

By the establishment of this Pacific service affairs would be reversed, and Queensland, instead of paying out postages, would collect them from non-contracting colonies.

As Sydney would be the terminal port of the line in Australia, and large disbursements would be made there, New South Wales would largely benefit from this source. In fact, the amount disbursed in the colony would of course exceed the amount of the subsidy. Time for mails and passengers *via* Brisbane and rail, or *via* Brisbane and sea, would be faster by Canada and the Pacific than by the contemplated Suez services.

The commercial development between the United States and Canada and New South Wales also calls for a Pacific line, which, however, be it remembered, cannot exist without a subsidy.

To Melbourne is offered the inducement of a mail service but slightly inferior in point of time and probably cheaper, and a passenger service a week faster than those *via* Suez. Victoria also has large commercial dealings with Canada and the United States, contributing in 1885, £1,177 to the San Francisco line for mails, and, further, cannot overlook the strategic and Imperial value of this proposed Pacific service.

Lastly, it is thought that this line of steamers, carrying the British flag each week through the island groups of the Pacific, would assist in the settlement of the Pacific Island question, and tend to render annexation by foreign powers of islands along the route impossible.

Australia desires to be master of the Pacific. Nothing will more assist the attainment of her desire than the establishment of this service.

IV.—2.

PROPOSED CANADIAN MAIL SERVICE TO AUSTRALIA.

MEMORANDUM circulated by Canadian Representatives.

The Canadian Pacific Railway Company offer to undertake a fortnightly mail and passenger service to Australia, to alternate with other mail services *via* Suez, in connection with a fast Atlantic service for which the Government of Canada have advertised for tenders.

The service to be a fortnightly one each way between Halifax or Quebec and Vancouver, British Columbia, and between Vancouver and Moreton Bay, Queensland, calling at Honolulu, Hawaiian Islands, and Suva, Fiji Islands.

The steamers to terminate the outward voyages and commence the homeward voyages at Sydney, New South Wales.

The Australian mails to be delivered and received at Moreton Bay, but mails for New South Wales and Victoria to be delivered and received at Sydney, if desired.

The New Zealand mails to be delivered and received at Suva, Fiji; the Government of New Zealand to provide the branch service between Suva and Auckland. (The Union Steamship Company of New Zealand now run a monthly mail service between New Zealand and Suva, and a monthly service between Australia and Suva.)

The maximum through time between Halifax or Quebec and Moreton Bay, to be 27½ days, which, with a 15 knot Atlantic service, the lowest speed permitted under new tenders called for by the Canadian Government, will give through time between an English port and Moreton Bay of less than 34½ days, which would in practice frequently be reduced.

Through time between England and Australia cannot be guaranteed until the details of the new Atlantic service are arranged.

With a 12-knot service between Fiji and New Zealand, time between an English port and Auckland would be less than 34 days.