not justified. Whilst such a connexion would be of benefit to the Territories by providing reduced freights on rice and gunny bags, a three-monthly service through to south-east Asia would be ample to provide for their requirements in such goods. As a matter of fact, special freights on these commodities are already in existence—enabling them to be landed in the Territories almost as cheaply as by a direct service. Further, as there is no market for copra in the East, little outward cargo from Papua and New Guinea would be available, as this product would continue to be shipped overseas by chartered vessels.

There is no definite evidence in support of the proposed route combining the Lord Howe Island-Norfolk Island-New Hebrides service with the Solomon Islands. The Solomon Islands Administration strongly urged the maintenance of the existing service, which was entirely satisfactory and adequately met local requirements, and for which it was prepared to increase its contribution from £1,800 to £3,000 per annum. The Committee's proposal does not provide for a direct service, but adds nearly 700 miles to the route—necessitating several days extra running, with the attendant inconvenience and delay to persons travelling between Australia and the Solomons. Moreover, passengers booked for Lord Howe and Norfolk Islands would monopolize the greater portion of the passenger accommodation to the exclusion of passengers for the Solomon Islands, and the accommodation necessary for the nearer islands would be unoccupied for the major portion of the route.

The Solomon Islands trade is valuable to Australia. Its exports of copra to a large extent supply the raw material for an important secondary industry in the Commonwealth, and the majority of the people there and the greater portion of the capital invested is Australian. For these reasons, I consider that the interests of the Solomons and Australia are best fostered and developed by a direct exclusive service as at present.

The service to the New Hebrides is admittedly maintained only for political and inter-national reasons, and if such considerations demand the retention of a service, such service should not be operated to the detriment of the Solomons.

The recommendation of the Committee that there should be no increase in fares and freights by the adoption of the routes proposed would have the effect of partially protecting those who

have to travel greater distances, but the conduct of the new routes must entail additional travelling time and running costs, and these will have to be borne either by the Commonwealth by the payment of an increased subsidy, or by higher rates for fares and freights.

Inter-island services as suggested by the Committee will mean extra coastal and transhipment charges, and it is extremely doubtful whether smaller vessels engaged in the local services could maintain regular contact with the various points, and, as a result, dislocation of the services would follow.

*E. C. Riley.*  
E. C. RILEY.

We did not have the opportunity of hearing the evidence given before the Committee during its visit to the Territories of Papua and New Guinea, and to the Solomon Islands, but we were present during the taking of a large amount of evidence on this subject in Melbourne and Sydney. We have, however, perused the evidence tendered, and as a result desire to signify our agreement with the views of Mr. E. C. Riley.

P. J. MOLONEY.  
C. S. McHUGH.

Melbourne,  
22nd March, 1927.

*P. J. Moloney*