

The Hon. Mr. COOK: It looks like this—is not this Dr. Cockburn's attitude—supposing his Government decline to come in, he wants an expression of opinion that we are still prepared to give South Australia something?

The Hon. Dr. COCKBURN: No; because I said if the resolution is carried I would pledge myself so far as possible, that is, my Government, to come in.

The Hon. Mr. COOK: I am strongly of opinion that if the matter goes over, and the other four colonies go into the project, it would be very difficult for you to come in afterwards.

The Hon. Dr. COCKBURN: If it is carried, what is your intention?

The Hon. Mr. COOK: It is expressing our wish that you should come in.

The Hon. Dr. COCKBURN: On this being carried, I say that the condition on which South Australia would come in would be that her hopes in the past as regards the attitudes of the other Colonies would be realised; that is, they agree either to guarantee—

The Hon. Mr. COOK: You see the position; you have something to part with; surely you can say what you value it at. Until we know what your idea is about it it is useless for us to make a proposition.

The Hon. Dr. COCKBURN: When will this proposition be made?

The Hon. Mr. COOK: I candidly confess I do not think it ought to take many hours to fix a broad proposition, which would serve as a basis for discussion. (Long pause.)

The Hon. Dr. COCKBURN: Well, would this be an acceptable proposition—that a guarantee should be given to South Australia that when the Pacific line is constructed, her receipts from her line would not be allowed to fall below the average (say) of the last five years?

The Hon. Mr. DUFFY: We would like to know what that is: we could not bind our Governments without.

The Hon. Dr. COCKBURN: Yet you are asking me to bind mine. (No, no.) You can never know when you give a guarantee what you are pledging the Colony to; you don't know whether there will be a loss, or how much.

The Hon. Mr. COOK: Supposing you have—You have been making at least 5 per cent. on your line—

The Hon. Dr. COCKBURN: The returns this year have certainly been better.

The Hon. Mr. COOK: You are making between 5 and 6 per cent.—

The Hon. Dr. COCKBURN: No; there have been only two years when there has not been a dead loss.

The Hon. Mr. COOK: Oh yes, I say you are. Can you expect us, if that line has reached paying point, and there is a prospect of its continuing to pay 5 per cent., to guarantee that percentage if we can get money at 3 per cent. Would not the point of equity be reached if you had a guarantee of current interest?

The Hon. Mr. THYNNE: I think at the present time that is more than any of the Colonies would be prepared to do on the outlay. It could not possibly be considered worth anything like that.

The Hon. Mr. COOK: I am speaking of the valuation, whatever that may be—

The Hon. Mr. THYNNE: I think his suggestion was, that the revenue has been so much during the last five years—would we guarantee to South Australia that she shall lose nothing of that traffic? That is, guarantee that her revenue shall not be reduced.

The Hon. Mr. COOK: I say it would not be fair to guarantee that return. With less business the expenses would be less also. If present revenue were guaranteed and the expenses decreased, a handsome profit would result. That would not be fair. We only want to prevent a greater actual loss.

The Hon. Dr. COCKBURN: There have been two years in which there has not been an absolute loss, taking interest and working expenses into account—this year, and another year some time back.

The Hon. Mr. COOK: Averaging the years, you want to be guaranteed against loss; that point is reached when you get current interest.

The Hon. Dr. COCKBURN: Current interest would hardly do; we should want interest and working expenses.

The Hon. Mr. COOK: I am speaking of the net returns; the interest on the loan should be guaranteed.

The Hon. Mr. DUFFY: And working expenses.

The Hon. Mr. COOK: What do you mean by the two years' return. Gross monetary return?

The Hon. Dr. COCKBURN: I say that, except for two years, taking the interest on the line and working expenses as our expenditure, and the revenue from the line as our receipts, in every case the expenditure and interest have exceeded the receipts of the line.

The Hon. Mr. COOK: And now the return is 5½ per cent.?

The Hon. Dr. COCKBURN: For this year only. We only ask for a guarantee of the average for five years, which would not give that return. I throw in three lean years and two fat years. We don't want to make a loss.

The Hon. Mr. THYNNE: The cable traffic at the present time all goes over this line, it is the only business our cable would affect, and some assurance is wanted that the amount of her receipts from this cable traffic shall not be reduced.

The Hon. Mr. COOK: No, that is what I say would not be a fair basis. Supposing a certain amount of business is now done: in future expenses will be very much reduced, and if they are making 5 per cent. now and the present receipts are guaranteed, it might mean 7 or 8 per cent. on the undertaking. All they want guaranteed is that they will not lose. That is reached when the working expenses are paid, depreciation accounted for, and interest provided. To calculate on the same receipts as now would be absolutely unfair: that would put their profit up considerably.

The Hon. Mr. THYNNE: I don't propose they should always be guaranteed the same general receipts. We should have to find out their cable traffic and calculate on that.

The Hon. Mr. COOK: It seems to me it is a simple matter. Pay the expenses of working the line, and pay current interest on it.

The Hon. Dr. COCKBURN: Last year, our revenue was £43,926; working expenses, £18,280; annual interest on loans, £24,703; making a total of £42,983. Showing a gain, but in other years (which Dr. Cockburn gave) there had been losses in some cases up to £12,000 and £14,000.

The Hon. Mr. DUFFY: What interest do you pay? It must be very high.

The Hon. Mr. REEVES calculated it must be more than 4½ or 4¾ per cent.

The Hon. Mr. COOK: It would be better to take it over and get the money at 2½ per cent.