

OVERSEAS COMMUNICATIONS.

The Empire Air Mail Scheme, to which New Zealand has been a contributing party from the inception, has now become an established fact, and from the 26th July letters for the Empire, with few exceptions, will be carried by air. For the present mail will be despatched from New Zealand by steamer to connect with the Australia-England service. **Empire air mail.**

The great benefit to New Zealand is that the new postage rate is 1½d. per half-ounce instead of the present 1s. 6d. The first despatch will leave Great Britain on the 28th July and is expected in New Zealand on the 17th August.

New Zealand's contribution towards the cost will be a fixed subsidy of £15,000 sterling per annum, together with a fixed mail payment of £28,000.

The air-mail postage rate for foreign countries is not altered so that the advantage of the service is restricted to Empire countries.

The letter postage rates from the inception of the service will be: British Empire (except Australia meanwhile), 1½d. per half-ounce; and foreign, 2½d. for the first ounce and 1½d. for each succeeding ounce.

Now that the Empire Air Mail Scheme between Great Britain and Australia is an accomplished fact, the Government is proceeding with the extension of the service to New Zealand. At present a discussion to finalize details is being held in London, and the Government hopes to be able to announce at a very early date that a contract has been let to cross the Tasman by air. At the beginning it is intended that the Tasman will be crossed twice-weekly each way with a possible extension to thrice-weekly. **Trans-Tasman Air Service.**

New Zealand's proportion of the capital in the operating company in respect of the Tasman service will be 39 per cent., the other proportions being held in the ratio of 38 per cent. by the United Kingdom and 23 per cent. by the Commonwealth of Australia. Of the 39 per cent. of shares allotted to New Zealand, the majority will be held by the Government.

Negotiations have been proceeding between the Governments of the United Kingdom, Australia, Canada, and New Zealand for the construction of two modern ships to replace the "Aorangi" and the "Niagara," now running between Sydney, Auckland, and Vancouver. It is hoped that at an early date these negotiations will be brought to a successful conclusion and that tenders will be called for the building of the two ships to maintain British trade in the Pacific. **Trans-Pacific shipping.**

DEFENCE.

It is a striking commentary on modern civilization that, in spite of the development which has taken place in science and learning, the manufacture of armaments and preparation for war still absorbs a large proportion of every country's revenue.

In view, however, of the failure of the policy of disarmament adopted by the British Commonwealth of Nations, it is obvious that if our democratic institutions are to be maintained, rearmament is an urgent necessity, and the Government would be failing in its duty both to the citizens of New Zealand and to the British Commonwealth if it did not take its share of the expenditure necessary for defence.

It would, however, be both unwise and unnecessary to publish full details of the measures which the Government have taken to provide adequate defence for the Dominion, but in view of the increasing importance which such expenditure is assuming in our budgetary position a brief review would be appropriate at this stage.

In last year's Budget reference was made to the inauguration of an Air Defence scheme. This scheme provides for the establishment of two Operational Stations, a Flying Training School and a Stores and Repair Base, in addition to the formation of Territorial Squadrons and an Air Force Reserve. **Air Defence.**