

I feel warranted in saying that the *data* obtained since the Conference met have placed the project of a Pacific cable in a perfectly unassailable position. It only remains for the Governments concerned to take such action as will lead to the practical initiation of the undertaking.

If I may venture to do so, I respectfully submit that the first step to be taken is to ascertain how far the several Governments will give their assent to the principle of State ownership in this enterprise. In my humble judgment, little can be gained by attempting to arrange details until this principle be generally assented to. For the adjustment of details, I respectfully submit the propriety of a joint Commission being appointed, to assemble in London, and to consist of three Commissioners, viz. One on the part of the Imperial Government, one to represent the Dominion of Canada, and one to act for the Australian Colonies and New Zealand conjointly

There would, in my humble opinion, be a manifest advantage in the Commission being thus limited, to my mind the theory that the Australasian Colonies should each have a separate representative does not commend itself, as such an arrangement would make the number of Commissioners inconveniently large. This consideration, however, is one to be left for the decision of the Australasian Governments. I cannot but think that, if these Governments can see their way to nominate one person to represent them, the whole matter will be greatly simplified, as it may be assumed that the Government of Canada and the Home Government on their part will do the same. The representative of Australia and New Zealand on the Commission would have at his command, for consultation, each of the Agents-General in London, and through them would be brought into constant and direct relationship with each Colonial Government.

If the affirmation of the principle of State ownership be assented to, and it be followed by the appointment of a joint Commission to arrange on a sound and equitable basis all necessary details, the project would receive a definite form and character. It is needless to add that the report and recommendations of the Commission would be subject to the approval of each separate Government, and would likewise require parliamentary concurrence in each case.

I have, &c.,

SANDFORD FLEMING.

Hon. W. B. Ives, Minister of Trade and Commerce.

XI.—THE PACIFIC CABLE.—LETTER respecting the Estimates of Revenue.

DEAR SIR,—

Ottawa, 28th December, 1894.

Referring to our conversation this morning on the subject of the Pacific cable, and more especially on the question of probable revenue:—

The point which you rightly considered of importance relates to the sources of revenue, and you asked upon what grounds I assumed in my estimates that the Pacific cable would obtain one-half the telegraph business between Australasia and Europe. You suggested as a possibility, from the fact that the existing lines of telegraph had been long established, that there would be business relations between the Eastern Extension Telegraph Company and the owners of the Australasian land lines, perhaps an understanding or agreement, of such a character as would give the existing cable company exclusive control of European traffic collected throughout the colonies.

In answer to this, I have only to say that the land telegraphs in each one of the seven Australasian Colonies are owned and operated by the Governments, under the Departments of Posts and Telegraphs. There cannot be any agreement of the kind referred to at present existing, and there is no probability of one being entered into. On the contrary, if the Pacific cable be established as proposed, through the co-operation of the Australasian Governments with Canada and Great Britain, the colonies would have a direct interest in the success of the new line, and every telegraph- and post-office throughout Australia and New Zealand would practically become offices or agencies of the Pacific cable. It is easy to be seen, therefore, that there would be a tendency to send European telegraph traffic collected at these offices (unless specially directed otherwise) by way of the Pacific cable in preference to the old route. There can be no doubt whatever that with the Pacific cable established as proposed, on the principle of State ownership, the several Governments at the sources of traffic would have it in their power to direct telegraph business over the new line as they may desire. It does not follow that the power in the hands of the Governments would be unduly exercised to the injury of the Eastern Extension Company. No doubt a division of the traffic would for a time diminish the profits of that company, but the establishment of the new route would stimulate telegraphy above its normal growth, and in a very few years the volume of business would be doubled, so that an equal division would restore to that company as much business as it now controls.

For these reasons, and the additional reason that the Pacific cable will unquestionably command all the telegraph traffic between North America and Australasia, I feel more than warranted in basing the estimates of revenue on half the European-Australian traffic. I feel quite satisfied that, the more the question is looked into, my estimates will be found moderate and considerably on the safe side. For my own part, I feel perfectly assured that, if the cable be laid as a Government work, the estimates of revenue will be borne out by actual results as fully as estimates of cost have been verified by the tenders received.

Yours, &c.,

Hon. W. B. Ives, Minister of Trade and Commerce.

SANDFORD FLEMING.

No. 33.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 13th February, 1895.

I HAVE just received from the Canadian Government telegram to the following effect "Inform Colonial Governments circumstances have arisen absolutely necessary take immediate action submarine cable. Joint Commission suggested by last mail strongly recommended."