

ment by direct Government action. If this course be adopted, the Committee anticipate that the commercial character of the service will render inapplicable the usual rules of public finance as applied to voted services, and that it may be desirable to set up a statutory Board (after the model of the Pacific Cable Board), with powers to conclude contracts, fix rates for passages, &c., without external control, save as to the total capital to be provided by the Home and Dominion Governments.

6. If the second course—namely, private enterprise—be adopted, it would naturally be for whatever company or syndicate undertakes the service to develop it according to the programme best suited to the company's interests. In the second part of this report the Committee have analysed certain of the schemes submitted, so that their schemes of capital cost may be compared with that under the hypothesis of Government action.

The Committee take the opportunity of observing that in their view the best hope of the successful development of Imperial air communications lies in private enterprise conducting the service for profit, like the mercantile marine, on business lines.

PART I.—DEVELOPMENT BY GOVERNMENT ACTION.

7. The development of a complete scheme of air communication between England, India, Africa, Australia, and New Zealand will necessarily be a matter of some considerable time, and in consequence the Committee considered it desirable, in framing estimates, to deal with the establishment of an airship service in stages.

8. *Six-months Period.*—The Committee first of all addressed their attention to an examination of the arrangements that would be necessary, and the cost that would be incurred, if a decision were taken to delay closing down of the present airship service for a period of six months in order to enable a permanent scheme to be formulated.

The cost of such decision was estimated to be as follows :—

Maintenance of Howden and provision of R.A.F. personnel	£ 50,000
Maintenance of Cardington, research and completion of R 36 and R 37	75,000
Maintenance of Pulham, and allowance for 400 hours flying	63,000
	£188,000

A further sum of £44,000 is estimated as necessary to put L 71 into commission for commercial purposes.

9. The Committee have come definitely to the conclusion that, in view of the above figures, and of the impossibility of obtaining, in so short a period as six months, satisfactory data for arriving at a decision as to the future of the service, they are not justified in asking the Imperial Conference to consider any inaugural scheme based upon a period of less than one year. Emphasis was laid on the impossibility of arriving at accurate estimates for, and carrying out satisfactorily, any operational experiments with an airship service if its immediate future remained a matter of uncertainty; and it was also established that the greater part of, if not the whole of, the first six months would necessarily be taken up with work of a preparatory character.

10. After detailed consideration, the Committee have therefore decided to submit to the Imperial Conference two alternative estimates, the one covering a period of one year, the other two years, neither of these periods being regarded as complete in itself. Having regard to the first term of reference and the limited cargo-carrying capacity of airships, these estimates should be for the provision of a limited and possibly irregular service for passengers and mails only to the eastern boundaries of the Empire, utilizing the existing fleet to its utmost capacity.

The Committee feel it desirable to draw attention to the fact that should the Imperial Conference decide in favour of the initial period of one year, a second decision as to the future would need to be taken many months in advance of the