

3. Arrangements have already been made with the Canadian Pacific Railway Company for the transmission of all through telegraph business between the Pacific and Atlantic Oceans on extremely favourable terms.

4. It is proposed to acquire complete control of one of the existing Atlantic cables landing on the shores of Canada, or to lay a new cable from Canada to Great Britain.

5. The whole line may be divided into three great sections, viz. :—

(A.) *The Pacific Section.*

This section will consist mainly of electric cables, the lengths of which, after allowing for slack, will approximately be as follow :—

	Knots.
(1.) Brisbane or Sydney to North Cape, connecting at the former with the Australian telegraph system, at the latter with the telegraph system of New Zealand	1,300
(2.) North Cape to one of the Fiji islands	1,240
(3.) Fiji to Fanning Island	2,270
(4.) Fanning Island to one of the Sandwich Islands	1,260
(5.) Sandwich Island to Barclay Sound or Port San Juan, Vancouver Island	2,730
(6.) Barclay Sound, across Vancouver Island and the Strait of Georgia to Vancouver City, the terminus of the Canadian Pacific Railway ...	100
Geographical miles	8,900

(B.) *The Canadian Section.*

This section will extend along the Canadian Pacific Railway and the Inter-colonial Railway to connect with an Atlantic cable. If it be found necessary to lay a new Atlantic cable, the land line will probably terminate at Gaspé, in the Province of Quebec. Distance from Vancouver to Gaspé Statute miles 3,450

(C.) *The Atlantic Section.*

A new Atlantic cable from Gaspé *via* the Straits of Belle Isle to Ireland
Geographical miles... .. 2,450

6. These three great sections connected, and the business under one management, it will be possible to reduce permanently the charges on messages to the lowest practicable rates, and thus render the line of the greatest commercial utility. It is believed that the reduction in rates contemplated, and rendered possible by the satisfactory terms agreed upon with the Canadian Pacific Railway Company, will give a great impetus to telegraphy, and promote the development of inter-colonial intercourse and commerce.

7. The arrangements proposed, and the terms agreed upon, will admit of messages being sent from Australia to Great Britain on the opening of the new line at less than half—eventually it is believed, at one-third—the charges at present exacted.

8. While the new line, established as set forth, will stimulate commercial activity between the countries to be connected, its political, naval, and military value will be very great indeed. It is well known to naval and military commanders that no reliance can be placed on the permanency of communications by way of the Mediterranean and the Red Sea, and it becomes obvious that the line through Canada may, during any emergency, assume incalculable importance. The cable across the Pacific will always be removed from the theatre of European complications. It will not only be a direct means of communication between the Australian colonies and the Mother-country, but, if an emergency arises, to render every wire through Europe and Egypt useless, it will still be possible to communicate with India; indeed, every British station between South Africa and Port Hamilton may continue in telegraphic connection with London.

9. To secure advantages so great—and it is difficult to say whether in a commercial, political, naval, or military aspect the advantages would be greatest—Government aid and co-operation is necessary; but as there are twelve Governments more or less interested in the undertaking, moderate assistance from each will suffice.

10. The following Governments are interested in the new line of telegraph: (1) The Governments of Great Britain, (2) Canada, (3) Hawaii, (4) Fiji, (5) New Zealand, (6) New South Wales, (7) Queensland, (8) Victoria, (9) South Australia, (10) Western Australia, (11) Tasmania, (12) India. Of these Hawaii has offered \$20,000 a year (say £4,000) for fifteen years to be connected telegraphically with San Francisco, and it may be assumed that that subsidy will be available to the proposed company. The principal assistance, however, will require to be furnished by Great Britain and her colonies.

11. It is proposed that Government aid should be directed to two main objects—viz.: (1) To secure the establishment of the cables across the Pacific Ocean; (2) To provide for their permanent efficiency. The first main object—the establishment of the cables across the Pacific—can be effected if the Government assistance takes the form of an annual subsidy sufficient in amount to pay a low rate of interest and provide for amortization on a large portion of the capital required for this section of the undertaking. The remaining capital may be share-capital, and will have to depend for dividends on earnings.

12. The perpetual efficiency of the cables can be maintained in another way. It has been customary to make provision for this purpose out of earnings, but this course necessarily has a tendency to keep rates for the transmission of messages high. The policy recommended is to reduce traffic rates to a minimum, and, in order to do so, earnings should be charged with as little as possible beyond working expenses. It is therefore suggested that the renewal and duplication of the cables may be effected by a special provision. In the memorandum attached hereto (6th April, 1886), it is clearly shown that the establishment of this new line in the manner set forth will result