

the Home Government towards the improvement of the Pacific service, the arrangement of which was to be left to the Governments of Canada and Australasia. The present Vancouver contract with New South Wales stipulates for a twenty-one-days service between Vancouver and Sydney. The contract with the Canadian Government was for ten years, and has about seven years to run; while the agreement with New South Wales expires in May, 1899. The shortening of the time, therefore, at the one end would be of no use unless an increased speed were obtained between Vancouver and Wellington. The recent developments in British Columbia, and the prospects of our doing trade with Canada, render the project worthy of consideration. I regret to say that our trade with Samoa and the Hawaiian Islands is decreasing, and if the latter islands are annexed by America our trade under the new American tariff which will then be in force there will be still further decreased. On the other hand, our trade with America in 1892 was £400,000, and in 1896 only £200,000. America's trade with us in 1892 was £200,000, and last year it had doubled, being £400,000. New Zealand was the first to establish the San Francisco service, and I think it is a great pity that we should not have derived the full benefits from it by insisting on New Zealand being the terminal port. New South Wales contributes only £4,000 a year to the service, and had we been called upon to contribute double that amount and retained the service within ourselves, it would have, owing to collateral advantages, paid us to do it. I am further of opinion that in any future contract we should stipulate for a not less than 15-knot service, with steamers of not less than 4,500 tonnage, and the maximum rates both for goods and passengers should be fixed.

New Zealand, from its geographical position, and owing to its rapidly-increasing population and the extension of its products, should at no distant date be the terminus of one or other of the mail lines of steamers which now make Australia their terminus. The P. and O. Company is largely subsidised by the British and Australian Governments, as is also the Orient Company, but New Zealand derives little or no benefit from these services owing to the running of the intercolonial steamers not being timed to connect with either the outward or the inward mails. The Union Company has recently effected an improvement by the introduction of faster steamers, which will make the voyage between Wellington and Sydney in a little over four days. The establishing of a fast service to connect with the P. and O. and Orient steamers is not, however, contemplated by the Union Company unless an adequate subsidy is paid. Again, there is the Messageries Maritimes, which is heavily subsidised by the French Government. Noumea is the terminus of its lines. Recently the French Government granted a subsidy to the Union Company for its service to Tahiti; and it seems almost a waste of money to send the Messageries steamers to Noumea and then for them to return to Sydney. If a branch steamer were sent from Sydney to Noumea there would then be nothing to prevent the main boats making New Zealand the terminus. At the present time there are also the vessels belonging to the North German Lloyd's, heavily subsidised by the German Government. These boats stay in Sydney three weeks; and, seeing that the distance from Sydney to Wellington is only 1,239 miles, and that the steamers often have to return short-freighted, one is apt to wonder why the vessels of this company stop short at Sydney.

I have drawn attention to this matter for the purpose of comparison, and to show the keen competition that exists in the other colonies, tending to keep down the rates of freight, and giving greater facilities for communication.

In the report of the Victorian Government on the despatch of the Secretary of State for the Colonies, detailed information is given in respect to subsidies to steamship lines, and I find that the payment to the German line of steamers is £200,000 a year, and to the French line £120,000. The P. and O. and the Orient lines each receive £85,000 per annum for the weekly service to Australia; and £245,000 is also received by the P. and O. Company for the Indian service.

I may also mention that the weekly mail-service between Australia and Great Britain performed by the P. and O. and Orient Steamship Companies has recently been renewed for a term of seven years from the 1st February next.