

£40,000 for debentures, that would leave a profit of £42,500; or a little over 2 per cent. I do not think there is any property so risky as a cable property. Its life is only valued at twenty years; but, at all events, I think my figures show that, as a financial scheme, this will not pay. You will be spending £2,000,000 for little or no purpose; because, as I say, the present line can carry five times the existing amount of business. Surely we are not likely to get lower rates by spending £2,000,000 where it is not required. In saying this I am expressing my own opinion, because it would not be right for me to express the opinion of South Australia, which colony is quite prepared to cast in her lot with the Australian colonies in the true spirit of federation.

The Hon. A. WYNNE (Victoria): It would ill become me to criticise the conduct of any other colony, and I do not think the question of this cable to New Caledonia is raised on the Hon. Mr. Ward's motion. I can support the abstract question, because I think it is advisable to have a second route if possible. This motion does not call upon any colony to enter into a guarantee or subsidy, and if we can obtain a cable under the control of a British company, and if possible, altogether on British territory, the greater the benefit to the Australian colonies. Personally, I look upon New Caledonia as a plague spot in the Pacific, with its convict settlement, and I would like to see the transportation of convicts there stopped. To my mind, in time of war, a danger would arise if we were solely depending upon a foreign company. If Great Britain was at war with France or any other country, we could not expect a foreign government or a foreign company to send our cable messages intact to or from Great Britain, or to send them at all. In addition to that, the danger would arise of our messages either being mutilated in transmission or their contents being divulged to our enemies. Therefore, I cordially approve of the suggestion of the Postmaster-General of New Zealand, that if this line is laid it should be through British territory, and under the control of the British Government, or a British company.

The Hon. J. KIDD (N.S.W.): I think there is too much endeavoured to be made out of the dangers that may arise to a cable *via* New Caledonia in times of war, and that it is going too far to say it would be rendered useless. I would like to draw your attention to the position the French would be in with regard to this cable. It starts from British territory, and at Vancouver it crosses British territory, and if they wanted to prevent the use of it, as far as British interests are concerned in these colonies they could cut off communication, but what use could they then make of the cable themselves? They could not make any possible use of it, and that brings us to the point already touched upon by the President—that it is almost impossible to get any cable service without touching upon foreign territory. As has been already pointed out, all cables are now recognised as neutral property, and I do not see what possible interest the French Government could have, even in time of war, in preventing the company from doing its business. Take it for granted the company was a French one, and was depending, as it must do, upon the colonies for its business, it would not be a very fatherly kind of action of the country to which it belonged to prevent them doing business. The strongest point is this: Although it would be impossible to get a cable through British territory, of what service would it be to the French? because New Caledonia could be shut off from all communication just as completely as Brisbane was during the late floods, if we chose to stop the transmission of messages through New Caledonia. I do not see how you can make capital out of the fact that in stipulating with any company to carry the cable through New Caledonia, the objections that have been raised have much weight. As far as the colonies of Queensland and New South Wales have gone, what is their position? We understood the company is going to spend £300,000 in carrying a cable to New Caledonia, that is as far as the guarantee has been entered into. That is the estimate of what it will cost. The company, as a condition under this guarantee, say, for working expenses, it will cost £2,400; but if it exceeds that sum the revenue of the company will not be chargeable with it. No company could be expected to undertake the laying of a cable and working it unless they could see their way to make something out of it. Suppose that out of the part laid down between Queensland and New Caledonia they could make 2 per cent. on the expenditure, what position would Queensland and New South Wales be in? They would reduce their liability by £1,000 straight away, and I suppose the President has looked upon the question in that way. If we enter into a guarantee, so far as the first section goes, under such favourable conditions that Government messages are stipulated to be free, and the other concessions embodied in the contract, we will be called upon to pay very little. As already pointed out, so far as the other sections of the cable on to Vancouver are concerned, we are just as free as the Governments of the other colonies; and unless very strong inducements are held out by the company, and the cable is brought under some mixed control, I do not think the colonies would embark further in it unless faith was kept, and some guarantee was given by the French Government that this cable as well as the other cables would be recognised as neutral ground. There is no reason at all, so far as we have gone, to complain of what has been done. We admit the necessity for a second cable, and it is for us to get the best possible service. I scarcely agree with the reasons set forth by the President to get the present company to keep up the rates, to induce some other company to come in. I think the 5s. rate would be sufficient, and I would not be a party to saying to the present company, "Keep up the rate to 6s., so as to allow some other company to come in and cut the ground from under you." In business matters where there is only one house doing a particular kind of business, if you can get them to do business with you on the best possible terms and recognise that they are doing the best that can be done for you, you will have no very great desire to have other men come into the field. The object looked for is not always brought about in that way, as the result of the competition is that those engaged in the business unite and say: "We cannot do business under a certain figure," and the public would be in a better position if the other companies had not started. Perhaps it may be the same with cable services. All cable, tram, steamer, and postal services of whatever kind must pay those who undertake them some return beyond working expenses, and I do not see why we should urge the present company to keep up the rates, in order to induce another company to come into the field. Perhaps the President only referred to that point by way of illustration. To my mind it would be much better if we had another service, and if it can be shown that it would be as great an advantage to have it in the way indicated by the Hon. Mr. Ward, I would have no objection to it. Another thing is that it would not be possible to construct the longer line for less