

1895.
NEW ZEALAND.

TELEGRAPH CABLES

(FURTHER PAPERS RELATING TO).

[In continuation of F-5B., 1894, presented on 20th October, 1894.]

Presented to both Houses of the General Assembly by Command of His Excellency.

NEW ZEALAND-AUSTRALIAN CABLE.

No. 1

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

SIR,—

Premier's Department, Melbourne, 2nd August, 1894.

I have the honour to forward herewith, to be retained by your Government, a signed and sealed copy of the agreement between the Colonies of New South Wales, Victoria, South Australia, Western Australia, Tasmania, and New Zealand in connection with the reduction of rates on the New Zealand cable.

I have, &c.,

The Hon. the Premier, Wellington.

J. B. PATTERSON, Premier.

Enclosure in No. 1.

AGREEMENT BETWEEN THE GOVERNMENTS OF NEW SOUTH WALES, VICTORIA, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, AND NEW ZEALAND, PROVIDING FOR CONTRIBUTING TO ANY DEFICIENCY THAT MAY ARISE IN CONNECTION WITH REDUCTION OF RATES UNDER AGREEMENT OF THE 13TH DECEMBER, 1892, WITH THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

AN AGREEMENT, made this tenth day of February, one thousand eight hundred and ninety-four, between His Excellency the Right Honourable Sir ROBERT WILLIAM DUFF, a Member of Her Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, &c., &c., Governor and Commander-in-Chief in and over the Colony of New South Wales and its Dependencies, by the advice of the Executive Council thereof, for and on behalf of Her Majesty's Local Government of New South Wales, of the first part, the Right Honourable JOHN ADRIAN LOUIS, EARL OF HOPETOUN, &c., &c., Governor and Commander-in-Chief in and over the Colony of Victoria and its Dependencies, by the advice of the Executive Council thereof, for and on behalf of Her Majesty's Local Government of Victoria, of the second part; His Excellency the Honourable SAMUEL JAMES WAY, Her Majesty's Lieutenant-Governor of the Province of South Australia and its Dependencies, by the advice of the Executive Council thereof, for and on behalf of Her Majesty's Local Government of South Australia, of the third part, His Excellency Sir WILLIAM CLEAVER FRANCIS ROBINSON, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the Colony of Western Australia and its Dependencies, by the advice of the Executive Council thereof, for and on behalf of Her Majesty's Local Government of Western Australia, of the fourth part; His Excellency the Right Honourable JENICO WILLIAM JOSEPH, VISCOUNT GORMANSTON, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the Colony of Tasmania and its Dependencies, by the advice of the Executive Council thereof, for and on behalf of Her Majesty's Local Government of Tasmania, of the fifth part, and His Excellency the Right Honourable DAVID, EARL OF GLASGOW, &c., &c., Governor and Commander-in-Chief in and over the Colony of New Zealand and its Dependencies, for and on behalf of Her Majesty the Queen, of the sixth part.

Whereas certain telegraph-cables connecting New Zealand with New South Wales are owned by the Eastern Extension Australasia and China Telegraph Company (Limited) (hereinafter referred to as "the Company") And whereas, by an agreement made the thirteenth day of December, one thousand eight hundred and ninety-two, between the Government of New Zealand of the one part, and the Company of the other part, provision was made for reducing the rates theretofore charged by the Company for the transmission of

telegraph messages by means of the said telegraph-cables And whereas it was by the said recited agreement, among other things, provided that if in any year, while the rates in the said agreement referred to continued in force, the total receipts of the Company in respect of messages passing over the said cables should be less than the sum of twenty-six thousand two hundred and fifty-eight pounds, the New Zealand Government would pay to the Company a sum equal to three-fourths of the amount by which such receipts should be less than twenty-six thousand two hundred and fifty-eight pounds And whereas it has been agreed between the Governments of the Colonies of New South Wales and Victoria, the Province of South Australia, the Colonies of Western Australia and Tasmania, and the Government of New Zealand, in consideration of the Government of New Zealand having agreed to contribute ratably with the Governments of the Colonies of New South Wales and Victoria, the Province of South Australia, and the Colonies of Western Australia and Tasmania towards such sum (if any) as may be required in each year to bring the revenue derived by the Province of South Australia on international telegrams up to the sum of thirty-seven thousand five hundred and fifty-two pounds, in the event of the revenue of the said province derived from such international telegrams in any year not reaching that amount agreed to be contributed by the Governments of the said Colonies of New South Wales and Victoria, the Province of South Australia, and the Colonies of Western Australia and Tasmania under the terms of clause four of an agreement made the first day of November, one thousand eight hundred and ninety-two, between the Governors of the said colonies and the Governor of South Australia respectively, and in consideration of the Government of New Zealand having further agreed to join in the guarantee contained in an agreement dated the thirty-first day of March, one thousand eight hundred and ninety-one, made on behalf of the Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania with the said Company, and of its bearing, in any event, one-fourth of the amount of any deficiency under the hereinbefore first-recited agreement, and of its bearing its share in providing for the remaining half of the sum necessary to make good such deficiency, that they, the Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania will, with the Government of New Zealand, contribute towards making up a sum equal to one-half of any deficiency payable to the Company under the hereinbefore first-recited agreement, such sum to be contributed by the several contracting Governments *pro rata* on the basis of the population of their respective territories

NOW THIS AGREEMENT WITNESSETH as follows (that is to say),—

1. The contracting parties (including New Zealand) mutually agree, for and on behalf of their respective Governments, that, in the event of the total receipts of the Company in respect of messages passing over the cables connecting New Zealand with New South Wales, and owned by the Company, while the rates referred to in the agreement made on behalf of the New Zealand Government on the thirteenth day of December, one thousand eight hundred and ninety-two, and the Company are in force, shall, in any one or more years within the meaning of the said agreement, be less than the sum of twenty-six thousand two hundred and fifty-eight pounds, then the Governments of the several contracting parties shall contribute towards making good the difference between the sum actually received in any such year and the sum of twenty-six thousand two hundred and fifty-eight pounds, but so that the sum to be so contributed by all the Governments shall not (including the amount to be contributed hereunder by the Government of New Zealand ratably with the Governments of the other contracting colonies to make up such half) in the whole exceed a sum equal to one-half of such deficiency.

2. The contracting parties further mutually agree, for and on behalf of their respective Governments, that, in the event of war and the telegraph-cables of the Company connecting New Zealand with New South Wales being injured or destroyed by the Queen's enemies, and the Government of New Zealand being called upon by the Company to bear the cost of restoring the same, that the Government of each of the contracting parties will contribute ratably towards providing the sum required to pay the Company this undertaking, and the obligation hereunder shall cease on the determination of the hereinbefore-recited agreement between the Company and the Government of New Zealand.

3. The amounts to be respectively contributed under the two last-preceding clauses by the Governments of the Colonies of New South Wales, Victoria, the Province of South Australia, and the Colonies of Western Australia, Tasmania, and New Zealand towards making good such deficiency, or towards the cost of restoring the cables in the event of war and the same being injured or destroyed, shall be contributed *pro rata* by the Governments of the several colonies on the basis of population, exclusive of aborigines, the Government with a territory having the larger population to pay proportionately more than the Government of a territory having a smaller

4. For the purposes of this agreement, the respective populations of each of the contracting colonies, as ascertained at the census taken in the year one thousand eight hundred and ninety-one, shall be deemed to be the populations of each of such contracting colonies until the next census shall have been taken, when the respective populations as then ascertained shall be deemed to be such populations, and so on as each succeeding census shall be taken, so long as this agreement shall remain in force.

5. In the event of any deficiency arising, or in the event of war and the cables being destroyed or injured, and cost being incurred in restoring the same, the Government of New Zealand shall supply to each of the Governments of the other colonies full particulars of such deficiency or cost (as the case may be), with an account showing the estimated amount to be contributed by the Government of each of the contracting colonies, including New Zealand, and showing how the same is arrived at.

6. If the Governments of the respective contracting colonies do not challenge the correctness of the accounts, or the amounts estimated to be contributed by them respectively, within sixty days from the receipt of particulars of the same, they shall be deemed to have accepted the

accounts furnished as correct, and shall forthwith pay over to the Government of New Zealand the amount agreed to be contributed by such colony towards making good the deficiency or cost (as the case may be) aforesaid.

In witness whereof their Excellencies the Governors of the several Colonies of New South Wales and Victoria, the Governor of the Province of South Australia, and the Governors of the Colonies of Western Australia, Tasmania, and New Zealand have signed this agreement, and caused the same to be sealed with the seal of their respective colonies on the day and year first above written.

R. W. DUFF.	(L.S.)
HOPETOUN	(L.S.)
S. J. WAY	(L.S.)
W. C. F. ROBINSON.	(L.S.)
GORMANSTON.	(L.S.)
GLASGOW	(L.S.)

No. 2.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the SECRETARY, General Post Office, Wellington.

SIR,— General Post Office, Melbourne, 19th October, 1894.

I beg to inform you that it is the intention of this Government to give notice of withdrawal from all agreements of guarantee in respect of cable receipts for business transacted over European, New Zealand, and Tasmanian cables as from the 30th April, 1895, and I have the honour to request that I may be favoured with an expression of the views of your Administration on the subject.

I have, &c.,

JAS. SMIBERT,

The Secretary, General Post Office, Wellington.

Deputy Postmaster-General.

No 3.

The MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL.

The Eastern Extension Australasia and China Telegraph Company (Limited), Melbourne, 19th November, 1894.

SIR,—

With reference to the notice which I believe the Victorian Postmaster-General has sent you, intimating that it is probable his Government will withdraw from all cable guarantees shortly, I have the honour to bring under your notice that the traffic returns for the month of October show a considerable reduction in the estimated loss under the guarantee arrangement for the current (5th) year as compared with the previous month (September), and that if this improvement continues during the next few months the loss the contributing colonies will have to make up will be comparatively small.

It is therefore, I think, advisable that the other contributing colonies should endeavour to induce Victoria to give the guarantee arrangement a further trial.

I have, &c.,

W. WARREN,

The Hon. J. G. Ward, Postmaster-General, Wellington.

Manager in Australasia.

No. 4.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Melbourne.

(Telegram.) General Post Office, Wellington, 28th November, 1894.

HAVE had under consideration letter of 19th ultimo from your office intimating that your colony intended to withdraw from cable guarantee. I exceedingly regret that your Government contemplates withdrawing. Should you withdraw, other contributing colonies will have to do the same, resulting in cable charges being raised to something like former rates, causing loud complaints from public, and at same time adversely affecting general business. In interests of guaranteeing colonies strongly urge that you continue to contribute to Guarantee Fund. Your colony took leading part in bringing about reduction of cable rates, and the four-shillings-per-word rate was agreed to at the instance of Victoria. Hope you will be able to see your way to reconsider matter

No. 5.

The Hon. the POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.) General Post Office, Melbourne, 29th November, 1894.

REGRET that owing to temporary depression of revenue we are reluctantly compelled to stop the cable guarantee. If this were postponed until next Conference it would involve us in another year's payment; but this will not prevent question being discussed. Do not think company will revert to former charges.

No. 6.

The Hon. the POSTMASTER-GENERAL, WELLINGTON, to the Hon. the POSTMASTER-GENERAL, Melbourne.

(Telegram.)

General Post Office, Wellington, 30th November, 1894.

TELEGRAM received. I very much regret decision *re* cable guarantee. Trust, however, that notwithstanding difficulty of position you may yet see your way to recognise the advantages to colonies, and especially to commerce, from a continuation of cheap cable communication. I have asked Postmaster-General, South Australia, to confer with the guaranteeing colonies.

No. 7

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTERS-GENERAL, Sydney and Hobart, and the POSTMASTER-GENERAL, Perth.

(Telegram.)

General Post Office, Wellington, 4th December, 1894.

REFERRING Victoria's withdrawal from cable guarantee: I strongly urge that other colonies immediately make joint representation endeavour persuade her not to withdraw. Am advised that if volume last month's cable business continues next three or four months, payments to Guarantee Fund comparatively trifling. Should Victoria actually withdraw, other colonies must do the same, and cable rates necessarily materially increased, adversely interfering with commerce. I am cabling other guaranteeing colonies. Would be glad if you would obtain their views and arrange. Let me know what considered best to be done.

No. 8.

The Hon. the MINISTER for EDUCATION, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

General Post Office, Adelaide, 1st December, 1894.

In reference to withdrawal from guarantee, will do all I can to urge reconsideration.

No. 9.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the MINISTER for EDUCATION, Adelaide.

(Telegram.)

General Post Office, Wellington, 4th December, 1894.

THANKS for your telegram. Have sent following to Postmasters-General, Sydney, Hobart, and Perth:—[See No. 7.]

No. 10.

The Hon. the POSTMASTER-GENERAL, Hobart, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Hobart, 4th December, 1894.

VICTORIA'S notice to us of withdrawal is only in respect of agreement to join us in loss by reason of reduced charges across Straits. I am unaware of any other withdrawal. Other colonies have so far declined to share in said loss, and the proposal for them to do so will be reopened at March Conference, until when existing rates continue.

No. 11.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Melbourne.

SIR,—

General Post Office, Wellington, 6th December, 1894.

I have the honour to acknowledge the receipt of your letter of the 19th October last, advising that it was the intention of the Victorian Government to give notice of withdrawal from all agreements of guarantee in respect of cable receipts for business transacted over European, New Zealand, and Tasmanian cables, as from the 30th April, 1895, and requesting an expression of opinion on the subject.

As you are no doubt aware, the Postmaster-General communicated with the Hon. Mr. Duffy on the 28th and 30th ultimo by telegram, urging a reconsideration of the determination of your colony to withdraw from the guarantee. In sending you copy of the telegrams I am desired by the Hon. Mr. Ward to again express the hope that in the general and commercial interests of Australasia the Government of your colony will yet be able to see its way to continue a party to the guarantee agreement.

The Deputy Postmaster-General, Melbourne.

I have, &c.,

W. GRAY, Secretary

No. 12.

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

SIR,—

Premier's Department, Melbourne, 11th December, 1894.

I have the honour to inform you that it is the intention of this Government to withdraw, from the 30th April next, from the following guarantees:—

1. Guarantees in connection with losses caused by the reduction of the rates on foreign telegrams transmitted over the European cable and the South Australian land-line—*vide* agreement with the Eastern Extension Australasia and China Telegraph Company (Limited), dated 31st March, 1891, and the agreement between the contracting colonies, dated 1st November, 1892.

2. The guarantee in connection with losses caused by the reduction of rates on telegrams transmitted over the New Zealand cable—*vide* agreement with the Eastern Extension Australasia and China Telegraph Company (Limited), dated 13th December, 1892, and agreement between the contracting colonies, dated 10th February, 1894.

3. This Government will also, from the 30th April, 1895, cease to contribute to the subsidy now paid to the Government of Tasmania in connection with the Tasmanian cable—*vide* clause 2 of the agreement above quoted of the 1st November, 1892.

I have therefore to request that you will be so good as to cause the necessary notice of the termination of the agreement dated 13th December, 1892, to be given to the Cable Company by the Agent-General for New Zealand (who signed the agreement on behalf of the contracting colonies), by leaving such notice at the office of the company in London before the 30th March next.

The Government of South Australia has been requested to have a similar notice given to the Cable Company in connection with the agreement dated 31st March, 1891.

I have, &c.,

The Hon. the Premier, Wellington.

GEORGE TURNER, Premier.

No. 13.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company

SIR,— General Post Office, Wellington, 12th December, 1894.

I have the honour, by direction, to acknowledge the receipt of your letter of the 19th ultimo, in reference to the intention of the Victorian Government to withdraw from the cable guarantees.

The Hon. Mr. Ward has strongly urged the Postmaster-General of Victoria to reconsider the determination of that colony to withdraw from the guarantees, and at the same time has cabled the other contributing colonies to make joint representations to endeavour to persuade the Victorian Government to continue existing arrangements.

I have, &c.,

W. GRAY, Secretary

W Warren, Esq., Manager in Australasia, Eastern Extension Australasia and China Telegraph Company (Limited), Melbourne.

No. 14.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,— Premier's Office, Wellington, 21st January, 1895.

I have the honour to inform you that the Victorian Government has given notice of its intention to withdraw from the guarantee in connection with the reduction in the rates for telegrams transmitted over the New Zealand-New South Wales cable. I have therefore to request that, in accordance with clause 6 of the agreement signed by you on the 13th December, 1892, on behalf of Her Majesty the Queen, you will be so good as to notify the Eastern Extension Australasia and China Telegraph Company not later than one calendar month prior to the 30th April next that this colony intends to withdraw on that date from the agreement in question.

Sir Westby B. Perceval, K.C.M.G., Agent-General for New Zealand, London.

I have, &c.,

R. J. SEDDON.

No. 15.

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

SIR,— Premier's Office, Wellington, 24th January, 1895.

I have the honour to acknowledge the receipt of your letter of the 11th ultimo, notifying that it is the intention of your Government to withdraw, as from the 30th April next, from the guarantees and contribution to subsidy described therein under headings numbered 1, 2, and 3.

I have informed the Agent-General for this colony of your intention, and have requested him at the same time to give notice of the withdrawal of New Zealand from the guarantee in connection with the reduction in the rates for telegrams transmitted over the New Zealand-New South Wales cable, as set forth in the agreement dated the 13th December, 1892.

I have, &c.,

The Hon. the Premier, Melbourne.

R. J. SEDDON, Premier

No. 16.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.

SIR,— General Post Office, Wellington, 25th January, 1895.

I have the honour to inform you that, the Government of Victoria having requested this Government to give notice of its withdrawal from the Intercolonial Cable Guarantee Agreement signed by the Governors of the contracting colonies under date of the 10th February, 1894, the

Postmaster-General has decided to give the requisite notice of the intention of this colony to withdraw from the agreement, dated the 13th December, 1892, between this Government and the Eastern Extension Australasia and China Telegraph Company (Limited), in terms of the provisions of clause 6 thereof, and the Agent-General has been instructed accordingly

I have, &c.,
W GRAY, Secretary

The Deputy Postmaster-General, Sydney
[Letters of the same tenor to the Postmaster-General, Adelaide, the Postmaster-General, Perth, and the Secretary, General Post Office, Hobart.]

No. 17.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company

SIR,—

General Post Office, Wellington, 25th January, 1895.

I have the honour to inform you that, following on the action of Victoria in withdrawing from the cable guarantee agreements, the Postmaster-General has decided to give the requisite notice of the withdrawal of New Zealand from the agreement dated the 13th December, 1892, between this Government and your company, in terms of the provision of clause 6 thereof. The Agent-General has been instructed accordingly

I have, &c.,

W GRAY, Secretary

The Manager in Australasia, Eastern Extension Australasia and China
Telegraph Company (Limited), Melbourne.

No. 18.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 17th April, 1895.

Referring to my letter of the 21st January last, I have now the honour to inform you that the Hon. Mr Ward telegraphs [not printed] that the arrangements in connection with the continuation of the cable guarantee have now been completed. Such being the case, it will not be necessary to notify the Eastern Extension Telegraph Company, as indicated in my letter above-quoted, and I understand that the Hon. Mr Ward has advised you to this effect.

I have, &c.,

R. J SEDDON.

Sir Westby B. Perceval, K.C.M.G.,
Agent-General for New Zealand, London.

No. 19.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
22nd March, 1895.

SIR,—

Referring to your letter of the 21st January last, I beg to state that I have been informed by the Hon. Mr. Ward that an agreement had been made at the Conference at Hobart which does away with the necessity of giving notice to the Eastern Extension Australasia and China Telegraph Company that New Zealand intends to withdraw from the agreement of the 13th December, 1892.

Under these circumstances I do not propose to issue the notice.

I have, &c.,

W B. PERCEVAL.

The Hon. the Premier, Wellington.

No. 20.

MEMORANDUM from the AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
15th May, 1895.

Eastern Telegraph Company's Agreement.

I BEG to transmit for the information of the Government six prints [see enclosure in No. 21], received from the Eastern Extension Australasia and China Telegraph Company, of the new agreement, completed on the 30th April, 1895, for continuing the guarantee arrangement as to rates between that company and the contributing Governments.

One part of the agreement, in original, is retained in this department.

W. B. PERCEVAL.

No. 21

The MANAGER in AUSTRALASIA, Eastern Extension Company, to the SECRETARY, General Post Office, Wellington.

The Eastern Extension Australasia and China Telegraph Company (Limited),
Melbourne, 21st June, 1895.

SIR,—

I have the honour to forward to you to-day, by packet post, three copies of the amended Message Receipts Guarantee Agreement, recently completed in London, and beg to call your attention to two minor alterations, in red ink, which I have been authorized to make.

I have, &c.,

W WARREN,

Manager in Australasia.

W Gray, Esq., Secretary for Post Office, Wellington.

Enclosure in No. 21.

AGREEMENT AS TO RATES TO AND FROM AUSTRALIA AND BETWEEN AUSTRALIA AND NEW ZEALAND,
AND GUARANTEE.

AN AGREEMENT dated the 30th day of April, 1895, and made between HER MOST GRACIOUS MAJESTY THE QUEEN, by the authority of the respective Governments of New South Wales, Victoria, South Australia, Western Australia, Tasmania, and New Zealand, of the one part, and the EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED) (hereinafter called "the Extension Company") of the other part:—

Whereas these presents are supplemental to an agreement dated the 31st day of March, 1891, and made between Her Majesty by the authority of the Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania, of the one part, and the Extension Company of the other part (hereinafter referred to as "the first principal agreement"); and supplemental also to an agreement dated the 13th day of December, 1892, and made between Her Majesty by the authority of the Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania, of the first part, Her Majesty, by the authority of the Government of New Zealand, of the second part, and the Extension Company of the third part (hereinafter referred to as "the second principal agreement"), and supplemental also to an agreement dated the 13th day of December, 1892, and made between Her Majesty, by the authority of the Government of New Zealand, of the one part, and the Extension Company of the other part (hereinafter referred to as "the third principal agreement")

And whereas it has been agreed that the arrangements contained in the three principal agreements should be modified in manner hereinafter appearing

Now these presents witness, and it is hereby mutually agreed and declared between and by the parties hereto respectively, as follows:—

1. On and after the 1st May, 1895, the first principal agreement, as modified by the second principal agreement, shall be further modified as follows (a) Clause 3 shall be cancelled, and the following clause substituted therefor "3. If in any year while the reduced rates shall continue in force by virtue of these presents the total receipts of the Extension Company and the cis-Indian administrations, in respect of the Australasian traffic, after deducting all out-payments to other telegraphic administrations, shall be less than the sum of £227,000, Her Majesty will cause to be paid to the Extension Company, out of the Consolidated Revenue Funds of the contracting colonies, including* New Zealand, a sum equal to the amount by which such receipts shall be less than the said sum of £227,000, provided that the sum payable under this clause in any one year shall not exceed £10,000. And references in the first principal agreement to "clause 3" shall be deemed to refer to this substituted clause, and (b) the first principal agreement shall continue in force for five years at least from the 1st May, 1895, and shall not be determinable under clause 8 thereof except by a notice expiring on 30th April, 1900, or 30th April in some subsequent year

2. On and after the 1st May, 1895, the third principal agreement shall be modified as follows, and in its modified form shall be binding on all the colonies parties to these presents as if it had been entered into by the authority of their respective Governments (a) Clause 3 shall be cancelled and the following clause substituted therefor "3. If in any year while these presents continue in force the total receipts of the Extension Company in respect of messages passing over the said cables shall be less than the sum of £20,000 pounds, Her Majesty will cause to be paid to the Extension Company, out of the Consolidated Revenue Funds of all the colonies mentioned in clause 1, a sum equal to the amount by which such receipts shall be less than the sum of £20,000, provided that the sum payable under this clause in any one year shall not exceed £9,000," and references in the third principal agreement to "clause 3" shall be deemed to refer to this substituted clause, and (b) any payment to be made to the Extension Company under the second paragraph of clause 5, shall be made by Her Majesty out of the Consolidated Revenue Funds of all the colonies mentioned in clause 1 of the third principal agreement, and (c) the third principal agreement shall continue in force for five years at least from the 1st May, 1895, and shall not be determinable under clause 6 thereof except by a notice expiring on the 30th April, 1900, or 30th April in some subsequent year, any such notice, instead of being given by or to the Agent-General of New Zealand, shall be given by or to the Agent-General of South Australia, as in the case of a notice under clause 8 of the first principal agreement.

3. For the purposes of this and the principal agreements, a year shall be deemed to commence on the 1st May and terminate on the 30th April following, both days inclusive.

4. Nothing herein contained shall effect the operation of the principal agreements, or any of them, with respect to the year ending 30th April, 1895, and, save as herein expressly modified, the same are hereby ratified and confirmed.

* Words "Queensland and" eliminated by authority.—W WARREN.

5. Each of the Governments of the respective contracting colonies shall, during the continuance of the Amended Message Receipts Guarantee Agreement, cause all cables, cable apparatus, telegraph instruments, and all machinery and other goods of every kind of the Extension Company or their assigns which are used solely for the purpose of the business of the Extension Company or their assigns for repairing or working any of their cable-ships to be relieved from all Customs duties and wharfage rates in its own respective colony, and shall cause every vessel which shall be used by the Extension Company or their assigns for the purpose of laying, repairing, or duplicating any cable and any vessel of the Extension Company or their assigns in which any such cable, cable apparatus and telegraph instruments, machinery, and goods as aforesaid shall be imported into such contracting colony respectively to be exempt from all port dues payable by vessels trading to or from such respective contracting colony, and shall also, during the continuance of the Amended Message Receipts Guarantee Agreement, repay the Extension Company such sums as will be sufficient to recoup the Extension Company any rates or taxes—parliamentary or otherwise—which the Extension Company shall be required to pay in such respective contracting colony, provided always, however—and it is hereby mutually agreed and declared by and between the parties hereto—that nothing in this present clause shall be deemed to waive, defeat,* modify, or affect any privileges, exemptions, or rights belonging to the Extension Company or their assigns under certain articles of agreement, bearing date the 29th day of August, 1871, and made between the Governor of the Province of South Australia of the one part and the British Australian Telegraph Company (Limited) of the other part, or under certain other articles of agreement, bearing date the 14th day of March, 1889, and made between the Government of Tasmania of the one part and the Extension Company of the other part, but, on the contrary, this present clause shall be deemed to be collateral and additional to each of the last-mentioned articles of agreement.

In witness whereof the Honourable Sir Saul Samuel, K.C.M.G., C.B., the Agent-General for New South Wales the Honourable Duncan Gillies, the Agent-General for Victoria, the Honourable Thomas Playford, the Agent-General for South Australia, Sir Malcolm Fraser, K.C.M.G., the Agent-General for Western Australia, Sir Robert George Wyndham Herbert, G.C.B., the Agent-General for Tasmania, and Sir Westby Brook Perceval, K.C.M.G., the Agent-General for New Zealand, all duly authorised to execute these presents on behalf of Her Most Gracious Majesty the Queen, have hereunto set their respective hands and seals, and the common seal of the Eastern Extension Australasia and China Telegraph Company (Limited) hath been hereunto affixed the day and year first above written.

Signed, sealed, and delivered by the above-named Honourable }
Sir Saul Samuel, K.C.M.G., C.B., on behalf of Her Most } SAUL SAMUEL. (L.S.)
Gracious Majesty the Queen, in the presence of—

S. YARDLEY,

Secretary, Department of Agent-General for New South Wales,
9, Victoria Street, Westminster.

Signed, sealed, and delivered by the above-named Honourable }
Duncan Gillies, on behalf of Her Most Gracious Majesty } D. GILLIES. (L.S.)
the Queen, in the presence of—

S. B. H. RODGERSON,

Acting-Secretary to Agent-General for Victoria,
15, Victoria Street, Westminster.

Signed, sealed, and delivered by the above-named Honourable }
Thomas Playford, on behalf of Her Most Gracious Majesty } T. PLAYFORD. (L.S.)
the Queen, in the presence of—

T. FRED. WICKSTEED,

Secretary to Agent-General for South Australia,
15, Victoria Street, Westminster.

Signed, sealed, and delivered by the above-named Sir Malcolm }
Fraser, K.C.M.G., on behalf of Her Most Gracious Majesty } MALCOLM FRASER. (L.S.)
the Queen, in the presence of—

R. C. HARE,

Secretary, Western Australian Government Agency,
15, Victoria Street, S.W.

Signed, sealed, and delivered by the above-named Sir Robert }
George Wyndham Herbert, G.C.B., on behalf of Her Most } ROBERT G. W. HERBERT. (L.S.)
Gracious Majesty the Queen, in the presence of—

F. H. PORTER,

50, Old Broad Street,

Clerk in Eastern Extension Company.

Signed, sealed, and delivered by the above-named Sir Westby }
Brook Perceval, K.C.M.G., on behalf of Her Most Gracious } WESTBY B. PERCEVAL. (L.S.)
Majesty the Queen, in the presence of—

WALTER KENNAWAY,

Secretary, New Zealand Government Office,
13, Victoria Street, London, S. W.

The common seal of the Eastern Extension Australasia and
China Telegraph Company (Limited) was hereunto affixed,
in the presence of—

J. DENISON PENDER, Director..

F. E. HESSE, Secretary

{ The common seal of
the Eastern Extension
Australasia and China
Telegraph Company,
(Limited). }

No 22.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA,
Eastern Extension Company

SIR,—

General Post Office, Wellington, 15th July, 1895.

I have the honour to acknowledge the receipt of your letter of the 21st ultimo, and to thank you for the three copies of the Amended Message Receipts Guarantee Agreement between the Governments of this and certain Australian Colonies and your company recently completed in London.

The alterations made in the agreement referred to by you have been duly noted.

I have, &c.,

W GRAY, Secretary

W Warren, Esq., Manager in Australasia, the Eastern Extension Australasia
and China Telegraph Company (Limited), Melbourne.

PROPOSED PACIFIC CABLE.

No. 23.

[The following papers were received after the issue of F.—5, 1894, as sub-enclosures to a copy of Enclosure 2 in No. 4 there printed.]

I.

Victoria Chambers, 17, Victoria Street, London, S.W.,

MY DEAR MR. FLEMING,—

13th March, 1894.

I duly received your letter of the 23rd ultimo [Enclosure 2 above named] with reference to the question of a contribution by the Imperial Government to the cost of the cable from Canada to Australia, but I am afraid the conclusion that your proposal did not involve any contribution from the Imperial Government will be established by reference to the documents which were submitted by you both to the Australasian Governments and the Colonial Minister here.

In your address to the Chamber of Commerce of Melbourne you said, "The proposal then is that Australia, New Zealand, Fiji, and Canada should be joint owners of the Pacific cable," and in another place that "the intention is that it—that is, the liability for interest—should be borne in equitable proportions by all, including New Zealand, Queensland, Fiji, and Canada."

You will also remember that I took great exception to the statement contained in your memorandum, dated London, 6th January, 1894, handed to Lord Ripon, wherein it was said that "the memorandum submitted by Mr. Bowell to the Australian Governments clearly points out that the colonies and Canada can establish a British cable without drawing on the Imperial Exchequer."

I think it unfortunate that these statements should have been put upon record, as I am sure we both agree that the great Imperial interests involved in this undertaking fully warrant that the expenses should be shared by Her Majesty's Government; and, while I concur with you in thinking that it was not wise to look to the Imperial Government to undertake the initiative in this important matter, I have always felt confident that, whenever Canada and Australasia agreed to contribute two-thirds of the expenditure required, Her Majesty's Government would be unable to withhold the additional one-third necessary to accomplish a work so important to the defences of the Empire.

I notice your statement as to an Imperial guarantee, but in your address to the Chamber of Commerce of Melbourne you said, "This total capital raised on the joint guarantee of the Australian Colonies, New Zealand, and Canada could be placed at the low rate of 3 per cent., making a total charge of £52,350 per annum," which statement did not seem to contemplate obtaining a guarantee from the Imperial Government. And if indeed that guarantee can be obtained it would be a very insignificant contribution, not only compared with the interests that the Imperial Government have in the matter, but also regarded from the effect it would have in lessening the charge to the colonies.

There is no doubt that the Imperial guarantee, for the intercolonial railway greatly lessened the cost to Canada without imposing any charge whatever on Her Majesty's Government, but it must not be forgotten that the rate at which Canada could then raise money without an Imperial guarantee was very different from the favour we now enjoy with our credit raised to its present high point.

I merely refer to these matters in order to show you the present position in which the question stands, but I do not hesitate to say that, in my judgment, Canada and Australasia should demand in the strongest manner from the Imperial Government a contribution of at least one-third of the capital or interest that may be required.

The conclusion recently arrived at by the Intercolonial Conference in New Zealand, to provide for this undertaking by a guarantee of the interest for a certain term of years, seems to me to be a very practicable one, and I entertain but little doubt that Her Majesty's Government can be induced by Canada and Australia to contribute materially to that guarantee.

I am very glad to find that the Conference has been definitely arranged to be held at Ottawa on the 21st June next, and I have every reason to believe from my communications with Sir Thomas MacIlwraith and the Hon. Robert Reid, who are here, that very important results, both commercial and in connection with steamship and cable communication, will spring from that meeting.

I have much pleasure in sending you a copy of an article in *The Times*, which I have already sent to the Minister of Trade and Commerce, and which I will not say is flattering to you, but which certainly gives a due meed of praise to your efforts in regard to this question which you have to a large extent for some years made your own—that of a cable from Canada to Australia.

I remain, &c.,

CHARLES TUPPER.

Sandford Fleming, Esq., C.M.G.

II.

MY DEAR SIR CHARLES,—

Ottawa, 28th March, 1894.

I have your letter of the 13th March, in reply to mine of the 23rd February. I think I must ask you to allow me to trouble you with a few words of explanation.

It is perfectly true that my recent proposals do not necessarily involve any direct contribution from the Imperial Government to the cost of the cable from Canada to Australia. The reasons are easily explained. I have contended for years that Imperial interests are so great and so vital that the cost of establishing the undertaking should undoubtedly be shared by the Home Government, but what were the circumstances as they were presented to me when I went to Australia last summer? You will at once see that I had little or no hope that the Imperial Government would do anything. At the Colonial Conference of 1887 after the whole matter had been discussed and the arguments for Imperial assistance plainly stated, no encouragement was held out. The Postmaster-General, speaking for the Government, said, "It would be a matter of extreme difficulty, I think, without precedent, for the English Government itself to become interested in such a scheme in such a way as to constitute itself a competitor with an existing commercial enterprise carried on by citizens of the British Empire." It was quite well understood that he had reference to the Eastern Extension Telegraph Company and to what had taken place since then up to the present time. Everything goes to show that the Home Government has adhered to the views expressed at the Colonial Conference. I will not say that they have regarded the interests of the Eastern Extension Company as more important than the interests of Canada and Australia, but the facts appear to show that they have evinced no great desire to establish a competing line across the Pacific. From our standpoint they indeed appear to have taken a protecting interest in that company by keeping back the competing line. In proof I have only to refer you to the statement of the 20th February, recently sent you by Mr. Bowell, respecting the nautical survey, and again to the despatch of last September from the Colonial Office to the Colonial Government sent off to Australia so soon as the Canadian delegate left, and which he found confronting him on his arrival in Australia with the documents contained, antagonistic to his mission in respect to the Pacific cable.

Knowing all this and a great deal more, for I have watched most carefully every circumstance bearing on the cable, it is not surprising that on my visit with Mr. Bowell to Australia I despaired of assistance of any kind coming directly from the Imperial Government. Moreover, that feeling of despair was not confined to me. It was evidently shared by at least two of the Australasian Governments, as they had been forced by the indifference and seeming want of sympathy of the Home Government to grasp at the prospect of securing telegraphic connection across the Pacific, even through a foreign company. This was the situation when we reached Australia on the 9th October, we were greeted by announcements in the Press that a French ship was actually then at work laying the first section of 800 miles of the Pacific cable under a subsidy from France, New South Wales, and Queensland. And it must be confessed there was indeed the greatest possible danger of the undertaking so vitally important to the British Empire passing under French control, and terminating not at Vancouver but at San Francisco. I need scarcely say that I regarded such a prospect as a national calamity, and I imposed upon myself the task of showing the Australian Colonies that it was not too late to avert such an evil. In view of all the facts I have briefly alluded to, I felt it would only be deceiving the people of the Australasian Colonies to hold out hopes of Imperial assistance, at least such assistance as could be counted on in the first place. I felt it was best to look the difficulties straight in the face, I indicated to them that it was expedient to act independently of the Home authorities, even if the object in view was of the highest Imperial importance. These being my views, and they were forced upon me by the circumstances, on the 11th October I put them in shape, and there they are, for good or for evil, presented in my memorandum of that date. This document was considered by Mr. Bowell of sufficient importance to be transmitted for the information and consideration of the several Governments, and it was accordingly forwarded by him the following day.

While in Australia I felt quite satisfied, and I think I am right in saying that Mr. Bowell when he became familiar with the facts was equally satisfied, that, however much we were convinced that the great Imperial interests involved in the undertaking warranted the active co-operation of Her Majesty's Government, it would in the common interests and under the circumstances described be unwise to insist upon the Home authorities taking the initiative, or to make Imperial assistance a *sine quâ non*. We were driven to the conclusion by everything we knew, by all the surrounding circumstances, by the very latest despatches from the Colonial Office, that it would be futile to look for any direct and immediate Imperial assistance, and we honestly felt that to make Imperial assistance an absolutely indispensable condition would simply be to work into the hands of the enemies of a British cable across the Pacific.

The present position of the question is no doubt different to what it was when we visited Australia, and those in control of Imperial affairs may now be awakened to a more correct sense of their duties to the outer Empire. It is unnecessary for me to say that I trust that may be the case, and I shall indeed rejoice if Her Majesty's Government be induced to assist in the cost of the cable to the extent of one-third, or to any considerable extent. In my letter of the 23rd February I pointed out a way in which the Imperial Government could very easily assist. True, for the reasons you correctly state, the assistance by means of guarantee would not be equal to a subsidy of one-third the interest on the cost, but I venture to think that it would equal in value more than one-half such a subsidy, and as the same principle of assistance in the form of a guarantee could be applied to raise new capital, which in a few years will in all probability be required to lay a second cable, it would in this way prove of as much actual value as the full amount of the subsidy you propose to ask.

It will require the strongest arguments to satisfy the Home authorities as to the expediency of granting a subsidy. They will have to throw overboard their protecting care of the interests of the Eastern Extension Company, and in some other way recognise the claim of that company to consideration. I may mention that this phase of the question has not escaped my earnest consideration, and I have taken upon myself to offer a solution, which you will find in a memorandum dated the 26th September 1887, a copy of which I enclose. In my judgment it is for the Home Government, not for the colonies, to offer some such solution to the Eastern Extension Company, and whatever course the company may follow, whether they accept or reject the offer, the Imperial Government, having submitted fair and honourable terms, will feel at full liberty to co-operate with the colonies and Canada in establishing the trans-Pacific cable.

My explanations have extended to greater length than I intended. I only wish to say in conclusion that I am very strongly of opinion that, should every effort fail to secure the aid and co-operation of the Home authorities before June next, when the Conference meets, Canada and Australia should not shrink from the task imposed upon them, even if it be an Imperial task, of establishing a British telegraph across the Pacific. Delays are dangerous, and if the men in office at Home do not yet see the vast importance of a Pacific cable to the Empire they will come to see that the colonial offshoots are not blind or indifferent to the highest Imperial interests. I have demonstrated how Canada and the colonies without any great difficulty can carry out the undertaking, if need be, unaided by the Home Government,—that the undertaking would bring incalculable advantages—would prove immediately productive, and in a very few years become a profitable investment. But again delays are dangerous immediate action is imperatively demanded, as we have antagonists on all sides, in the Eastern Extension Company, in the French Company, and in powerful organizations in the United States.

I have already said that, if the Pacific cable is to be prevented from passing under foreign control and terminating in a foreign country, the colonies and Canada must boldly take the initiative with the full determination to carry out the great Imperial work. Such a course will awaken England to a due appreciation of colonial strength and vigour and national spirit, and it will give the colonies and Canada the strongest possible claim to Imperial sympathy, and assistance in other ways. Such a course will open the great heart of the British people towards their kith and kin beyond the seas in a way in which it has never before been opened.

Sir Charles Tupper, Bart., &c., London, England.

I remain, &c.,

SANDFORD FLEMING.

III.

MEMORANDUM (referred to in Mr Fleming's Letter) respecting the Proposed Telegraph to connect Australia and India with England by the Canadian Route.

Ottawa, 26th September, 1887

At the Conference recently called by Her Majesty's Government to consider matters of common interest to all portions of the Empire, attention was directed to the question of connecting Australia and Asia with England by a postal and telegraph route through Canada.

The discussion was renewed from time to time, and the more the question was considered the more deeply all present at the Conference became impressed with the vast significance of the issues which the new line of communication involve for England as well as for the Australian Colonies, India, Canada, and the whole outer Empire of Great Britain.

On the last day of the Conference the following resolutions were entered in the proceedings (1.) "That the connection recently formed through Canada, from the Atlantic to the Pacific, by railway and telegraph, opens a new alternative line of Imperial communication over the high seas and through British possessions which promises to be of great value alike in naval, military, commercial, and political aspects." (2.) "That the connection of Canada with Australia by direct submarine telegraph across the Pacific is a project of high importance to the Empire, and every doubt as to its practicability should without delay be set at rest by a thorough and exhaustive survey."

These resolutions expressed the united voice of the Conference after the strenuous efforts of gentlemen acting on behalf of the Eastern Extension Telegraph Company to impress the delegates with the idea that a direct telegraphic connection between Australia and Canada was unnecessary and impracticable.

The lines of the Eastern Extension Telegraph Company extend from India easterly to China and southerly to Australia, and they form the only existing telegraph connection between the Australian Colonies and Europe. This company has for years enjoyed a monopoly of all telegraph business, and naturally, solicitous for the future, its representatives left nothing undone to advance views adverse to the projected new line. Day by day Mr John Pender, the Chairman of the company, was in attendance. He was allowed to address the Conference and to circulate documents of various kinds among the delegates, and in every way he used his influence against the project in the private interest of the company he represents. Notwithstanding those efforts, the above resolutions were adopted, and it is not a little remarkable that they are the only resolutions which were formally submitted and unanimously assented to at the Conference.

The arguments offered on behalf of the company were combatted on public grounds by some of the delegates, and during the discussion the Postmaster-General, Mr Raikes, stated very forcibly that it would be absolutely impossible for the English people or for Her Majesty's Government to recognise the monopoly which the company seem to claim, he, however pointed out that while the position assumed by Mr. Pender for his company was one which could never be accepted either by

the colonies or by the British Parliament it was a matter of extreme difficulty for the English Government to assist in carrying out the new scheme in such a way as to constitute itself a competitor with the existing company. While he pointed out that difficulty, the Postmaster-General gave expression to his warm sympathy with those who were seeking to promote what he termed "the most beneficial change of any of the changes which can come out of the Conference."

In the proceedings of the Conference of the 27th April and 6th May will be found recorded the general principles of a scheme which would completely obviate the difficulty mentioned by Mr Raikes. The scheme has much in common with one propounded by the Postmaster-General of New Zealand, Sir Julius Vogel. The proposal is to combine the several telegraph systems of the Australian Colonies under one management, to include the submergence of a cable across the Pacific from Australia to Canada, and to provide for taking over at valuation, whenever the company may desire, all the cables of the Eastern Extension Company.

While that proposal assumes that a change is demanded by public expediency, it also recognises that the existing company, as the pioneer of a system of communication which has materially assisted in developing Australian trade, is entitled to just and reasonable consideration. If the new Pacific line will destroy the monopoly of the company and put an end to the profits which the shareholders hitherto enjoyed, the proposal carried into effect would return to them the full value of the property which would be rendered no longer profitable to them. Moreover, although it would scarcely be reasonable for the proprietors to expect compensation for unearned profits, they may fairly claim and be allowed all the profits obtainable until the new line be in operation.

A question will arise as to the value of the cables of the Eastern Extension Company. The testimony of Mr Pender at the Conference shows that they were laid at an average cost of £184 per mile. They have, however, been laid a number of years, and have depreciated in value according to the length of time submerged. Mr Pender estimates the life of a cable at twenty years, and the published official statements of the company furnish full information as to the length and age of the cables it controls. With these *data* it is an easy matter for an actuary to prepare an estimate of the value at any given year of the whole system of cables owned by the company. Appended hereto will be found such an estimate by which it appears that all the cables of the Eastern Extension Company are valued as follows:—

In 1887 total value	£960,195
1888 "	849,475
1889 "	738,751
1890 "	629,675

If we add the cost of the new line across the Pacific, reckoning it at the same rate per mile as the cables of the company when first laid, we shall be enabled to form a tolerably correct idea of the new capital required to carry out the general scheme. According to the scheme submitted to the General Conference new capital would not be required for the land-lines handed over by the Australian Colonies. These would be worked in common with all the cables under one management, each colony retaining an interest in revenue in proportion to the value of the lines handed over.

It may be assumed that the Eastern Extension Company will not desire to hand over their property so long as it can be worked at the old scale of profits—that is, until the new line be ready for business. As in all probability much time will be spent in negotiations, preliminary arrangements, and surveys, the new line can scarcely be in operation before 1890. Accordingly we may take into calculation the estimated value of the company's cables for that year as under:—

Estimate of New Capital.

1. Valuation of the cables of the Eastern Extension Company in the year 1890	£ 630,000
2. Cost of new cables to connect Australia with Canada, 7,600 miles, at £184 per mile ..	1,400,000
	£2,030,000

The total new capital then required to carry out this comprehensive scheme designed to bring under one harmonious management all the telegraphs within the Australian Colonies, and all the cables existing or projected from Australia to India and to Canada, appears to be little over two millions sterling. The sum is very much less than that spoken of at the Conference, but it is impossible to impugn the estimate without calling in question the accuracy of the *data* which is supplied by the Eastern Telegraph Company itself.

On a joint Government guarantee (Imperial and Colonial) £2,030,000 could be raised at a very low rate of interest. At 3 per cent. it would come to £60,900 per annum, a sum which is almost equalled by the subsidies now being paid or available as the following table will show:—

British Subsidies.

1. Paid by New South Wales	£12,617
2. " Victoria	14,479
3. " South Australia	4,805
4. " Western Australia	499
5. " Tasmania	4,200
	£36,600

Foreign Subsidies

1. Paid by Malacca	£1,000
2. " Manila	8,000
3. " Tonquin	10,000
4. " Macao	500
5. Offered by Hawaii	4,000
	£24,100
Total subsidies	£60,700

In this list of subsidies it will be noticed that only five British Colonies contribute, while ten British Governments in all are more or less directly and specially interested in the establishment of the new line of telegraph. It would manifestly be unfair to these five colonies if they were left to bear the whole burden. It seems proper that the other five British Governments should bear an equitable share of the cost.

The available foreign subsidies amount in all to £24,100 per annum. If we deduct this annual asset from the cost per annum of the new capital (£60,900) there remains £36,800 to be met in equitable proportions by the ten British Governments concerned in the scheme. Let us assume that half this annual charge be borne by the five contributing Governments and the other half by the five Governments not now contributing the account will stand thus:—

Payable by	Amounts.
1. New South Wales	£18,400
2. Victoria	
3. South Australia	
4. Western Australia	
5. Tasmania	
6. The United Kingdom	18,400
7. India	
8. Canada	
9. New Zealand	
10. Queensland	
	£36,800

The exact proportions payable by each Government can only be determined by negotiations and mutual agreement, but the above sets forth generally the features of a scheme which seems well calculated to accomplish the desired object. Five of the Australian Colonies are bound by agreement to contribute until the end of the present century a subsidy of £36,600 per annum. According to the above division these colonies would have their liability reduced to £18,400 per annum, scarcely more than half what they now pay. Their direct gain would be £18,200 per annum, while their indirect gain resulting from reduced charges and facility of intercourse would be infinitely greater.

In view of the important advantages in which all would participate, it cannot be urged that the other Governments not now contributing would be greatly burdened by the joint payment of £18,400 per annum.

It will not be overlooked that when the foreign subsidies expire a further charge of £24,100 per annum will have to be met from some source. Even if it be required to be borne by the ten Governments in equitable proportions it could not weigh heavily on any of them, but it is anticipated that when all the subsidies run out the revenue from the telegraphs will be amply sufficient to meet interest and every other charge. The new Pacific telegraph system as a Government work will be established with capital secured at a very low interest making it possible for a profitable business to be done at exceedingly low schedule rates. The great reduction in rates thus rendered possible would give a wonderful impetus to telegraphy, and, as a consequence, the business, it is believed, would so greatly increase as to admit of revenue meeting fully every proper charge against it. This will be the more apparent when it is considered that at no time would revenue be chargeable with dividends or bonuses which the shareholders of all private companies mainly look for.

After the discussion at the Conference it can no longer be held that the existence of the Eastern Extension Company must preclude the establishment of the new line of communication across the Pacific, a line demanded not simply by colonial growth and general commercial progress, but in a still greater degree by the exigencies of the Empire. That it is vitally expedient to secure the new line as a measure of defence can be judged by the magnitude of the consequences which at any time may result from neglect in establishing it. This has been emphatically recognised by the highest authorities in England, and likewise acknowledged by members of Her Majesty's Government, and by the representatives of all the colonies at the Conference.

It is claimed that the scheme set forth meets all the objections which have been raised, and goes far to harmonize every interest, it would undoubtedly establish the new line of communication at the least possible cost and enable the principal self-governing colonies to co-operate with the Home Government in carrying out a project of very great Imperial importance.

SANDFORD FLEMING.

APPENDIX TO THE ABOVE LETTER.

ESTIMATED value of the cables of the Eastern Extension Telegraph Company, calculated on the *data* furnished by Mr John Pender, Chairman of the company—namely, original cost per mile, £184, and life of cable twenty years. The lengths of cable laid are taken from the official documents of the company

Miles laid. 1842	When laid.	Years submerged.	Value in 1887
180	1869	18	£ 3 312
2,409	1870	17	66,488
2,721	1871	16	100,243
1,283	1876	11	106,232
864	1877	10	79,488
2,444	1879	8	269,818
529	1880	7	63,269
920	1883	4	163,024
502	1884	3	78,513
180	1885	2	29,808
12,035	..		960,195

Similarly the value of the property in the three following years has been ascertained to be as follows:—

12,035 miles of cable, value in 1888	£849,473
12,035 " " 1889	738,751
11,855 " " 1890	629,685

No. 24.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W., 4th September 1894.

(Memorandum.)

The Pacific Cable.

I BEG to transmit herewith extracts from *The Times* relating to the proposed construction of a Pacific cable to Australia and New Zealand.

On inquiry at the Canadian Office I am informed that copies of the specification have been sent to New Zealand, from Canada, for the information of the Government.

WALTER KENNAWAY,
For the Agent-General.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 24.

THE invitation of the Canadian Government to cable-manufacturing contractors to tender for the construction of a Pacific cable has now reached this country, accompanied by the specification of the conditions under which the proposed cable is to be made.

Three different forms of establishing the cable are put forward, and tenders are invited under any one of them. Under Form A it is proposed that the cable should be owned and controlled by Government, worked under Government authority, and kept in repair by the contractor for three years, under Form B the cable is to be owned, maintained, and worked by a subsidised company; under Form C the cable is to be owned, maintained, and worked by a company under a Government guarantee. Form A requires contractors to state the lowest cash price for which they will be prepared to supply and lay the cable and the annual payment for which they will maintain it in efficient condition for three years after the whole line shall have been completed and put in operation. Form B requires the contractors to find the capital for, establish, work, and maintain the cable in efficient condition, for a subsidy to be paid to them annually for a term of years by the contributing Governments. The offers are to state the amount of subsidy to be paid and the number of years for which it will be needed. The maximum rates to be charged on messages between Great Britain

and the Australasian Colonies under this arrangement are to be 3s. a word for ordinary telegrams, 2s. a word for Government telegrams, and 1s. 6d. for Press telegrams. The charges on messages between Canada and the Colonies to be proportionate. Form C requires the same conditions as Form B on the part of the contractor, and the offers are to state what guarantee of gross revenue will be required, the difference between gross earnings and the amount guaranteed to be made good each year to the company by the contributing Governments, the tariff of charges to be subject to official sanction. Eight routes are then given, over which the cable may be carried. Of these, three have a double terminus at the southern end, one branch going to New Zealand and another to Tweedmouth near the boundary of New South Wales and Queensland, three go direct to Queensland and two to New Zealand only. The limit of time for the completion of the cable is three years from the date of the contract, but it is proposed that offers may be made on the basis of the shortest period within which the undertaking can be accomplished.

Time, price, quality, and distance are the four elements that contractors will have to consider, and the nature of the tenders will make it clear which of the proposed forms of contract is the most popular. Mr Sandford Fleming, whose name is so prominently associated with the scheme, is strongly in favour of constructing the cable directly by Government as a public work. In a paper which he read before the Ottawa Conference he gave his reasons at length. They were briefly that the interests of a company and the interests of the public are not in such a matter as this identical—that while a company keeps its own profits very legitimately in sight, and endeavours to secure high dividends by keeping up the charge per message, the interest of the public is to obtain cheap telegraphy. This end can be better attained with Government money at 3 per cent. than with private money seeking to make 9 or 10 per cent., and there is, in Mr Sandford Fleming's opinion, no reason why there should not be as great a reduction in the near future on Government telegraph messages throughout the Empire as there has been within the last fifty years upon the rates of letter postage. Such an anticipation involves, of course, the acquirement by Government of a complete system of submarine cables, and Mr Fleming does not shrink from such a result. He quoted before the Conference the example of the lately-constructed cable to the Bahamas, where the first intention was to have the work done by a company with a Government subsidy of £3,000 a year for twenty-five years. This intention was not carried out. It was decided to make the cable a Government work, and already the charge on the colony is reduced to £1,800 a year, after full provision has been made for sinking funds and other necessary reserves. Mr Fleming said,—

“Speaking for myself, I have arrived at the conclusion that the true principle to follow, looking solely at the public interests, present and prospective, is to establish the Pacific cable as a Government work. To give it to the existing company on their own terms, or, perhaps, on any terms, would, in my judgment, be a grave and irremediable mistake. Even to hand over the work to a new company entirely distinct from the Eastern Extension Company would scarcely mend matters. It would be impossible to prevent the two companies combining in some form to advance their common advantage, to the detriment of the public interests.”

His entire scheme would embrace the establishment of the Pacific cable, the purchase of all the cables of the Eastern Extension Company, and the transfer of all the telegraphs of the separate Australian Colonies, together with the Pacific cable and Eastern Extension cables, to a trust or commission created by the co-operating Governments. The capital required for such a scheme he would propose to raise on the joint guarantee of the colonies and the Imperial Government. The money would be obtained at the very lowest rate of interest, and it would thus become practicable to reduce charges on messages to the lowest possible tariff rates. By the adoption of such a scheme he considers that all conflicting interests would be conciliated. Existing companies would obtain fair terms of purchase, and the public requirement of cheap communication would henceforth become the paramount object to be kept in view.

A further letter from Mr Sandford Fleming to Mr Mackenzie Bowell, the Canadian Minister of Trade, dated twelve days after the rising of the Conference, makes some additional statements with regard to the financial aspect of the Pacific cable undertaking which are not without interest. If the cable should take, as is generally supposed, three years to establish, 1898 will be the first year of its operation. Taking this year as the first of his estimate of revenue, Mr Sandford Fleming calculates that the business likely to be done in that year will be 1,100,000 words, which, at 2s. a word, would yield a gross revenue of £110,000. This estimate, as Mr Sandford Fleming points out, is for European business, and includes nothing for the business between Canada, the United States, and Australia, which the existence of a cable and the natural expansion of trade will undoubtedly create. The average normal increase of telegraph business between the Australasian Colonies and Europe, under a tariff rate of 9s. 4d. a word was, for the eight years between 1882 and 1890, 14 per cent. per annum. Mr Sandford Fleming considers that, under the proposed low rates, he is justified in assuming that the increase will be greater. He takes 15 per cent. as the basis of his estimate, and works out the probable revenue of the cable for ten years after its completion.

He also works out the charges on revenue. These are—First, interest on capital, second, working staff and management, third, repairs and maintenance. Of these he says that the first and second are constant, and the third is variable, but experience goes to show that failure and interruptions due to defects in manufacture or causes connected with laying generally take place within the first year or two. For this reason it is proposed in the specification for constructing a Government cable that the contractor shall be responsible for repairs during the first three years, and this variable charge is for the present eliminated from the estimate prepared. Mr Fleming takes note, therefore, only of interest on capital and cost of working. Assuming that the capital cost of the cable and its maintenance for three years will be £2,000,000, he takes interest at 3 per cent. as £60,000 a year and cost of staff and management as £30,000. His estimate for ten years works out then as follows:—

“ Estimate of the Business of the Pacific Cable for Ten Years after its Completion, calculated on the Basis of the 1,100,000 Words, for the Year 1898, and an Average Normal Increase of 15 per Cent. per Annum thereafter ”

—	Gross Earnings.	Interest and Working-expenses.	Surplus.
	£	£	£
1898	110,000	90,000	20,000
1899	126,500	90,000	36,500
1900	143,000	90,000	53,000
1901	159,500	90,000	69,500
1902	176,000	90,000	86,000
1903	192,500	90,000	102,500
1904	209,000	90,000	119,000
1905	225,000	90,000	135,500
1906	242,000	90,000	152,000
1907	258,500	90,000	168,500

“ As we have eliminated all but the fixed charges on revenue for the first three years, an examination of the above table will show that the surplus up to the fourth year will have accumulated to £109,500, which sum, together with the annually increasing surplus thereafter accruing, would be sufficient to meet all charges for repairs and maintenance, and leave a balance to be carried to a cumulative reserve, for renewals at some future day.”

It is worth noting in relation to Mr Sandford Fleming's qualifications for drawing up such an estimate that at the Colonial Conference of 1887 he estimated, in a memorandum which he laid before the Conference, that the business between Europe and Australasia would amount in 1893 to about 1,330,000 words. The actual business for the past year is given by Sir John Pender as 1,306,716 words, and according to Australian returns it was 1,401,293 words.

Not the least important of the papers accompanying Mr Sandford Fleming's communication to Mr Bowell is a statement by Mr Alexander Siemens, which throws some light on the limits within which tenders for the construction of the cable must confine their competition.

Mr. Siemens considers, in the first place, that the proposed further survey of the cable route is unnecessary. It is, in his opinion, sufficiently established that the route proposed at the Wellington Conference passes nowhere through water more than 3,500 fathoms deep. The necessity for exact survey has hitherto been due to the requirements of the engineer laying the cable, who has to know at every moment the precise depth of water into which the cable passes. The brake-power by which the cable is held back, and by which the percentage of slack is regulated, has to be adjusted according to the depth of water. If the adjustment depended entirely, as it used to do, on a knowledge of the soundings of the route, further survey would be necessary. But by a contrivance which has been used, according to Mr Siemens, with perfect success in the laying of six Atlantic cables, “ means have been devised to indicate to the brakesman continuously the percentage of slack with which the cable is paid out, and thus it is possible to lay a cable over a route of which only the general features are known. The depth offers no insuperable difficulty, as it has been found possible to construct cables for the Atlantic which will carry 7,000 fathoms of their own length before they break.

It may therefore, in Mr. Siemens's opinion, be taken for granted that any technical obstacles which were apprehended in 1887 have now been overcome, and that the cable can be laid as soon as the financial question has been settled. In relation to the financial question, Mr Siemens has worked out a scheme in which he assumes that the capital sum of £2,000,000 will cover the cost of the cable, of two repairing steamers of about 1,800 tons each, and of proving-instruments, and leave a working capital of about £50,000. He puts the total working-expenses, including repairs and maintenance, at £119,000, of which sum £90,000, or £12 per nautical mile of cable laid, are allotted to repairs. In making this very high estimate for the purpose, he states that he does so in order to be safe in the figures which he is using, and gives the ordinary calculation as £6 per nautical mile, while “ one at least of the Atlantic companies is able to keep its 6,000 miles of cable in efficient working-order for £4 per nautical mile.” Mr. Siemens's calculation of the probable returns of the cable assumes that in regular working there will be a surplus after the first two or three years of £101,000 per annum.

The time required for the construction he estimates at three years; but for an additional outlay of £30,000 a second large cable-steamer could be employed, and the time shortened to two years after commencing the manufacture.

Enclosure 2 in No. 24.

THE Canadian Government has lost no time in giving effect to the fifth resolution of the Ottawa Conference, which requested that it should take all necessary steps to ascertain the cost of the Pacific cable, and to promote the establishment of that undertaking. Three weeks ago it asked for tenders for the construction of the cable, and the specification under which contractors are invited to tender has now been distributed in this country. From a summary of various documents connected with the question which we publish this morning, it will be seen that three forms of tender have been called for, but that the Canadian preference appears to be for the construction of the cable as a public work, to be owned and worked by Government. According to one set of

proposals the contractor is asked to state the lowest cash price for which he is prepared to lay between the Dominion of Canada and the Australian Colonies a cable which shall be owned and controlled by Government and worked under Government authority. According to another set, tenderers are asked to fix the subsidy for which a company—engaging to charge no higher rate than 3s. a word for ordinary telegrams and 1s. 6d. for Press telegrams—would be prepared to establish the cable at their own risk and cost, and according to a third set, they are asked to name the guarantee of gross revenue under which a company bound by the same maximum rate of charge, but receiving no Government subsidy, would undertake the work. Between a subsidy and a guarantee the difference is one rather of detail than of principle. The real issue is between the establishment of the cable as a commercial undertaking by an assisted company, or as a public work by the Governments concerned. Mr Sandford Fleming, whose right to form an opinion upon the matter will not be contested, strongly urges the advantage of the latter course, and it is understood that the majority of the delegates who attended the Conference share his views.

Eight routes for the course of the intended cable are offered to the choice of manufacturing contractors, and an estimate for laying the cable over one of these has already been submitted to the Canadian Government. Mr Alexander Siemens, the head of the well-known firm which has just completed the laying of a seventh cable in the Atlantic, has put forward a statement of the cost of laying and working a Pacific cable from Ahipara Bay, in New Zealand, *via* Fiji, the Phoenix Islands, and Necker Island, to Vancouver. His estimate fixes the capital outlay required for the establishment of the line at £2,000,000, assuming that three years be allowed for the completion of the work. With a further expenditure of £30,000, to cover the cost of a second large cable-steamer, the time might be shortened to two years. An important feature of Mr Siemens's proposal is that he disputes the necessity for any further preliminary survey of the course, and considers that, with the improved instruments now available for the purpose, the existing general knowledge of the soundings is quite sufficient to justify the immediate commencement of the work. In 1887 great technical difficulty attached to the laying of a cable in uncertain depths. Since that time Mr Siemens's firm has had considerable experience in the laying of Atlantic cables, and, by a contrivance which Mr Siemens claims to have used with perfect success in depths of over 3,000 fathoms, means have been found to indicate continuously the percentage of slack with which the cable is paid out. The principal difficulty in connection with the necessary adjustment of brake-power has thus been surmounted, and Mr Siemens's proposals include an authoritative statement that the cable can be laid as soon as the financial question has been settled. It is difficult to suppose that such a statement would have been issued at the present moment without very careful consideration. We are given to understand that an accident of time alone prevented Mr Siemens from laying his scheme before the Conference. If we are right in assuming that it is to be taken as a practical proposal of what the firm which he represents is, prepared to do, the question of the Pacific cable is evidently entering upon a stage in which the Governments concerned will have to decide upon the part they mean to take.

The discussion which has taken place has served to define the question of expense. A first outlay of £2,000,000 with a return calculated to yield a profitable percentage within ten years, is far removed from the fabulous estimate of cost with which it was the habit only a few years ago to associate the scheme of a Pacific cable. It has been already shown that, as a matter of fact, the construction of the cable is likely to cost considerably less than the establishment of the new line of steamers which is regarded as being well within the limits of private enterprise. Possibly the tenders for which the Canadian Government has called will establish this fact still more clearly, and, if no other end were served, this alone would be a useful result. But the question opens wider issues. The interests concerned are not wholly of a financial order, and thus cannot be decided upon purely financial grounds. The main consideration is one of public utility. If the Pacific cable is needed, the time seems to be at hand in which it should be made. The field of the Pacific is growing daily more important. The Canadian and Australasian Colonies have realised this fact, and they are naturally desirous that the ports which belong to them upon its shores should play a leading part in the development of the commercial future. They see also that, as foreign influence increases upon an ocean which separates them from one another, it will become necessary for them to develop their means of inter-communication. The nation which lays the first Pacific cable and puts the first good line of steamships on the Pacific Ocean may reasonably expect to hold a commanding position on its waters, and in the efforts which the British Colonies are making to secure this position for Great Britain they are simply obeying the dictates of their own advantage. This is the form of self-interest upon which the principle of Imperial unity is based. In the action which the colonies show themselves disposed to take, we reap the fruit of the liberal system of self-government under which they have been encouraged to develop. It is perhaps both just and wise to leave the initiative in this matter to the communities which are most immediately concerned; but, in estimating the advantages of cheaper submarine telegraphy which must inevitably result from the successful establishment of a Pacific cable, especially if it be established under Government control, we should be less than just if we were to underestimate the benefits to be derived by British trade. Nor ought we to permit ourselves to forget that, in every political advantage which results from the strengthening of British ties, and the development of communication throughout the Empire, a large share must of necessity be ours. For these reasons we are disposed to urge that, when the time is ripe for action, the proposals which have the most practical merit to recommend them may be entertained with an open mind. The possession of one line of cable would not necessarily commit the Government to the wider scheme of the purchase of the whole existing system. On the contrary, the experience of owning one alone for a term of years might possibly be of great value in determining opinion upon the general policy to be hereafter adopted; and, unless the estimates of experts are very widely mistaken, there should be little difficulty in disposing of the line to a private company, if, on the termination of the experiment, such a course were deemed to be desirable.

No. 25.

The Hon. the PREMIER to the AGENT-GENERAL.

(Memorandum)

Premier's Office, Wellington, 29th October, 1894.

I HAVE to acknowledge the receipt of your memorandum, of the 4th ultimo, covering an extract from the *Times* in reference to the proposed laying of a Pacific cable to Australia and New Zealand, and informing me that you have been advised that copies of the specifications for the cable have been sent to this Government from Canada.

Sir Westby B. Perceval, K.C.M.G., Agent-General.

R. J. SEDDON, Premier.

No. 26.

The CHAIRMAN, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL.

The Eastern Extension Australasia and China Telegraph Company (Limited),
Winchester House,

SIR,—

50, Old Broad Street, London, E.C., 26th October, 1894.

I have the honour to transmit to you, for the information of the Government of New Zealand, a copy of a letter that I have addressed to the Canadian Minister for Trade and Commerce in reference to his public invitation for tenders for a Pacific cable.

I have, &c.,

JOHN PENDER, Chairman.

The Hon. the Postmaster-General of New Zealand, Wellington.

Enclosure in No. 26.

The CHAIRMAN, Eastern Extension Company, to the MINISTER for TRADE and COMMERCE,
Ottawa.The Eastern Extension Australasia and China Telegraph Company (Limited),
Winchester House,

SIR,—

Old Broad Street, London, E.C., 19th October, 1894.

Referring to your advertisement inviting tenders for a Pacific cable between Canada and the Australasian Colonies, I have the honour to state that, although, in my opinion, a Pacific cable is not at present needed on commercial grounds, the existing Australasian service being more than equal to all requirements, yet, if the Governments interested consider such a line a necessity in the interests of the Empire, and are prepared to make a substantial contribution towards the cost of it, the cable companies over which I preside will be found quite ready to co-operate in the matter, and with their large experience, and many facilities, will be able to undertake the work on better terms than could be offered by any other company not so favourably situated. Moreover, a Pacific cable in combination with the existing service would form a triplicate line, whereas, if laid in opposition to the present system, it could not be considered an efficient service unless laid in duplicate.

It is easy enough to lay a cable in almost any ocean depth, but it is quite a different matter to efficiently maintain it, and before any contractor can form a reliable opinion on this point it is absolutely necessary that full information should be available as to the exact depths and nature of the sea-bed along the proposed route. This was the view adopted by the Colonial Conference in 1887, and indorsed by the recent Ottawa Conference when it passed the second of the five resolutions annexed to the General Conditions.

I am, of course, aware that many valuable soundings have been taken in various portions of the Pacific Ocean since 1887, and that important technical improvements have been effected in cable-laying, but nevertheless it would be running no slight risk to lay a Pacific cable without further knowledge than we at present possess, and any guarantee of maintenance that might be given would necessarily have to include a large sum for contingencies. It should also, I think, be clearly understood by the Governments concerned that a cable with a calculated speed of twelve words per minute, as required by the General Conditions, would in practice give an actual working-speed of little more than four words per minute, which for ordinary purposes would be quite useless. The cables most recently laid give a working-speed of twenty-five to thirty words per minute.

Having already stated my views in regard to the financial prospects of a Pacific cable, and shown that under the most favourable conditions it would be a financial failure unless largely subsidised, it is unnecessary for me to dwell upon that phase of the question now, beyond calling attention to the fallacy underlying Mr Siemens's estimate of revenue, viz.—that the greater the length of a cable the larger would be its receipts. This is so obviously inaccurate that it does not need any comment. Nor is the estimate given in the letter which Mr Sandford Fleming addressed to you on the 20th July last much more reliable, as he bases his figures on an average normal increase of traffic of 15 per cent. per annum, whereas the Australasian traffic for the current financial year shows a decrease in the number of words transmitted at the rate of nearly 12 per cent. compared with the last financial year, and an estimated loss of nearly £30,000. A falling-off is also noticeable in the New Zealand intercolonial traffic, although the tariff between Australia and New Zealand was reduced on the 1st January, 1893, from 8s. 6d. to 2s. per ten words. The revenue also shows a decrease at the rate of 59 per cent. for the current financial year as compared with the receipts before the reduction of tariff.

Consequently, with these disappointing results before us, and having at the express request of the Australasian Governments themselves raised the Australian tariff from 4s. to 4s. 9d. per word, I venture to submit that a further reduction to 3s. per word, as required by the General Conditions, is

not only unreasonable, but would be most injurious to the existing system, which would thereby risk a further loss of £90,000 a year, in addition to the heavy losses from which it is now suffering in consequence of the last reduction of tariff.

In conclusion, I wish it to be distinctly understood that it is not my desire to oppose the laying of submarine cables, but rather to facilitate their extension wherever needed, and as soon as the Governments concerned have decided upon the laying of a Pacific cable, and the requisite *data* are forthcoming to admit of the work being successfully accomplished, I shall be most happy to enter into negotiations for carrying out their wishes in the matter

I have, &c.,

JOHN PENDER, Chairman.

The Hon. Mackenzie Bowell, Minister of Trade and Commerce, Ottawa.

No. 27

The Hon. the POSTMASTER-GENERAL to the CHAIRMAN, Eastern Extension Company
Sir,— General Post Office, Wellington, 20th December, 1894.

I have the honour to acknowledge the receipt of your letter of the 26th October last, and to thank you for the copy of a letter addressed by you to the Hon. the Minister for Trade and Commerce, Ottawa, in reference to his public invitation for tenders for a Pacific cable, which you were good enough to send therewith.

I have, &c.,

J. G. WARD,

Postmaster-General.

Sir John Pender, K.C.M.G.,
Chairman, Eastern Extension Australasia and China Telegraph Company (Limited),
50, Old Broad Street, London, E.C.

No. 28.

PRIVY COUNCIL, CANADA EXTRACT from a REPORT of the COMMITTEE of the Honourable the PRIVY COUNCIL, approved by His Excellency on the 7th December, 1894.

THE Minister of Trade and Commerce submits the annexed report of Mr Sandford Fleming, C.M.G., and Mr W H. Mercer, on their visit to Hawaii, made under instructions contained in an Order in Council dated the 10th September, 1894.

The Committee, on the recommendation of the Minister of Trade and Commerce, advise that your Excellency be moved to forward a certified copy of this minute, and of the report thereto attached, if approved, to the Right Hon. the Principal Secretary of State for the Colonies, and to the Governors of the several Australasian Colonies and of the Cape of Good Hope.

JOHN J MCGEE,

Clerk of the Privy Council.

[For enclosures see Enclosures I., II., III., V and VI. in No. 32.]

No. 29.

Privy Council, Canada EXTRACT from a REPORT of the COMMITTEE of the Honourable the PRIVY COUNCIL, approved by His Excellency on the 7th December, 1894.

THE Minister of Trade and Commerce submits the annexed letter from Mr Sandford Fleming, C.M.G., dated the 19th November instant in reference to the desirability of further surveys being made of Nihoa, or Bird Island, with a view to ascertaining whether it be suitable for a mid-ocean landing-place of the proposed Pacific cable.

The Committee, on the recommendation of the Minister of Trade and Commerce, advise that your Excellency be moved to forward a certified copy of this minute, and of the papers thereto attached, to the Right Hon. the Principal Secretary of State for the Colonies for transmission to the Admiralty, with a request that the suggestions made by Mr. Fleming may be complied with all which is respectfully submitted for your Excellency's approval.

JOHN J MCGEE,

Clerk of the Privy Council.

Enclosure in No. 29

MR. SANDFORD FLEMING to the Hon. MACKENZIE BOWELL.

DEAR MR BOWELL,— Ottawa, 19th November, 1894.

In my report to His Excellency the Governor-General on the mission to Honolulu I pointed out among other things that I had personally visited Bird Island, an uninhabited island 150 miles nearer Honolulu than Necker Island. I was aware that H.M.S. "Champion" had left some six weeks before I reached Honolulu to make a survey around Necker Island, but the ship had not returned, and the result of the survey was not known. I enclose a sketch [not reproduced] of Bird Island, with soundings made by Captain May, of H.M.S. "Hyacinth," during the short period we were there. This suggests that a further examination should be made, especially on the south side of Bird Island, where some shelter obtains, and likewise to ascertain the limits of the bank which surrounds the island. As Bird Island is considerably nearer Honolulu than Necker Island, and possesses other advantages for a mid-ocean telegraph-station, I think it important that a further and more perfect examination should be made, whatever the result of the Necker Island

survey Referring to the sketch, the survey is especially desirable along that part of the coast marked A, B, C, and D, and careful soundings should be made in the adjacent water

Allow me to suggest that copies of the charts of soundings and reports on both Necker Island and Bird Island surveys might prove useful to the Canadian Government, and that it would be well to make application to the Admiralty for them to be sent as soon as made.

Yours, &c.,

SANDFORD FLEMING.

The Hon. Mackenzie Bowell, Minister of Trade and Commerce.

No. 30.

The MINISTER OF TRADE AND COMMERCE, Ottawa, to the Hon. the PREMIER, Wellington.

SIR,—

Ottawa, 8th December, 1894.

Upon receipt of propositions from cable-manufacturing contractors for the supplying and laying of an electric cable between Canada and the Australasian Colonies, as per advertisement published in England, I referred them to Sandford Fleming, Esq., C.M.G., for analysis and report. Having received Mr Fleming's report, with other documents in connection therewith, I have pleasure in enclosing an advance copy thereof for the information of your Government, which report will be officially communicated by the next mail.

I may add that, while neither the terms upon which it is proposed to construct the cable nor the basis upon which the work should be carried out have been considered or determined by the Canadian Government, I deem the matter of sufficient importance to justify me in losing no time in putting you in possession of the facts in connection with the proposals just referred to.

In view of the advisability of this important work being expeditiously proceeded with, it will be necessary for the parties interested to take such steps as may be deemed most advisable to decide upon a basis of co-operation. I shall be pleased to receive and lay before my colleagues any suggestions which your Government may have to make upon this subject.

I have, &c.,

MACKENZIE BOWELL,

Minister of Trade and Commerce.

The Hon. the Premier of New Zealand, Wellington.

Enclosures in No. 30

I.—THE PACIFIC CABLE REPORT ON TENDERS.

SIR,—

Ottawa, 20th November, 1894.

I have the honour to report on the replies received by you on the 1st instant, in response to the public advertisement of the Government of Canada, inviting cable-manufacturing contractors and others to state the terms upon which they would be prepared to lay and maintain in an efficient condition a submarine electric cable across the Pacific from Canada to the Australasian Colonies.

1. Sir John Pender, Chairman of the Eastern Extension Telegraph Company, 50, Old Broad Street, London, addressed a letter to you, dated 19th October, 1894, in which he represented— (1) That full information respecting the depth and nature of the sea-bed has not been obtained, and, in consequence, reliable opinions cannot be formed (2) that Mr Alex. Siemens's estimates of revenue are fallacious, and that my own estimates are not much more reliable, (3) that a cable laid as intended would be quite useless, and would prove a commercial failure, (4) that a telegraph established across the Pacific, as proposed, would result in a loss of at least £90,000 a year to the company he represents. Sir John Pender, in short, discourages in every possible way the attempt to span the Pacific by a Canada-Australian telegraph. He states, however, that he will be most happy to enter into negotiations for accomplishing the work if sufficient inducements be offered him, and he pleads that his company "will be able to undertake the work on better terms than could be offered by any other company"

2. Mr W Sharpley Seaton, 57½, Old Broad Street, London, likewise addresses you, 19th October, 1894. This gentleman sets forth at some length the great necessity which exists for a detailed survey. He considers this to be of primary importance, and counsels delay until such a survey be made.

3. The Chairman of the Telegraph Construction and Maintenance Company, 38, Old Broad Street, London, writes, 19th October, 1894. He criticizes generally the proposals which have been published by the Canadian Government, and raises objections to the conditions laid down for intending contractors. He objects to each one of the eight routes specified, and proposes a new route, taking in Honolulu and Samoa. On this route the firm he represents would lay a cable of a good type and weight between Vancouver and New Zealand (only) for £1,870,000. This amount, however, does not include maintenance for three years, or for any period. Nor does it include a branch cable to Australia. He urges as a first step that the line should be sounded over its entire length on the exact route chosen, and he states that his firm cannot undertake to guarantee the repair of the cable until a further investigation has been made of the sea-bottom over which the cable is to be laid.

The writer of this communication estimates that a cable could be laid on Route No. 8 for about £1,300,000, but this, he states, would depend upon its proving possible to find an available and safe mid-station between Honolulu and Fiji. He further states that maintenance on this or any route cannot under present conditions be guaranteed by this firm.

Mr Francis A. Bowen, 3, Tokenham Buildings, Kings' Arms Yard, London, sends a proposal, dated 20th October, 1894. This gentleman, for himself and his associates, offers to construct and submerge a cable on any route which may be selected for £200 per knot of 6,082·66ft. The offer presents itself to me as being in an exceedingly ambiguous form, as there is nothing to show what the total cost may be on any route, and there is no explanation as to how the total cost is to be ascertained, whether the number of knots shall be reckoned on the actual distance between stations, or on the length of cable paid out, nor is it clear that the price stated includes the cost of buildings, instruments, &c., moreover, and, to my mind, the most serious objection to this offer is the specification of the core to be used. The weight of copper and gutta-percha appears to be designed to be the same throughout, without reference to the length of sections to be spanned. As specified the core would be too light for the long section, and unnecessarily heavy for the shorter sections. Mr Bowen places the additional charge for maintenance at £237,000 for the three years.

The India Rubber, Gutta Percha, and Telegraph Works Company refer to the invitation for proposals under Form C—that is, on the basis of a traffic guarantee. This company is unable to make a firm offer under this form they, however, submit an estimate in the following words: “For your guidance we may state that in our opinion a twenty-five years’ annual guarantee, payable quarterly, of the following amounts, as placed against the respective routes, should suffice for the effective establishment and maintenance of the cable:—

	£
“Route No. 1	226,000
“Route No. 2	217,000
“Route No. 3	215,000
“Route No. 4	153,000
“Route No. 5	202,000
“Route No. 6..	199,000
“Route No. 7	184,000
“Route No. 8	197,000.”

There is no other reference in any of the replies received to the establishment of the trans-Pacific telegraph under a Government traffic guarantee (Form C), and none whatever to the formation of a company to carry out the undertaking under a Government subsidy (Form B)

With respect to the matter of soundings, referred to in the first, second, and third communications above noticed, I would only remark that it would require soundings to be taken in a very comprehensive manner to give even an approach to a full knowledge of the sea-bed, and that it would involve much cost and prolonged delay. However valuable such a survey would undoubtedly prove in a scientific point of view it is by no means indispensable to the laying of a cable or to its effectual maintenance. Cables have been laid and successfully laid when no such comprehensive surveys have been effected, indeed the best information goes to show that a large proportion of cables at present submerged have been laid without any precise and detailed knowledge of the sea-floor. The majority of such cables are, I believe, in good working-order, and few of them have ever required any great expenditure for repairs. Be all that as it may, the Government is now in possession of definite offers, from firms of the highest standing and widest experience, to lay the Pacific cable on any one of the eight routes specified. All the soundings required for securely and successfully laying the cable are to be made by the contractors themselves during the time occupied in manufacturing it, and so satisfied are they on this and all other points that they are quite ready to enter into contract to complete the undertaking and guarantee its maintenance for three years, for a definite sum.

There are four regular tenders according to Form A, accompanied by ample details and full information on all essential points. After carefully and critically examining and comparing them, I beg leave to submit the following abstract:—

Regular Tenders.

Form A.—The cable to be owned and controlled by the Government, to be worked under Government authority, and to be kept in repair by the contractor for three years. No. 1, from Siemens Brothers and Company, 12, Queen Ann's Gate, Westminster, London, No. 2, from the Fowler-Waring Cable Company, North Woolwich, London, No. 3, from the W T Henley Telegraph Works Company, 27, Martin's Lane, Cannon Street, London, and North Woolwich, No. 4, from the India Rubber, Gutta Percha, and Telegraph Works Company, 106, Cannon Street, London, and Silvertown.

These tenders are based on the general conditions prescribed, they include in each case the manufacture and laying of the cable, the providing of station-buildings and instruments for the use of the operating staff, likewise the maintenance and repair of the entire length of the cable for a period of three years after the whole line shall have been completed and put in operation.

The parties tendering are prepared to enter into contract for the sums placed opposite the names of the firms in each case, as follow:—

Route No. 1.—Commencing at Vancouver Island, with mid-stations at Fanning Island, Fiji, and Norfolk Island, and with branches from Norfolk Island to New Zealand and New South Wales—complete, including maintenance for three years, in each case. No. 4, the India Rubber, Gutta Percha, and Telegraph Works Company, £1,517,000, No. 3, The W T Henley's Telegraph Works Company, £1,826,000, No. 1, Siemens Brothers and Company, £2,170,000, No. 2, Fowler-Waring Cable Company, £2,350,000.

Route No. 2.—Commencing at Vancouver Island, with mid-stations at Necker Island, Fiji, and Norfolk Island, and with branches to New Zealand and New South Wales—complete, including maintenance for three years, in each case. No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,316,000, No. 3, The W T Henley's Telegraph Works Company, £1,743,000, No. 1, Siemens Brothers and Co., £2,140,000, No. 2, Fowler-Waring Cable Company, £2,210,000.

Route No. 3.—From Vancouver to Bowen (Queensland), with mid-stations at Necker Island and Onoatoa (Gilbert Group), branching at Onoatoa, *via* Fiji, to New Zealand, and *via* San Christoval (Solomon Group) to Bowen—complete, in each case including maintenance for three years No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,403,000; No. 3, The W T Henley's Telegraph Works Company, £1,723,000, No. 1, Siemens Brothers and Co., £2,240,000, No. 2, The Fowler-Waring Cable Company, £2,341,000.

Route No. 4.—From Vancouver Island to Bowen (Queensland) direct, with mid-stations at Necker Island, Apamana (Gilbert Group), and San Christoval (Solomon Group)—complete, including maintenance for three years, in each case No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,068,000, No. 3, The W T Henley's Telegraph Works Company, £1,554,000, No. 1, Siemens Brothers and Co., £1,710,000, No. 2, The Fowler-Waring Cable Company £2,125,000.

Route No. 5.—Vancouver Island direct to New Zealand *via* Necker Island and the Fiji Group—complete, including maintenance for three years, in each case No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,291,000, No. 3, W T Henley's Telegraph Works Company, £1,658,000, No. 2, The Fowler-Waring Cable Company, £2,010,000, No. 1, Siemens Brothers and Co., £2,050,000.

Route No. 6.—Vancouver Island to Norfolk Island, with mid-stations at Honolulu and Fiji. At Norfolk Island, branches to extend to New Zealand and Australia proper—complete, and including maintenance for three years, in each case No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,391,000, No. 3, The W T Henley's Telegraph Works Company, £1,740,000, No. 1, Siemens Brothers and Co., £2,120,000, No. 2, The Fowler-Waring Cable Company, £2,130,000.

Route No. 7.—From Vancouver Island to Bowen (Queensland), with mid-stations at Honolulu, Onoatoa (Gilbert Group), and San Christoval (Solomon Group)—complete, including maintenance for three years, in each case No. 4, The India Rubber, Gutta Percha and Telegraph Works Company, £1,081,000, No. 3, The W T Henley's Telegraph Works Company, £1,589,000, No. 2, The Fowler-Waring Cable Company, £1,880,000, No. 1, The Siemens Brothers Company, £1,900,000.

Route No. 8.—From Vancouver Island direct to New Zealand, with mid-stations at Honolulu and Fiji—complete, including maintenance for three years, in each case No. 4, The India Rubber, Gutta Percha, and Telegraph Works Company, £1,243,000, No. 3, The W T Henley's Telegraph Works Company, £1,655,000, No. 2, The Fowler-Waring Cable Company, £1,910,000, No. 1, The Siemens Brothers Company, £1,970,000.

The cost of maintenance is variously estimated by the several firms, the highest being that of the W T Henley's Telegraph Works Company, who place the cost at £115,000 per annum, or £345,000 for the three years. This is subject to a reduction if the spare cable provided for the purpose be not used. The Siemens Brothers Company include in their offer for the purpose of maintenance £270,000, being at the rate of £90,000 per year this also is subject to a reduction if the actual repairs cost less than the sum named. This mode of charging for the maintenance and repair of the cable has an obvious advantage. The Fowler-Waring Company stipulate that a fixed sum—£300,000—be allowed to guarantee maintenance and repair for the three years. The India Rubber, Gutta Percha, and Telegraph Works Company make no special charge for guaranteeing the maintenance and repairs, and, as their offer for laying the cable on each one of the eight routes is the lowest, it is well to make this point perfectly clear by quoting from their proposal as follows "The contract prices given hereunder for the different routes include the erection at each cable-landing place of a suitable dwelling-house and operating-room for the working staff, with duplicate sets of all proper instruments at each station, also the use of two steamships fitted with cable-tanks and all necessary machinery for repairing the cable, and the cost of maintaining these ships, as well as the cables themselves, for three years." The contract prices for which this firm is prepared to manufacture, lay and maintain the cable for three years on any one of the eight routes are as follow:—

	£
Route No. 1	1,517,000
Route No. 2	1,416,000
Route No. 3	1,303,000
Route No. 4	1,068,000
Route No. 5	1,291,000
Route No. 6	1,391,000
Route No. 7	1,081,000
Route No. 8	1,243,000

This company states that if intrusted with the contract they will undertake to manufacture the cable at the rate of twenty miles a day, and will proceed to ship and lay it with the least possible delay

An examination of this tender and accompanying documents shows that this Company propose to use an approved type of cable, the core on the long section (Route No. 1) is to have a copper conductor weighing 533lb per knot, insulated with gutta percha weighing 365lb. per knot, the sheathing to be the same as the deep-sea type of cable adopted by the Anglo-American Telegraph Company in the newest Trans-Atlantic Cable laid this year the shore-ends and intermediate cables to be similar in character and weight to those generally adopted under like circumstances. There is one apparent omission in this tender in connection with shore-end and shallow-water cables. I can find no special mention of a metallic protection against teredos. In the opinion of the undersigned, the core of the cable should be enveloped in a brass tape. The additional cost is not great, and before any contract is entered into

with this or any company it should be clearly stipulated that this effective means of protection against the ravages of marine life should be provided.

I have, &c.,
SANDFORD FLEMING.

The Hon. Mackenzie Bowell, Minister of Trade and Commerce, Ottawa.

II.—THE PACIFIC CABLE Memorandum respecting its Establishment.

[See Enclosure VIII. in No. 32.]

III.—APPENDICES.

[See Enclosure IX. in No. 32.]

IV.—THE PACIFIC CABLE (ADVERTISEMENT).

THE Government of Canada invites cable-manufacturing contractors, &c. [see F.-5A., 1894, p. 1]

V.—GENERAL CONDITIONS.

1. At the Colonial Conference, held in Ottawa, between the 28th June and the 8th July (inclusive) a series of resolutions were passed relating to the Pacific cable (copies appended) [For continuation see F.-5A., 1894, pp. 1 and 2.]

VI.—ROUTE OF CABLE.

[See F.-5A., 1894, pp. 2 to 4. For the map enclosed herewith, see appendix to this paper.]

VII.—RESOLUTIONS passed by the COLONIAL CONFERENCE, 1894, in respect to the Establishment of the Pacific Cable.

[See F.-5A., 1894, p. 4.]

VIII.—THE PACIFIC CABLE LETTER from Mr SANDFORD FLEMING to the MINISTER of TRADE and COMMERCE, ex-President of the Colonial Conference, 1884.

[See F.-5A., 1894, pp. 4 to 6.]

IX.—RESOLUTIONS passed by the COLONIAL CONFERENCE, June and July, 1884, in respect to the Establishment of the Pacific Cable.

[See F.-5A., 1894, p. 4.]

X.—REMARKS on the PACIFIC CABLE, by Mr ALEXANDER SIEMENS, referred to in Mr Sandford Fleming's Letter, 20th July, 1894.

[See F.-5A., 1894, pp. 6 to 10.]

No. 31.

Mr. SANDFORD FLEMING to the Hon. the PREMIER.

SIR,—

Ottawa, 7th January, 1895.

I ask permission to address you unofficially on the subject of the Pacific cable.

The Hon. Mr W B. Ives, Minister of Trade and Commerce, transmits by this mail for your information the following documents, viz. (1.) Report on the mission to Honolulu, dated 15th November, 1894. (2.) Additional report on tenders, dated 11th December, 1894. (3.) Memorandum on the establishment of the Pacific cable, dated 1st December, 1894. (4.) Letter on the estimates of revenue, dated 28th December, 1894. (5.) Letter suggesting steps which may be taken, 5th January, 1895. I beg leave, with the knowledge of Mr. Ives, to offer some explanation on these papers.

You will learn from No. 1 that friendly relations have been established with the Hawaiian Government, and that there is a fair prospect of arrangements being effected for landing the cable on some one of the islands of the Hawaiian Archipelago.

No. 2 refers to the Fanning Island route. The information contained will be of value should, through any cause, none of the Hawaiian islands be available for a mid-ocean telegraph-station. In inviting tenders it was made a condition that the speed capacity of the cable should be twelve words per minute. The firm which sent the lowest tender based on this condition likewise offered to supply fifteen-word and eighteen-word cables. The report points out that a responsible firm offers to lay a cable on the Fanning Island route with a speed capacity 50 per cent. higher than originally contemplated, and guarantee its uninterrupted working for three years. The price asked for the cable of increased capacity is much within previous estimates furnished by the General Post Office, London, for a twelve-word cable.

No. 3. In this memorandum I have endeavoured to point out the advantage which would result to the public from the adoption of the principle of State ownership in the proposed undertaking. I venture to think it is made reasonably clear that no cost would be entailed on the taxpayer, and that the revenue would yield an annually increasing surplus after meeting interest and all other charges.

No. 4 refers to the revenue, and gives reasons for the estimates submitted in No. 3.

No. 5 suggests that the first step to be taken is to ascertain how far each Government will assent to the principle of State ownership. I may mention that, owing to the absence from Canada

and death of the late Premier, this subject has not been considered by the Canadian Government, and, on account of the present illness of the new Premier (Sir Mackenzie Bowell), I regret to add that it will not be possible for the Cabinet to deal with the matter in time for the outgoing mail. If, however, the views of the Cabinet are not yet known, I have reason to believe that the Premier and other Ministers hold personally very decided opinions in favour of the principle of State ownership, and I feel warranted in saying that they will be glad to learn that the Governments of the Australian Colonies hold the same views. The joint Commission which I have ventured to suggest in this letter would, of course, be provisional only. The object would be to have every detail considered by a properly constituted authority, with the view of bringing the project, in a form in which it could be worked out, before the several Governments for their acceptance.

I have, &c.,

The Hon. the Premier of New Zealand.

SANDFORD FLEMING.

No. 32.

The MINISTER of TRADE and COMMERCE, OTTAWA, to the HON the PREMIER.

SIR,—

Ottawa, 7th January, 1895.

Under date of 8th December last, my predecessor transmitted to you an advance copy of Mr Fleming's report upon the proposals received from cable-manufacturing companies in answer to advertisements published in England in furtherance of the resolutions adopted at the recent Colonial Conference—official copies having since been forwarded through the usual channel.

I take the liberty of calling your special attention to the memorandum Mr Fleming submitted in addition to his report—a further copy of which I enclose—and to his letters to me of the 28th ultimo and 5th instant, further on the subject, copies also herewith, and I would be much pleased to receive and place before my colleagues an expression of your views upon the suggestions made as to the manner in which best to arrive at an understanding as to the ultimate mode of carrying out the project in hand, the feasibility of which has now been so thoroughly established, if the Governments interested decide to undertake the work. I also have the honour to forward herewith a copy of the report of Mr Fleming and Mr Mercer on their mission to Hawaii, another copy having been forwarded officially some days since, also a short supplementary report of Mr Fleming on cost of a cable of greater capacity than that referred to in the tenders heretofore reported upon.

I have, &c.

W. B. IVES,

Minister of Trade and Commerce.

The Hon. the Premier of New Zealand, Wellington.

Enclosures in No. 32.

I.—THE PACIFIC CABLE REPORT OF SPECIAL COMMISSIONER ON THE MISSION TO THE HAWAIIAN GOVERNMENT.

MAY IT PLEASE YOUR EXCELLENCY,—

Ottawa, 15th November, 1894.

You were pleased, by Order in Council of the 10th September last, to instruct me to proceed to Honolulu to enter into negotiations for obtaining the exclusive use of an island for telegraphic purposes, in accordance with the resolutions of the Colonial Conference which was convened at Ottawa on the 28th of June, 1894.

On the same date, the 10th of September, a communication was sent to the President of the Hawaiian Republic by the Minister of Trade and Commerce notifying him that your Excellency's Government had been pleased to nominate me as a Special Commissioner to proceed to Honolulu for the purpose of submitting to the Hawaiian Government matters in relation to the project of connecting telegraphically the Dominion of Canada with the Australian Colonies, moreover, that my departure was only delayed until the arrival of a gentleman from England, appointed by the Right Hon. the Secretary of State for the Colonies, to accompany me on the mission.

I was at the same time informed by letter from the Minister of Trade and Commerce that Mr W. H. Mercer, of the Imperial Colonial Office, had been selected by the Marquess of Ripon to take part in the negotiations for obtaining from the Hawaiian Government neutral landing-ground on one of the islands in the Hawaiian Archipelago, for the proposed Pacific telegraph cable. Mr Mercer arrived at Ottawa on the 18th September. On the following day we left for Honolulu. We reached our destination on the 6th of October. We were received by Mr. A. G. S. Hawes, Her Majesty's Commissioner and Consul-General, and by Captain May, of H.M.S. "Hyacinth." These gentlemen had received instructions from the Foreign Office and from the Admiralty to render every possible assistance in promoting the object of our mission.

The President of the Republic, Mr Dole, and the Attorney-General, Mr. Smith, were absent from Honolulu during the period we remained there. We had frequent conferences with other members of the Government—the Foreign Minister and Acting President, Mr Hatch, the Minister of Finance, Mr. Damon, and the Minister of the Interior, Captain King. On all these occasions the British Commissioner and Consul-General, Mr. Hawes, was present, and took part in the discussions.

We remained in Honolulu about two weeks, in which period we reached the understanding with the Hawaiian Government which is set forth in the accompanying papers. We then returned to Canada. In order that no time should be lost in submitting the result of our mission, we prepared a statement when on our voyage from Honolulu. On the morning of our arrival at San Francisco this statement was sent by post to the Minister of Trade and Commerce at Ottawa. I have the honour to append this statement, which is dated at sea, the 25th October, 1894, together

with the accompanying documents, for the information of your Excellency They enter fully into the details of the discussions related as having taken place.

While in Honolulu I learned that H.M.S. "Champion" had been ordered some six weeks before our arrival, to proceed to Necker Island, to sound the adjacent water, and to survey the island itself. The "Champion," however, had not returned to Honolulu, and the result of the examination was unknown.

In my inquiries in various quarters I gained some information of an uninhabited island—Nihoa, or Bird Island—150 miles nearer Honolulu than Necker Island, which I deemed it expedient to visit. Captain May, of H.M.S. "Hyacinth," having received authority from the Admiralty to further the object of our mission, was pleased to take his ship to the locality, in order that by direct inspection we might obtain personal knowledge of the island. Consul-General Hawes accompanied us. On reaching Bird Island we effected a landing. Captain May during the limited time we had at our disposal took as many soundings as were possible. We satisfied ourselves that while Bird Island does not in all respects present the conditions desirable in a mid-ocean station for the proposed telegraph, it nevertheless offers certain advantages, which suggest that whatever may be the result of the survey of Necker Island, Bird Island should be further and more thoroughly examined. Owing to the necessity of returning to Honolulu to keep an appointment with the Hawaiian Cabinet, we were unable to remain at Bird Island beyond a few hours. Captain May and Mr Hawes exerted themselves to the utmost to promote the object of our mission, and during the whole period of our stay in Honolulu showed us extreme kindness, attention, and courtesy. We were most cordially received and hospitably entertained by members of the Hawaiian Government present in Honolulu.

Shortly after our return to Canada Mr. Mercer left for London. It is a duty, as it is a pleasure, on my part, gratefully to acknowledge the services rendered by him in the joint mission intrusted to us. I can only express the satisfaction that it has throughout afforded me to have been associated with him on this service.

I have, &c.,

SANDFORD FLEMING,
Special Commissioner.

The Right Hon. the Earl of Aberdeen, Governor-General of Canada.

II.—STATEMENT referred to in Mr FLEMING'S REPORT to His Excellency the GOVERNOR-GENERAL, on the Mission to Honolulu.

SIR,—

S.s. "Alameda," 25th October, 1894.

We have the honour to report that, under the instructions given to us, we proceeded to Honolulu, arriving there on the 6th instant, and took steps at once to place ourselves in communication with the Hawaiian Government. Mr Hawes, the British Commissioner and Consul-General, who showed us throughout the greatest attention and kindness, presented us to Mr Hatch, the Foreign Minister, and several interviews were accorded to us, at which Mr Hatch, Mr Damon, Minister of Finance, and Captain King, Minister of the Interior, with Mr Hawes and ourselves, were present, and in which the subject of our mission was very fully explained and discussed. Mr. Dole, the President, and Mr Smith, the Attorney-General, were absent from Honolulu.

We stated in the first place that we were acting on behalf of the Canadian Government, who, by a resolution of the Ottawa Conference, had been constituted the agents or representatives of the delegates for the purpose of making inquiries and of promoting the establishment of the proposed cable undertaking. The two resolutions were then read which defined the views of the Conference as to the cable being free from foreign control, and any landing station in the Hawaiian Archipelago (if that route should be chosen) being of a neutral character. It was explained that, from the point of view of the commercial security of the cable, it was considered that the most satisfactory course would be that the landing stations should be under control of the promoters of the cable, and that this condition was important from the financial point of view, inasmuch as, whether the large capital required was raised by public vote or from private investments, it would undoubtedly exercise very great influence upon public opinion in the countries which would be appealed to to carry out the scheme. We went on to state that this requirement perhaps pointed to the full cession of territory for the purposes of a landing station in any foreign place at which it might be agreed to touch, but that the British Government desired that the proposal to be made to the Hawaiian Government should not go beyond the absolute necessities of the case, and had accordingly given instructions that no application should be made for such cession, but that the Hawaiian sovereignty and jurisdiction over the place selected should be preserved, and accordingly that we were only asking for a lease of some small and uninhabited island on the outskirts of the archipelago. In other words, what was wanted was the private as distinguished from the political ownership of the island, with such covenants on their part as might be desirable to secure this object, and on ours to limit the rights granted to the purposes of the cable, and to connect the main cable by a branch line with Honolulu. We were not in a position to state specifically what island we desired, as the Hawaiian Government were aware H.M.S. "Champion" had recently surveyed Necker and perhaps other outlying islands, but the results of the examination had not reached us. We therefore suggested that we might be allowed to exercise an option at a later date, and observed that, if the Hawaiian Government came into the scheme, they would, no doubt, be interested to see a satisfactory selection made, and that we should be glad to receive their advice and co-operation.

Our explanations on these points appeared to be received in good part, and no suggestion was subsequently made that the main cable should be brought to Honolulu. We then proceeded to remark in general terms upon the costliness of the undertaking, and the necessity that all the countries directly benefitting from the line should contribute towards making up any deficit which, for a greater or less period, might occur. We referred to the offer which the Hawaiian Government

had for some years made of an annual subsidy of \$25,000 for fifteen years, and of an exclusive right of landing to any company which would establish a telegraphic connection with North America, and we stated that, in the first place, we would not ask for any exclusive right, and that, in the second, if they would give a reasonable subsidy we would recommend that they should be granted an exceedingly low tariff for telegrams—namely, 1s. per word for private, 9d. for Government, and 6d. for Press messages. We explained that we were not authorised to accept any offer, as the financial feasibility of the project could only be determined when all the proposals or offers of the interested countries, as well as of cable-manufacturers, could be considered together, but that we desired to arrive at as definite an understanding as possible under the circumstances, and we would therefore suggest £7,000 as a moderate sum which they might offer, and which we on our part would recommend for acceptance in the event of the undertaking being determined on. The Ministers admitted that the proposed rates were very low. They said that they were then endeavouring to economize, but it was pointed out that the subsidy would not be payable for two or three years to come.

At the next interview Mr Hatch began by inquiring whether we would take the sovereignty of Necker Island, and in consideration for this concession waive the subsidy. We replied that, as Her Majesty's Government had definitely and expressly instructed us not to ask for the sovereignty of any island, we could not entertain such a proposal ourselves, but would communicate the inquiry to our Governments. We need only observe here that the acceptance of such an offer may be contrary to the policy of Her Majesty's Government for the same reasons which precluded the proposition from being made on our part, and, further, from a business point of view, the cession of a mere rock, of no value in itself, would be an inadequate consideration for the benefits conferred on the Hawaiian Islands by telegraphic connection. Mr Hatch then referred to Article IV of the treaty of reciprocity between the United States and the Hawaiian Kingdom, concluded in 1876, extended in 1884, and now subject to twelve months' notice by either side. That article contains an engagement on the part of the Hawaiian King that, "so long as this treaty shall remain in force, he will not lease or otherwise dispose of, or create any lien upon any port, harbour, or other territory in his dominions, or grant any special privilege or rights of use therein to any other Power, State, or Government." He observed that this engagement made it impossible for the Hawaiian Government to make any grant or lease of land as proposed without the consent of the United States. We suggested that the lease might be granted to a company or person (to be named hereafter by us), so as to take the case out of the terms of this engagement. The Ministers, however, stated that they would feel bound to obtain the consent of the United States, as, whatever form the lease might take, it would be substantially to a foreign Government. We recognised the force of this view, and agreed that the proper course would be to seek the consent of the United States, but we suggested that perhaps it would be easier for such consent to be granted if the lease did not in terms infringe the treaty engagement. Eventually it was suggested and agreed that we should put our proposals into a formal written shape, for convenience of discussion.

At the next interview we produced and read a "memorandum of agreement" which embodied our propositions. This was gone over and partly altered in the course of discussion. But the Hawaiian Ministers were very decidedly of opinion that they were precluded by the treaty from entering into any formal agreement until the United States had consented to waive the treaty engagement. It will be observed that the engagement is on the face of it an absolute one, and, though it is open to the United States to waive it, the contingency of their doing so is not referred to. It was therefore put with much force by the Ministers that it would be improper for them to anticipate in any degree that the engagement would be waived, and that they were therefore bound to obtain the consent of the United States before proceeding further in the direction of an agreement for a lease. Their attitude on this point will be better appreciated if it is borne in mind that they regard the continuance of the treaty as of the greatest consequence to them and to the interests of the Hawaiian Republic, and that they would take no step which might strengthen the hands of that party in the United States which desires its abrogation. In view of these considerations, we did not press the conclusion of a formal agreement, but suggested an interchange of notes stating our respective positions and the understanding between us, so far as it could be recorded at present.

In pursuance of this proposition, we addressed to Mr Hatch a letter, dated 17th October, purporting to enclose the "memorandum of agreement," which had been discussed at our interviews, as recording our propositions. In this document the proposed lease is "to the British Government," the suggestion as to a company or person having been withdrawn in deference to the views of the Ministers. In reply we received a letter from Mr Hatch of the same date, enclosing a statement of the position of the Hawaiian Cabinet. It will be observed that this document states, after explaining the treaty engagement and its effect, that "the matter will be at once submitted to the United States Government. Upon obtaining the approval of the United States, and a waiver in this instance of the article above quoted, reference will be made to the Hawaiian Legislature of the propositions submitted by Messrs. Mercer and Fleming, which are embodied in the draft memorandum hereto annexed." This statement is followed by a paragraph favourable in general terms to the propositions in question. Copies of these documents are enclosed.

It appears to us that these assurances are, under the special circumstances of the case, as adequate as could be reasonably asked for. We think we are justified in saying that, after very full and frank discussions, a very cordial understanding was established between the Hawaiian Ministers and ourselves, and we may conclude by joining in the hope expressed by Mr Hatch "that the speedy settlement of all difficulties of a diplomatic nature may lead to the early consummation of this so long desired project."

We have, &c.,

SANDFORD FLEMING.
W. HEFORTH MERCER.

III.—LETTER from the MINISTER of FOREIGN AFFAIRS, Hawaiian Republic, to the SPECIAL COMMISSIONERS.

DEAR SIRs,—

Department of Foreign Affairs, Honolulu, 17th October, 1894.

In acknowledging the receipt of your letter of this date, enclosing a fair copy of the agreement proposed by you in the hope that it would prove mutually satisfactory, I beg to again express my regret that this Government, by the provisions of our treaty of reciprocity with the United States, as we read it, is at this time precluded from the consideration of the terms proposed. Our position is fully stated in the memorandum heretofore submitted to you, a copy of which is enclosed as a part of this note.

I desire to repeat the assurance that the Government is fully alive to the importance to the country of telegraphic communication with North America, and hope that the speedy settlement of all difficulties of a diplomatic nature may lead to the early consummation of this so long desired project.

Availing myself of this opportunity to express my high personal regard,

I am, &c.,

FRANCIS M. HATCH,
Minister of Foreign Affairs.

IV.—STATEMENT of the Attitude of the Hawaiian Cabinet in regard to the Scheme for laying a Pacific Cable from Canada to Australia, as submitted by Messrs. Mercer and Fleming, representing the British, Canadian, and Australasian Governments.

THIS undertaking being of such magnitude that it is apparent that to insure success it must be conducted by or under the auspices of the British Government, the proposition that the Hawaiian Government should grant a lease of Necker Island, or of some other uninhabited island of this group, as a cable-station, at once raises the question of the power of the Hawaiian Government to act in the premises without first obtaining the sanction of the United States. The treaty of reciprocity between the United States of America and Hawaii has the following provision "It is agreed on the part of His Hawaiian Majesty that so long as this treaty shall remain in force he will not lease, or otherwise dispose of, or create any lien upon, any port, harbour, or other territory in his dominions, or grant any special privilege or rights of use therein to any other Power, State, or Government, nor make any treaty by which any other nation shall obtain the same privilege relative to the admission of any articles free of duty hereby secured to the United States."

The Hawaiian Cabinet do not feel disposed to enter upon any considerations of a verbal nature touching the extent of and scope of the above-quoted article. Its intent is so clear that they feel it would be improper for them to enter into any engagement in regard to the suggested lease of an island until the consent of the United States has been obtained. The matter will be at once submitted to the United States Government. Upon obtaining the approval of the United States, and a waiver in this instance of the article above quoted, reference will be made to the Hawaiian Legislature of the propositions submitted by Messrs. Mercer and Fleming, which are embodied in the draft memorandum hereto annexed. With such approval no possible objection by the Legislature is anticipated to a lease of Necker Island, or any other uninhabited island of this group, upon condition that Honolulu is put into telegraphic connection with the main line, and that fair rates, not out of proportion to the general tariff determined upon, be given. The question of financial aid is exclusively within the province of the Legislature. Upon this point it need only be said that the Cabinet feel confident that the Legislature will meet the matter in a spirit of liberality which its great and unquestioned importance to the country at large demands.

FRANCIS M. HATCH,
Minister of Foreign Affairs.

V.—PROPOSED AGREEMENT referred to in the Letter of Messrs. Fleming and Mercer of 17th October, 1894, and in the Letter of Mr Hatch of same Date.

MEMORANDUM OF AGREEMENT between the Hawaiian Government and representatives of Great Britain and the British Colonies, made in Honolulu in October, 1894, with regard to the proposal to lay a submarine cable between Canada and Australasia, connected by a branch line with Honolulu.

Subject to the conditions and stipulations hereinafter set out, the Hawaiian Government agrees if and when the laying of a submarine cable between Canada and Australasia shall be determined upon, to lease to the British Government and its assignees, hereinafter called "the lessees," either Necker Island, or French Frigate Shoal, or Bird Island, or other uninhabited island, whichever of them the British Government may select.

It is noted that the Hawaiian Government are debarred by their reciprocity treaty with the United States from leasing or otherwise disposing of any of their lands, or from granting any special privileges, to any foreign Government, and it is therefore incumbent upon the Hawaiian Government to obtain the sanction of the United States Government as a condition precedent to the grant of the proposed lease.

The Hawaiian Government further agree, for the considerations and stipulations hereinafter expressed, to insert in the lease the following covenants (1.) That the lease shall commence and take effect when a contract has been entered into for the laying of a cable from Canada to the island intended to be leased, and shall inure and continue until the cable and the connecting line to Honolulu are finally and permanently abandoned. (2.) That exclusive possession from disturbance shall be given, with exemption from all kinds of taxation. (3.) That a convenient landing station and space for the accommodation of the telegraph-office staff shall be provided at or near Honolulu for the purpose of laying and working a connecting cable between the island and Honolulu. (4.) That an annual subsidy of £7,000 shall be paid by the Hawaiian Government to the lessees for a period

of fifteen years, payable half-yearly in two instalments, on the 30th June and 30th December (or such other fixed dates as may be determined upon by the Hawaiian Government), the first payment to be made on the first of such dates as shall occur after cable-communication has been established between Honolulu and Canada.

In consideration for the lease and the covenants given by the Hawaiian Government, the following covenants will be required from the lessees (1.) That a cable shall be laid from the island leased to Honolulu, so as to connect that place telegraphically with all points on the main cable. (2.) That telegraphic messages shall be sent from Honolulu to the first landing station on the Canadian coast at the following rates per word—viz. 1s. in the case of private messages, 9d. in the case of Government messages, 6d. in the case of Press messages. Provided always that no less charge shall be made than 10s. (\$2½) for any one message. And, further, that persons telegraphing at Honolulu shall be given the full benefit of such rates as may be established by agreement with other countries or companies to all points beyond. (3.) That the island leased shall not be fortified or used as a naval station, or for any purpose whatever not connected with the working and maintenance of the cable. (4.) That the island leased shall be surrendered and vacated by the lessee or lessees if and when the cable and the connecting line to Honolulu are finally and permanently abandoned, and if and when any of the above covenants on the part of the lessees is broken.

VI.—LETTER to the MINISTER of FOREIGN AFFAIRS, Hawaiian Republic, enclosing the above Proposed Agreement.

DEAR MR. HATCH,—

Hawaiian Hotel, Honolulu, H.I., 17th October, 1894.

We enclose a fair copy of the memorandum of agreement which is the result of our interviews with you, and which records the scheme arrived at, subject to the consent of the United States and the Legislature. We will explain to our Governments that you feel precluded from following up our interviews with any actual step in the matter until the consent of the United States has been obtained to waive the requirements of Article IV of the reciprocity treaty. We presume that you will now take the necessary steps, with the view of bringing the proposed arrangements to the notice of the United States Government, and of ascertaining whether they will give the desired consent, so as to enable you to proceed with it. We all, of course, hope that the Washington Government, on full explanations and proper representation being made to them, will be able to do this. By so enabling the scheme to be carried out, they would obtain for the United States people the advantage of telegraphic connection with Honolulu, and, further, of exceedingly low telegraphic rates both to that place and to Australasia. These advantages would be secured without contributing to the capital required for the cable, or to the necessarily heavy subsidies or guarantees which will have to be met by all the countries to which the cable runs. All considerations of this kind will no doubt be satisfactorily explained by your representative, but we may add that the United States Government have been for some time aware that the Governments of Great Britain and her colonies have been discussing the project of a cable across the Pacific from Vancouver to Australasia, with a connecting line from an unoccupied island in the Hawaiian Archipelago to Honolulu, and there can be little doubt that they will quite recognise the commercial advantages which, in no small measure, would accrue to the United States from the accomplishment of this undertaking.

It is by no means settled that the undertaking will, if it is determined upon, be carried out as a Government enterprise. It may be committed to a company with a subsidy or guarantee from the Governments interested. In that case the lease might be to the company and not to the British or any other Government, and the case would then not come literally within the terms of your engagement in the treaty not to dispose of your lands to foreign Governments. But, having regard to the circumstance that “foreign Governments” would have a substantial interest in the lease, we are quite in accord with your view that it is proper, whatever form the lease might take, to obtain the consent of the United States to the arrangement.

It is understood between us that, if the negotiations at Washington are successful, the memorandum of agreement will be submitted to your Legislature, and will be subject to their approval. We are, of course, sensible that you cannot guarantee that the Legislature will consent to the annual subsidy of £7,000. The explanations which will have to be made to the Legislature on this and all other points will be in very good hands, and we need not be at pains to say more here than that the scheme would imply on our part the maintenance of two telegraph-stations within your territory, one at Honolulu, and the other on the island leased, at a computed annual local expenditure of about £10,000, that the laying of so expensive a cable through the Hawaiian Islands would cause a considerable expenditure there, out of the capital, and that this benefit would not cease with the construction of the cable, for it is considered that it would be necessary to keep at least two cable-repairing ships on the route for the purpose of maintaining the efficiency of the cable, one of which ships would generally be stationed at Honolulu. It need hardly be observed that the subsidy is asked for not merely in consideration of the low tariff, but on the general ground that a heavy yearly deficit may have to be made up, for a greater or less period, by the parties interested. Your Legislature will, no doubt, take this consideration into account in considering the question of the subsidy. We do not conceal from you that another feasible route for the Canada-Australia cable is under consideration, and that the adoption of the Hawaiian route must be justified on financial and commercial grounds.

We propose to inform the British Government of your inquiry whether they would accept the sovereignty of Necker Island, or some other uninhabited island, on condition that no subsidy is required from you. As we explained, we have not felt at liberty to entertain that question ourselves, as we were definitely instructed not to ask for the sovereignty of any island, but only for a lease, imply for the purposes of the cable.

We are prepared to recommend to our Governments the acceptance of the terms stated in the memorandum of agreement, but we cannot undertake to say that the arrangement would be adopted if any material alteration were made in it.

We have, of course, treated our negotiations with you on this subject as strictly confidential. It is not, however, necessary, so far as we are concerned, to attach any character of secrecy to the proposals. We have been at great pains to make these proposals as moderate and as acceptable to you as possible, and we do not ourselves see any objection to public criticism upon them being invited. You are quite at liberty to make any use which you may think proper of this letter. We have only to express, in conclusion, our appreciation of the great courtesy and kindness which we have received personally at the hands of yourself and your colleagues.

We remain, &c.,

SANDFORD FLEMING.

W. HEPWORTH MERCER.

VII.—THE PACIFIC CABLE.—ADDITIONAL REPORT ON TENDERS.

SIR,—

Ottawa, 11th December, 1894.

I have the honour to report on the letter addressed to you by the India Rubber, Gutta Percha, and Telegraph Works Company, of date the 22nd November, 1894, on the subject of the tender of that firm for manufacturing, laying, and maintaining the Pacific cable.

In my report on the tenders of date 20th November, 1894, I mentioned in the last paragraph that in my opinion it was expedient to make provision for protecting the core of the cable, under certain conditions, from the ravages of marine life. The letter of the above-named company which you have referred to me gives the assurance that all types of cable proposed to be laid by that firm will be provided with proper protection—that, in fact, all cables laid in less than 100 fathoms are to have the core sheathed with metallic taping as a protection against the teredo. This assurance removes the objection which I raised.

In my report of the 20th November all the tenders referred to were for the supply of cables having a speed capacity of twelve words per minute. For route No. 1, the price of the India Rubber, Gutta Percha, and Telegraph Works Company is, including maintenance for three years, £1,517,000. In the letter of this company of the 22nd November it is stated that higher-speed cables will be furnished for this route at the following prices, viz. A fifteen-word-per-minute cable for £1,672,000, an eighteen-word-per-minute cable for £1,880,000.

Compared with estimates previously made, these prices must be held to be moderate. My own estimate for a cable on this route (No. 1), as given in your report on the mission to Australia, is £1,978,000, and the estimate furnished the Colonial Office, London, by the General Post Office authorities (see appendix to the same report), is £2,924,000. Neither of these estimates includes maintenance for three years, moreover, the estimate from the General Post Office does not include a connection with the main land of Australia, which would probably be estimated at £200,000 additional.

We thus have in the tender of the India Rubber, Gutta Percha, and Telegraph Works Company a definite offer to lay and maintain for three years a cable from Vancouver to Australia and New Zealand, with a speed capacity 50 per cent. higher than the cable referred to by the General Post Office authorities, and for a sum £1,244,000 less than their estimate, without any allowance for maintenance.

I have, &c.,

SANDFORD FLEMING.

Hon. Mackenzie Bowell, Minister of Trade and Commerce.

VIII.—THE PACIFIC CABLE MEMORANDUM RESPECTING ITS ESTABLISHMENT.

Ottawa, 1st December, 1894.

THE information obtained since the meeting of the Colonial Conference in July last is of a character to call for special notice.

The Conference, by the fifth resolution relating to the Pacific cable, requested the Canadian Government to take the necessary steps to urge forward the undertaking in accordance with the views expressed by the delegates and the resolutions passed by them.

On the 10th September a special Commission was appointed by the Canadian Government to proceed to Honolulu to enter into negotiations with the Hawaiian Government for the possession of a neutral landing-ground for the cable should it be deemed expedient or desirable to touch at Honolulu or at some other island in the Hawaiian group. The object was to obtain a choice of routes. While it was the decided feeling of the Conference that the cable should only touch islands on the route in the possession of Great Britain, there were technical as well as commercial reasons for obtaining the use of an island within the Hawaiian Archipelago.

The report on the mission submitted for the information of His Excellency the Governor-General, 15th November, points out that, while there is a fair prospect of obtaining the use of an island on conditions generally acceptable, the result of the mission remains undetermined, as it awaits the action of the United States Government, owing to a treaty engagement between the two countries. Consequently, as the matter at present stands there is no alternative line which can be chosen. The route known as No. 1, touching at Fanning Island, is the only route open for adoption. The question of carrying the cable by way of Honolulu, or some one of the Hawaiian Islands, rests with the Hawaiian Government and the Government of the United States. As soon as the Hawaiian Government feels at liberty to enter into an agreement, such as that suggested during the recent mission, which would secure to them the advantages of telegraphic connection with the markets of the world, it will probably be heard from. Any offer it may make can be considered on its merits before contracts for laying the cable be entered into.

Tenders

On the 6th August an advertisement appeared in the London newspapers asking for tenders. Cable-manufacturing contractors and others were invited by the Canadian Government to state the terms upon which they would be prepared to lay and maintain in efficient condition a submarine electric cable across the Pacific from Canada to Australasia.

Tenders have been received from some of the best and oldest firms, they establish four important *desiderata* (1.) They set at rest all questions respecting the practicability of the project. (2.) They establish indisputably that Great Britain can obtain direct telegraphic communication with the British colonies of the Southern Hemisphere without having resort to any soil not British territory. (3.) They clearly prove that there is no requirement for delay in order to make elaborate preliminary surveys, offers having been received from cable-manufacturers of the widest experience, who, with the information and *data* possessed, are prepared to lay the cable, and guarantee its success. (4.) The tenders give definite information as to the cost of the undertaking, moreover, they furnish proof that the outlay of capital required is less than the amount which has been estimated.

The definite *data* thus obtained overcome all obstacles which were supposed to stand in the way of the first resolution passed by the Conference—namely, that “immediate steps should be taken to provide telegraphic communication by cable, free from foreign control, between the Dominion of Canada and Australasia.” The Governments concerned are now placed in possession of information essential to the consideration of the best means necessary to the consummation of the project.

As there might be some divergence of opinion as to the best means to be taken to carry out the undertaking, the Canadian Government, in asking for proposals, intimated that offers would be received in three different forms, namely:—Form A. The cable to be owned and controlled by Government, to be worked under Government authority and to be kept in repair by the contractor for three years. Form B. The cable to be owned, maintained, and worked by a company under a fixed subsidy for a term of years. Form C. The cable to be owned, maintained, and worked by a company under a Government guarantee of traffic for a term of years.

The only actual offers received are according to Form A. That no offers were received according to Forms B and C may be due to the fact that it was felt desirable to predetermine the maximum charges so as to preclude a subsidised or traffic-guaranteed Pacific Cable Company amalgamating or combining with the existing company to the disadvantage of the public. It was stipulated that under Forms B and C the maximum rates to be charged on messages to and from Great Britain and the Australasian Colonies shall be 3s. per word for ordinary telegrams, 2s. per word for Government telegrams, and 1s. 6d. for Press telegrams, trans-Pacific messages to be charged at proportionate rates. These are the rates agreed upon at the Postal and Telegraph Conference held in New Zealand in March last.

My opinion as to the best means of establishing the Pacific cable has been long given, and as early as the Colonial Conference of 1887 I submitted my views again at the recent Colonial Conference, and on occasions before and since that date I have explained the principles which, in my humble judgment, in view of the public interests, should be followed.

I do not think it necessary to repeat the arguments I have frequently used in favour of establishing the Pacific cable as a public undertaking, so that it may remain under Government ownership and control. I beg leave to refer to my remarks which the Minister of Trade and Commerce submitted in a memorandum dated the 11th October, 1893, to the Australasian Governments, likewise to what I said at the Colonial Conference in June last (extracts are appended). On both occasions I pointed out that it would be unwise to subsidise a company, when the object could be attained more economically and far more advantageously to the public by other means. It has since been suggested as an alternative to a subsidised company (Form B) to establish a company under a Government traffic guarantee (Form C)—that is to say, the company to be guaranteed a gross revenue from traffic for a term of years, the deficiency between actual earnings and the guaranteed earnings to be made good by the Governments each year. To my mind, this plan is scarcely less objectionable than the first mentioned. Let us, by way of illustration, assume that a company is formed under a Government guarantee of gross traffic equal to £200,000 per annum for a period of twenty-five years. What in this case would prevent the existing company and the new company entering into a secret pooling agreement by which it would be the policy of both to pass over the old line the great mass of the traffic, the object being to establish against the Governments each year of the twenty-five as large a claim as possible under the guarantee? I do not see that it would be possible to prevent the two companies amalgamating their interests in this or in some other way, and, as a consequence, a powerful monopoly would be built up to exact its own terms. Looking at the subject in all its bearings, the true plan, in my judgment, is to make the Pacific cable a public undertaking from its first construction. I am satisfied the more the subject is considered, it must become clear that only by the observance of the principle of State ownership will the greatest public advantage be permanently obtained. If in establishing the Pacific cable as a public undertaking the co-operation of the Mother-country with Canada and the Australasian Colonies be secured the most advantageous consequences will undoubtedly proceed from this arrangement. The first effect of co-operation would be in connection with the initial cost of the work, as a joint guarantee would admit of the required capital being raised at the lowest possible rate of interest. I have only to point to the intercolonial railway of Canada as an illustration of the advantages attainable. In 1867 it was arranged between the Home Government and the Canadian Government to connect Quebec and Halifax by railway, for this purpose a loan of £3,000,000 bearing the Imperial guarantee was effected at a low rate of interest, and by this means the Home Government rendered substantial aid in the construction of the national railway of Canada without in any way drawing on the Imperial Exchequer. It can be clearly established that

by the same principle of co-operation in the case of the Pacific cable undertaking, to which so much importance has been attached as a means of bringing in closer affinity the distant portions of the Empire with the Mother-country, it can be successfully effected without in any way taxing the people of Great Britain, of Canada, or the Australasian Colonies.

Assuming that the principle of co-operation and State ownership be assented to, the capital may be raised by one of three modes, viz. (1. The whole amount may be raised by the Canadian, Australian, and New Zealand Governments, and the interests in each case guaranteed by the Imperial Government, the relative liability to be borne by the Imperial, Canadian, and Australasian Governments, to be apportioned by mutual agreement. (2.) The whole capital may be raised by the Imperial Government, the payment of a sum equal to the interest on such portion of the capital as may be agreed upon to be guaranteed by Canada and the Australasian Colonies, in proportions to be determined. (3.) The capital may be raised on securities issued through the medium of an Imperial Colonial Cable Commission, a joint guarantee for the payment of interest to be given by the Imperial, the Canadian, and the Australasian Governments.

It is obvious that by either of these modes the whole of the capital may be obtained at the very lowest rate of interest. The interest would be a first charge against revenue, which it can be shown will be ample for all purposes, but, as it is expedient to provide for every contingency, provision should be made for a deficit. The proportions in which any such possible deficit would be made up by each respective Government would be a matter to be determined by agreement.

As several distinct Governments will be concerned in the project, it may be advisable, in order to meet the difficulty of joint ownership, to create an organization in which the administration would be centralised, an Imperial Colonial Cable Commission or Trust, established by authority of the several Parliaments. It might consist of three persons, representing the Imperial, the Canadian, and the Australasian Governments respectively, with authority determined by statutes to obtain capital and to assume responsibility for establishing the work and carrying it on when completed.

Among the tenders received is an offer from an old-established and reliable firm to lay the cable on route No. 1, the all-British route by Fanning Island, for the sum of £1,517,000. This price includes maintenance and repairs for three years after the whole line shall have been completed and put in operation, consequently there would be no disbursements for these services during this period to be met by the earnings of the telegraph. The cost of working, and interest on capital, would be the only charges against revenue during the first three years after the cable shall have been laid. The cost of working has been estimated by Mr Alex. Siemens at £24,000 for the operating staff and office-expenses at each station. If we add to this 25 per cent. for management, the whole cost of operating would be less than £30,000 per annum.

The interest-charges on the capital expended will depend upon the value the securities may obtain in the money-market. These securities, bearing the guarantee of the Imperial, Canadian, and Australasian Governments, would certainly be rated in no way inferior to consols. Admitting this view, the rate of interest may be estimated at $2\frac{1}{2}$ per cent.

Should the most costly of the several routes which have been spoken of be adopted—that is to say, the route by Fanning Island, with branches to New Zealand as well as Australia—I am unable to see, with this tender before us, offering to complete it in every respect for £1,517,000, that the capital to be raised need exceed £1,600,000. This capital raised at $2\frac{1}{2}$ per cent. gives £40,000 as the total interest to be met yearly. As it is advisable in forming an estimate of this kind to make full and complete provision for unforeseen contingencies of whatever kind, 10 or 12 per cent. may be added. In this view £45,000 may be considered the maximum interest-charge, to which, if we add £30,000 for working-expenses, we have the sum of £75,000 as the total fixed charges to be met by revenue in each of the three years after the cable shall have been opened for business.

Revenue.

The next question which demands an answer is, What constitutes a fair estimate of revenue?

The subject of revenue has been diligently considered in all its bearings, and I have endeavoured to arrive at fair and reasonable estimates, these estimates have been based on carefully collated information respecting the existing telegraph business, which has been steadily and rapidly growing for nearly twenty years. I have submitted the views formed to men of experienced judgment in such matters, and of perfectly unbiased minds. It is with confidence, therefore, that I refer to these estimates, supported as they are by the opinions of gentlemen in high official stations, whose sense of responsibility necessitates the utmost care and caution in arriving at conclusions. Along with my own views on the subject of revenue, I have much satisfaction in appending letters referring thereto from the following gentlemen (1) Mr Geo. Johnson, Statistician to the Dominion Government, Ottawa, (2) Mr. J. M. Courtney, Deputy Finance Minister, Ottawa (3) Mr. W. Hepworth Mercer, Colonial Office, London.

The Dominion Statistician, after an examination of the official returns, gives precise information respecting the volume of telegraph business between Australasia and Europe, he likewise presents evidence of its rapid growth, of which the following is an indication:—

1875, total words transmitted	235,160
1875 to 1880, increase in words transmitted	118,188
1880 to 1885	184,007
1885 to 1890	289,923
1890 to 1893	574,015
1893, total number of words transmitted	1,401,293

This officer confirms my statements as to the volume of business, and more than bears out my estimate of the share of traffic which must become tributary to the Pacific cable. It will be seen from the letters of the other gentlemen that, after a careful examination of the *data*, they fully substantiate, as far as it is possible to do so, the estimates of probable revenue.

In my letter on this subject addressed to the Hon. the Minister of Trade and Commerce, of the 20th July, 1894, I have set forth in detail the reasoning which justifies the view I take with respect to the business to be done by the Pacific cable, and I venture to think that the estimates submitted will be considerably within the actual revenue when it comes to be ascertained. According to these estimates the gross earnings in 1898, the first full year that the cable would be in operation, reckoned at the low tariff of 2s. per word, would amount to £110,000, for the year 1899, £126,500, and for the year 1900, £143,000. If from these estimated yearly earnings we deduct in each case the fixed charges for interest and working-expenses of £75,000, we would have a surplus in 1898 of £35,000, in 1899, of £51,500, in 1900, of £68,000 showing a total surplus of £154,500 for the first three years the telegraph would be in operation. During the whole of this period the cable would be maintained by the contractor, and any expense incurred in effecting repairs would form part of the contract sum to be paid to him. After the third year the cost of maintaining the cable would be a charge against surplus earnings, which I shall show would be ample for the purpose, and would, moreover, leave a considerable balance each year to be carried to a reserve fund.

The following table covers the remaining seven of the first ten years after the opening of the telegraph for traffic, and is computed on the principles set forth in the appended papers. The cost of repairs and maintenance, usually estimated at £6 per mile, would amount to £43,000 per annum, for this service I have allowed £50,000, which, added to interest and working-expenses, increases the charge against revenue to £125,000 per annum :—

	Gross Earnings. £	Charges. £	Surplus. £
Surplus for the three first years			154,000
1901	159,500	125,000	34,500
1902 ..	176,000	125,000	51,000
1903	192,500	125,000 ..	67,500
1904	209,000	125,000	84,000
1905 ..	225,500	125,000 ..	100,500
1906	242,000	125,000	117,000
1907 ..	258,500	125,000	133,500
Total surplus in ten years			£742,000

The estimate shows an increasing surplus year by year, which is fully warranted by the *data*. That a surplus is a probable contingency is due mainly to the assumed low interest on capital, and the low rate of interest, so important a factor in the calculations, presupposes the identification of the Imperial Government with the Governments of Canada and the Australian Colonies in this Imperial-Colonial project. It is scarcely necessary to add that, although there is no probability of loss, or insufficiency of revenue to meet all charges, it is indispensable that the precise responsibility attached to the several Governments which co-jointly undertake the work should be clearly defined. I do not take upon myself to suggest the proportion of liability each may bear, as this must be a matter for diplomatic arrangement hereafter.

It has been my object to show by the facts I have presented and the figures I have produced that a mutual effort on the part of Great Britain and the two great divisions of the Colonial Empire can establish the Pacific cable with ease, and practically without cost to the taxpayer in either country.

That the estimates I have presented will be borne out by actual results I feel perfectly satisfied. I have based them chiefly on the business which already exists between Australasia and England, and which is year by year increasing with a very rapid growth. I have taken little or no account of the traffic which undoubtedly will spring up across the Pacific when the means of telegraphing at low rates is provided, a new traffic, the whole of which will be tributary to the new line. I am satisfied that my estimates are reasonable and reliable; it has certainly been my aim to submit them in a form which time will substantiate and confirm. The first effect of the Pacific cable will be to confer a benefit on the merchants of Great Britain and Australasia, and, indeed, on the whole of that section of the community in both countries who resort to the use of the telegraph. This is obvious from the mere reduction in rates alone. The reduction from 4s. 9d. to 3s. per word, will, within the first year after the Pacific cable shall be open, effect a gross saving in Australasia and the Mother-country of £190,000. This saving will be repeated annually, and will continually be augmented by the growth of business.

Canada may look for gains of another kind and in another way. As Miss Flora Shaw has recently so well pointed out, Canada "commands the commercial high road of two hemispheres, and, perceiving the value of the position, has taken means to secure its possession. But commerce can nowhere be developed without the ordinary facilities, and the telegraph is in this age the indispensable adjunct and in some notable instances the actual pioneer of commerce.

The mere laying of an electric cable between two opposite shores of an ocean has in our time become a comparatively common-place affair, but to connect Canada with Australasia and New Zealand by telegraph has more than ordinary significance. The contemplated telegraph would greatly strengthen the commercial position of the lands connected by it, and would constitute a common bond between sister-colonies now widely separated. In completing the "electric girdle" of the Empire the effect of the Trans-Pacific cable would be far-reaching, and its influence would be incalculable. Not the least valuable consequence of the proposal submitted would be its high moral and political import. The co-operation of Great Britain, Canada, and Australasia in establishing this telegraphic connection would present itself to the world as an ideal "co-partnership," unparalleled in history, and it would furnish a striking development of Britannic unity, perhaps foreshadowing still more important developments in coming years.

SANDFORD FLEMING.

IX.—APPENDICES. THE PACIFIC CABLE AS A PUBLIC UNDERTAKING OWNED BY GOVERNMENT.

1.—EXTRACTS from Mr. FLEMING'S ADDRESS at the Colonial Conference, 1894.

THERE are two distinct methods by which the Pacific cable may be established, viz (1) Through the agency of a subsidised company, (2) directly by Government as a public work.

I have given this branch of the subject long and earnest attention, and I have arrived at conclusions which to my mind are confirmed by every day's experience. At one time I favoured the first method. It has been customary to have enterprises of this character carried out by companies, and it seemed to have been assumed that there was no other way by which the work could be accomplished. However, when it is considered that in the United Kingdom, in India, in the Australian Colonies and in a great many foreign countries the telegraphs are owned and worked by Governments, there appears no good reason why Government ownership should be confined to land telegraph. No doubt it would give least initial trouble to Governments to offer liberal subsidies in order to have the telegraph across the Pacific laid and owned by a company, but I am perfectly satisfied that in the long run the second method will be found in every respect more advantageous. The interests of a company and the public interests are not identical they are in some respects the very opposite. While the primary object of a company is to extract from the public as much profit as possible, the interests of the public, on the other hand, are to secure cheap telegraphy, and to have it as free and untrammelled as possible. Suppose, for example, that a large subsidy be granted, such a subsidy as Sir John Pender has declared to be necessary, and that the whole undertaking passed over to the Eastern Extension Company to carry out, would not the effect be to confirm and perpetuate the telegraphic monopoly which at present exists between Australia and the outer world? Would it not simply shut out all prospect of obtaining the reduced charges to which we may confidently look forward? Would it not contract intercourse, instead of providing the fullest opportunity for its free and full expansion, so much to be desired? I look forward to the time, and I do not think it is far distant, when, if a wise and prudent course be followed, the telegraph will ramify in many directions under the ocean to all the principal colonial possessions, and that, in the not distant future, there will be a greater reduction in charges on messages than has taken place in letter postage during the past fifty years.

Speaking for myself, I have arrived at the conclusion that the true principle to follow, looking solely at the public interests, present and prospective, is to establish the Pacific cable as a Government work. In my judgment it would be a grave and irremediable mistake to give it to the existing company on their own terms, or perhaps on any terms. Even to hand the work over to a new company entirely distinct from the Eastern Extension Company would scarcely mend matters. It would be impossible to prevent the two companies combining in some form, to advance their common advantage, to the detriment of the public interests.

I have elsewhere endeavoured to show the advantages derivable from the establishment of the Pacific cable as a public work directly under Government control. It is a matter of constant experience that the promoters of companies, as a rule, set out with the determination to make large sums of money, that investors are promised large return, and they are not satisfied unless they are forthcoming. In consequence, 9 per cent., and in some cases much more than 9 per cent. is paid for money raised for private companies, while, on the other hand, Governments can borrow capital at 3 per cent. Hence it is possible, under Government ownership to reduce charges on telegraphy much below the rates charged by private companies.

With the proposed cable under Government control, it is not easy to assign a limit to the reduction in charges for transmitting messages, and with low charges there will arise, without any appreciable extra cost in working, a great expansion in the business of the telegraph. Thus the public will be benefitted to an extent which would not be possible if the cable became the property, or passed under the control, of a private company.

I had hoped to have seen present at this Conference His Excellency Sir Ambrose Shea, Governor of the Bahamas. He would, I am sure, have given the best testimony in favour of the plan of Government ownership. Less than two months ago I had a letter from him, in which he furnished indisputable evidence as to the superiority of the principle of Government control. The Bahamas are connected with the mainland by a cable owned by Government. The first idea was to have it carried out by a company under a subsidy of £3,000 a year for twenty-five years. Fortunately, it was decided to make it a Government work, the cable is entirely so established, and the policy of its operation is dictated primarily by the commercial requirements of the colonies. Profits are of course desired, but these are held to be a subordinate consideration. This policy would have been reversed had the cable been controlled by a company, the interests of the company *per se* would have remained paramount. Sir Ambrose Shea informs me that even in a financial aspect it has proved fortunate that they kept the cable under Government control. Instead of paying £3,000 a year in the form of a subsidy, the charge on the colony is already reduced to £1,800, after fully providing for a sinking fund to cover renewals, as well as interest on the cost, and all other charges. Beyond the question of money, the Governor attaches much importance to the power held by the Executive for adapting the policy of the cable management to the growing and varying wants and conditions of the colony.

It appears to me that in bringing two of the leading divisions of the Colonial Empire into telegraphic connection we cannot do better than place before us the experiment to which I have referred as having been so successfully tried. Great importance must be attached to the views and ripe judgment of Sir Ambrose Shea, strengthened in a matter of this kind by the experience of the Bahama cables. Every commercial object points to the expediency of retaining the Canada-Australian cable under Government ownership, and, apart altogether from commercial considerations, there is no reason to warrant that so important a work, undertaken for national purposes, should be removed from the effective control of the Governments, by whose authority alone the great principles of its establishment would be fully observed.

2.—ESTIMATES OF REVENUE.—EXTRACT from Mr FLEMING'S MEMORANDUM, Sydney,
11th October, 1894.

IN many cases it is difficult, owing to the lack of information, to form estimates of the probable revenue of a projected undertaking. In this instance, however, the best *data* are available for our guidance. We have the published statistics of telegraph business by the existing line between Australia and Europe for a number of years, and it is fair to assume that on the establishment of the Pacific cable, rates and all other things being equal, the business will be equally divided between the two lines.

I am unable to ascertain the business for the past year, but I gather from the published returns that the number of words transmitted in the year ending the 1st May, 1892, was 1,275,191. If we divide this into equal parts we have 637,595 words as a basis for estimating the revenue of the Pacific cable.

In examining the returns for previous years some striking peculiarities are apparent. During the eight years from 1882 to 1890 the telegraph business between the Australian Colonies and Great Britain increased on an average 54,441 words each year, equal to 14 per cent. per annum. This may be viewed as the normal increase under a high tariff, inasmuch as throughout these eight years the charges on ordinary messages were never less than 9s. 4d. per word. On the 1st May, 1891, the rate was reduced from 9s. 4d. to 4s. per word, and within the twelve following months the business increased by 448,913 words—an increase of 54 per cent. on the business of the previous year, and 831 per cent. over the normal annual increase during the preceding eight years. The further expansion of business will no doubt for the present be disturbed and retarded by an increase in the charges on messages on the 1st January last, but there remains the experience of the year 1891–92 to establish the remarkable effect of a low tariff in stimulating telegraphy. In that single year the increase in the number of words transmitted under a four-shilling rate was greater than the growth of the business during the whole of the preceding eight years under a rate of 9s. 4d.

One of the direct benefits to the public from the Government ownership of the Pacific cable will be the reduction in charges for transmitting messages. I have already mentioned that, with a full and efficient staff, such as the estimate for working-expenses provides for, it will cost no more to do a large business than a small. There will, therefore, be no reason for preventing the freest expansion of telegraphy by the new line by lowering the charges. In my humble opinion the rates across the Pacific should be lowered to 2s. per word immediately on the new cable being laid, in order that the public may have the advantage of cheaper communication at the earliest moment.

The proposed rate of 2s. per word for transmitting messages across the Pacific would reduce charges between Australia and England to 3s. 3d. in place of 4s. 9d. as at present. Moreover, messages from Australia received at Vancouver would be forwarded to all parts of Canada and the United States for an average charge not exceeding 2s. 9d. per word in place of 6s., the present charge.

I wish to avoid extravagant statements and too sanguine estimates. I would, in submitting my ideas, particularly desire to keep strictly within reasonable probabilities. If we base estimates on the existing volume of business merely, we must anticipate that there will be no great advance over the business of 1891–92 for a few years if the charges on messages are again raised, as they already have been to some extent. In the calculations which follow, I shall therefore assume the business to be at a standstill for three years—that is to say, I shall assume that the business in 1894 will not be greater in volume than it was in 1891–92, and that thenceforth the normal increase of not more than 14 per cent. per annum shall apply. The number of words transmitted in 1891–92 was 1,275,191. It is assumed that the Pacific cable would, if in operation in 1894, obtain one-half of this business.*

Year.	Number of Words per Annum.	Earnings of the Cable at 2s. per Word.	Year.	Number of Words per Annum.	Earnings of the Cable at 2s. per Word.
		£			£
1894	637,595	63,759	1900	1,173,176	117,318
1895 ..	726,858	72,686	1901	1,262,439	126,244
1896	816,122	81,612	1902 ..	1,351,703	135,170
1897	905,386	90,539	1903	1,440,967	144,097
1898	994,649	99,465	1904	1,530,230	153,023
1899 ..	1,084,913	108,391			

* At the date of going to press (May, 1894) it has been ascertained that the traffic for 1893 between Europe and Australia consisted of 1,306,716 words, showing that Mr. Fleming's estimate is considerably within actual results. If merely the normal increase of 14 per cent. under a high tariff be added to existing business the number of words for 1894 in the table of estimated earnings which follows should be 744,828 in place of 637,599, and the earnings for the same year £74,483 in place of £63,759 thus establishing that the estimates of revenue presented in this memorandum are in no way exaggerated.

In connection with the estimates of revenue, I have pointed out from statistical returns two elements of increase of business—(1) a normal increase under an exceedingly high tariff, (2) a very much greater increase under a lower tariff. There will be a third increase which will be due to the development of traffic with Canada, and in bringing the Australian Colonies into direct telegraphic touch with the whole telegraph system of North America. At present telegraphic intercourse is insignificant, but with a 2s. or 2s. 6d. rate across the Pacific, in place of a 6s. rate by a circuitous route, the circumstances will be favourable to the growth of telegraph business between the two continents, and, in consequence, the revenue to the Pacific cable from this source will rapidly develop to large proportions.

In the foregoing estimates of revenue I have reckoned only the normal increase under a high tariff, and take no account of the greater increase which certainly will result from the charges being lowered, as proposed. I have likewise added nothing from the Australasian-North American business, the whole of which would flow to the Pacific cable. I am quite warranted, therefore, in expressing the opinion that the estimates of revenue I have presented are not exaggerated or unreasonable, and that the Pacific cable established by Government in the manner proposed would effect very important results. It would practically extinguish all subsidies now paid, and render guarantees unnecessary. It would permanently establish low rates for ocean telegraphy. It would yield a revenue which, after paying working-expenses, and providing for maintenance and renewals, would make good all interest-charges on the whole cost of the undertaking from the beginning, and in a very few years would furnish large surplus earnings. I venture to think, then, that if the resolution passed by the Postal and Telegraph Conference in March last be generally assented to in these colonies, the Governments need not hesitate in incurring the comparatively small, almost nominal, liability necessary to secure a telegraph connection across the Pacific, which every British subject will recognise to be of the greatest national and commercial value.

3.—EXTRACT from Mr. FLEMING'S LETTER to Hon. M. BOWELL, 20th July, 1894.

[For text see F.-5A. 1894, from "With respect to the revenue," page 5, to "self-sustaining from the first," page 6.]

4.—LETTER from GEORGE JOHNSON, Esq., DOMINION STATISTICIAN

DEAR SIR,—

Office of the Statistician, Ottawa, 29th November, 1894.

I have examined your statements before the Intercolonial Conference *in re* the Pacific cable, and have the following remarks to make. First, respecting the growth of business, and, second, respecting the proportion the new route could hope to secure.

1. Taking the statistics of growth, I find the following:—

Year.	No. of Words transmitted.	Increase.			Tariff per Word.
		Actual.	Per Cent. for Period.	Per Cent. Yearly.	
1875	235,160				
1880 ..	353,348	118,188	50	10·0	9s. 4d.
1885 ..	537,355	184,007	55	11·0	9s. 4d.
1890	827,278	289,923	54	10·8	9s. 4d.
1891 ..	1,275,191			54·0	9s. 4d. and 4s.
1892	1,321,412			3·6	4s.
1893	1,401,293			6·0	4s. 9d.

The actual increase in the three years 1891–93 over 1890 was 574,015. The number of words transmitted is taken from returns submitted to the Postal and Telegraph Conferences held in Adelaide in May 1890, in Queensland in March, 1893, and in New Zealand in March, 1894. They show that during fifteen years (1875–90) of high tariff (9s. 4d. per word) the increase in the number of words was 251·8 per cent., and that during the three years 1891–92–93, in which period the rates were reduced to 4s. and 4s. 9d., the increase over 1890 was 69·2. For the whole period covered by these statistics the increase is 496 per cent. From these figures of percentage it appears—First, that during the period 1875–90 the growth of business under a 9s. 4d. tariff was equal to an annual average of 16·8 per cent., second, that under a 4s. and 4s. 9d. tariff the average annual growth from 1890 to 1893 (three years) was 23 per cent. Your estimate of 14 per cent. increase appears, in the light of these facts, to be a very conservative one.

2. How much of the business could a cable competing with the existing one hope to secure?

(a.) A telegram from Melbourne to London by the existing line has to travel 13,695 miles of wire, of which 2,704 miles are in Australia, and are, therefore, land wire. The land wire in Asia is, I judge, about 1,000 miles more of wire. A telegram from Melbourne to London *via* Canada would travel 14,414 miles, of which 3,764 would be land wire. In respect to the greater danger of stoppage and delay from land wire, the two lines would be, practically, on an equality. (b.) Your estimate is that one-half of the words sent by cable between Australia and the rest of the world would be sent *via* the line across Canada.

According to the return of 1892 there would be, on this estimate, 660,706. But some portion of the total of 1,321,412 words must be Asiatic business, since Australia imports of tea alone 33,000,000lb. a year direct from Asia. From various *data* I estimate the Asiatic business at one-eleventh of the whole. Deducting this, we have 1,191,000 words to represent European business, of which the new proposed route would stand a fair chance to secure one-half. I would therefore place the estimate at 595,000 (or 600,000) words instead of 637,595.

Taking this estimate and applying to it the 16·8 per cent. increase, the estimate for 1895 would be 695,000 words, or 31,860 less than your estimate. For 1896 it would be 811,760 words, or 4,362 less. In 1897 it would be 948,000 words, or 42,000 more than your estimate. My calculation would give fewer words for 1895 and 1896 and more words for 1897, and still more in succeeding years.

I have taken the percentage of the period when the tariff was 9s. 4d. per word. If the percentage under a 4s. tariff were taken, the growth would be much greater, and undoubtedly the

result of a reduction in the rates would be an increase in messages, as the table above given shows. I have not dealt with the development of business between North America and Australia, which must in the nature of things be very great when facilities are provided, and will also be tributary to the Pacific cable.

Yours, &c.,

GEORGE JOHNSON, Statistician.

Sandford Fleming, Esq., C.M.G., C.E., Ottawa, Ontario.

5.—LETTER from J. M. COURTNEY, Esq., Deputy Minister of Finance.

DEAR MR. FLEMING,—

Department of Finance, Ottawa, 1st December, 1894.

I have read over very carefully and, I may say, with a great deal of pleasure the blue-books and documents you left with me for perusal in connection with the scheme for laying a Pacific cable to connect this country and Australasia. Both from the fact that it is the pioneer Pacific cable scheme and also from the magnitude of the work itself, the consideration of the subject is to me exceedingly interesting, especially as it has such an intimate bearing on the expansion of the Empire.

In writing to you now, however, I wish to be very careful and to guard the position I take from misconception. I can, of course, have nothing to do with the policy of the Canadian Government, and in the present financial condition of the Continent I could not, if the matter were referred to me, on general principles, recommend any scheme that would increase the liabilities of the Dominion either directly or indirectly. From the examination of the facts and figures, however, submitted by you, I may say I have arrived at the same conclusion as yourself as to the cost of laying down the cable, and, in my judgment, the conclusion arrived at cannot be regarded as over-sanguine or forced in any way.

As to the calculations of revenue, I have, of course, taken your own method, and have divided by two the number of words sent in 1892, taking one-half to come over the new cable. But, as it appears from the documents submitted, the cable could not be in operation for three years yet, or until 1898, even if commenced at once, and, taking the average annual increase in the messages at 15 per cent., the estimate of the work to be done is, to my mind, very low. It would follow, therefore, judging by the expenditure and by the revenue that, as far as I can see, with the limited knowledge at my disposal in the matter, and under the conditions named, the cable line could be laid down and a revenue derived which would meet all the charges.

Of course, in all this it must be understood that I am looking at the financial features of the scheme from the documents before me, and that I have no personal or direct knowledge of the laying or working of cable lines. I do not know that a separate line may not be necessary, or that other contingences may not arise which I have no means of anticipating or foreseeing.

I have, &c.,

J. M. COURTNEY

Sandford Fleming, Esq., Ottawa.

6.—LETTER from W. HEPWORTH MERCER, Esq., Colonial Office, London.

DEAR MR. SANDFORD FLEMING,—

Rideau Club, Ottawa, 11th October, 1894.

Before leaving Ottawa I desire to congratulate you on the evidence which is now in the possession of the Canadian Government that your views as to the cost of laying the proposed Pacific cable were moderate and reasonable. It must be a matter of great gratification to you to find after so many years of controversy and opposition that your estimates are more than borne out by the practical offers now received.

With regard to the question of the prospective revenue of the cable, I have carefully examined the *data* and studied the principles upon which you have formulated the estimates contained in your memorandum dated Sydney, 11th October, 1893, and your letter to Mr. Bowell of 20th July, 1894, and I have satisfied myself that your conclusions are thoroughly sound. Assuming that the cable is to be a Government enterprise, participated in by Great Britain, Canada, and Australasia, I think that the estimates of revenue would at least be fully borne out by actual results.

It seems to me that there is now an excellent case for presentation to the various parties interested, and the Australasian Colonies in particular will no doubt look forward to the accomplishment of an enterprise which will, we may fairly hope, give them an unprecedentedly low telegraphic tariff in return for a smaller expenditure than they have been paying for a comparatively high one.

I hope, speaking for myself, that in a matter of such wide concern, and involving, besides the direct commercial benefits, results the importance of which cannot be estimated in figures or weighed in a balance-sheet, the Australasian, the Dominion, and the Imperial Governments will all be able to join in the project.

I am, &c.,

W. HEPWORTH MERCER.

X.—THE PACIFIC CABLE LETTERS SUGGESTING THE STEPS WHICH MAY NOW BE TAKEN

SIR,—

Ottawa, 5th January, 1895.

I beg leave to add a few words to the remarks submitted in my letter of the 28th December and my memorandum of the 1st December on the establishment of the Pacific cable.

As a direct result of the Colonial Conference held in Ottawa last summer, and the promptitude of the Canadian Government in giving effect to the resolutions passed, the following points are indisputably established (1) The practicability of the undertaking is confirmed, (2) the working of the cable is guaranteed, (3) the estimates of cost are verified, (4) the estimates of revenue are substantiated, (5) the work can be carried out without cost to the taxpayer if the principle of State ownership be adopted.

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."

No. 34.

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

(Telegram.)

Sydney, 1st March, 1895.

WOULD explain that message of 13th forwarded suggestion made Premier, Canada, for a commission to meet in London at once three Commissioners—one Imperial, one Canada, one Australian Colonies. Am anxious to send reply to Ottawa. What are your views? Have no knowledge of any expression of opinion by Mr Ward.

No. 35

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

(Telegram.)

Wellington, 21st March, 1895.

YOUR telegram 13th February Agree joint Commission, but this colony proposes to be separately represented.

No. 36.

The Hon. the PREMIER to Mr. SANDFORD FLEMING.

SIR,—

Premier's Office, Wellington, 27th March, 1895.

I have the honour to acknowledge the receipt of your unofficial letter of the 7th January last on the subject of the Pacific cable.

I have duly received the Hon. Mr Ives' letter of the same date, and it, with its enclosures and your present letter, will receive the most careful consideration of my Government.

I have, &c.,

Sandford Fleming, Esq., C.M.G., Ottawa, Canada.

R. J SEDDON

No. 37

Mr LARKE, Commercial Agent of Government of Canada, Sydney, to the Hon. the PREMIER.

Office of Commercial Agency of Government of Canada, Burns, Philp, and Co.'s Building,

SIR,—

Bridge Street, Sydney, 10th May, 1895.

I beg to enclose a copy of a letter from Sir William van Horne *re* the Pacific cable, which I am instructed by the Canadian Government to transmit to you. Some time since I forwarded a letter from Mr Fleming, and statements showing the necessity of early action and the financial prospect of the cable. This shows its value as a medium of speedy communication. I trust your Government may see its way clear to at least instruct your Agent-General to co-operate with the representatives of the other colonies, as suggested in my previous note.

I have, &c.,

The Hon. R. J Seddon, Premier, Wellington, New Zealand.

J. S. LARKE.

Enclosure in No. 37

The PRESIDENT, Canadian Pacific Railway Company, to Mr SANDFORD FLEMING.

The Canadian Pacific Railway Company, Montreal, 5th April, 1895.

DEAR MR. FLEMING,—

In answer to your inquiries about the Canadian Pacific telegraph system, and its availability as a connection between the proposed Pacific cable and the Atlantic cables, permit me to state that the Canadian Pacific Railway Company has had, since 1886, in successful operation a system of telegraphs along all of its lines of railway, and, directly or by means of its connection with the Postal Telegraph Company and the Pacific Postal Telegraph and Cable Company, reaches all important points in Canada and in the United States, and, by means of its connection with the three trans-Atlantic cables of the Commercial Cable Company, enjoys the best possible facilities for handling European business.

With their present facilities, the Canadian Pacific and Commercial Cable Companies could easily transmit to and from Great Britain and the Continent of Europe five million words of Pacific cable messages a year. The Canadian Pacific telegraph-wires are of high conductivity, and, if the business warranted it, the trans-Continental wires could be worked directly, and, under any circumstances, only one repetition would be necessary between the points of connection with the Pacific and the Atlantic cables. Its lines, moreover, reach the landing-places on the Atlantic coast of the other eight trans-Atlantic cables, and it is able to deliver business to all of them.

On several occasions conversations have been held between London and Vancouver with a single repetition at Canso, and replies received between these two points almost instantaneously.

The company's telegraph-lines run along its own railway, and the facilities for quickly-repairing any breaks that may occur are exceptional. It has, moreover, through its connection with the postal and Pacific postal lines, an alternative telegraph route across the continent always available in an emergency.

A very large percentage of the cable business now transmitted between San Francisco and other American Pacific coast points and Europe, Asia, Australia, &c., is handled *via* Vancouver and this company's trans-Continental line.

I have no doubt that a combination between the Canadian Pacific Postal and Pacific Postal

Companies and the Commercial Cable Company could be made with the Pacific cable which would be of mutual interest and benefit, and that all of the companies named would be prepared to join in such rates as would be necessary to meet any competition that might arise.

Sandford Fleming, Esq., C.E., C.M.G., Ottawa.

Yours, &c.,

W. C. VAN HORNE.

No. 38.

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

(Telegram.)

Melbourne, 22nd May, 1895.

PACIFIC CABLE Have received letter from Mr Larke, Canadian Commercial Agent, asking that Agent-General be instructed to co-operate with representatives of Canada and other colonies in impressing upon Imperial Government the importance of the cable, and in securing information relating to its construction. Mr. Larke also forwards letter, dated 7th March, from Mr Sandford Fleming, urging the early meeting in London of a joint Commission of the Imperial Government and colonies to arrange, subject to approval, a workable plan of co-operation. Mr. Larke also asks us to join in such Commission, which I understand to be that proposed for adjusting details in printed letter of 5th January, from Sandford Fleming to Minister of Trade and Commerce, Canada, and which was to consist of three Commissioners—one for Australian Colonies and New Zealand, one for Canada, and one for Imperial Government, the report and recommendations of the Commission to be subject to approval of each separate colony. I am disposed to instruct our Agent-General to co-operate as proposed, and to join in Commission, and hope to receive a reply that you will similarly instruct your Agent-General, as united action is desirable.

No. 39.

The SECRETARY to the PREMIER to the COMMERCIAL AGENT of the GOVERNMENT of CANADA, Sydney

SIR,—

Premier's Office, Wellington, 27th May, 1895.

I have been directed by the Premier to acknowledge the receipt of your letter of the 10th instant, enclosing one from Sir W van Horne on the subject of the Pacific cable, and asking the co-operation of the Agent-General for New Zealand with the representatives of the other colonies. In reply, I am to state that this Government will not take any steps until after the return of the Hon. the Postmaster-General to the colony

I have, &c.,

ALEX. WILLIS, Secretary

J S. Larke, Esq., Office of Commercial Agency of Government of Canada,
Bridge Street, Sydney, New South Wales.

No. 40.

The Hon. the PREMIER to the MINISTER of TRADE and COMMERCE, Ottawa.

SIR,—

Premier's Office, Wellington, 23rd May, 1895.

I have the honour to acknowledge with thanks the receipt of your predecessor's letter of the 8th December last, transmitting advance copy of Mr. Sandford Fleming's report upon the proposals from cable-manufacturing companies in reference to the laying and maintaining of a submarine cable between Canada and the Australasian Colonies, and of your letter of the 7th January covering copies of further reports by Mr Fleming and Mr Mercer on the proposed Pacific cable. I note the contents of Mr Fleming's memorandum of the 1st December, as well as his letters to you of the 28th of the same month and the 5th January. I have already intimated by cable through the Hon. the Premier of New South Wales that this Government would agree to a joint Commission being appointed to arrange for the adjustment of details concerning the scheme, but that this colony desired to have separate representation.

I have, &c.,

The Minister of Trade and Commerce, Ottawa, Canada.

R. J SEDDON.

No. 41

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

(Telegram.)

Wellington, 24th May, 1895.

YOUR telegram *re* taking united action in respect to Pacific cable received. Hon. Mr Ward has been moving in the matter at Home. Will wait until I hear from him before deciding upon definite line of action.

No. 42.

The Hon. the PREMIER to the Hon. Mr. WARD, London.

(Telegram.)

Wellington, 24th May, 1895.

PREMIER Victoria wishes New Zealand join in Commission, report and recommend matters of detail Pacific cable. What do you advise? Have told him you were moving in matter, and we should do nothing until we heard from you.

No. 43.

Mr. SANDFORD FLEMING to the Hon. the PREMIER.

SIR,—

Ottawa, 9th May, 1895.

I have the honour to submit for the consideration of your Government the following observations respecting the proposed Pacific cable :—

1. At the Colonial Conference held in Ottawa last year a resolution to the following effect was unanimously passed “That the Canadian Government be requested, after the rising of this Conference, to make all necessary inquiries and generally to take such steps as may be expedient in order to ascertain the cost of the proposed cable and promote the establishment of the undertaking in accordance with the views expressed in this Conference.”

2. In pursuance of this resolution steps were taken immediately after the close of the Conference to gain the desired information, and since that date communications have from time to time been forwarded to all the Governments concerned conveying full statements of facts learned or proposals tending to promote the establishment of the undertaking.

The following is a summary of the information obtained (1.) It has been definitely ascertained that a landing-station within the Hawaiian Republic, or on any of the unoccupied islands in the same latitude, cannot be obtained *vide* report of special Commissioner to Hawaii to His Excellency the Governor-General of Canada, 15th November, 1894 [see Enclosure I in No. 32] , *vide* likewise letter to Sir Mackenzie Bowell from Sandford Fleming (April 18th, 1895), submitting copies of informal letters to and from the Minister of Foreign Affairs, Honolulu copy enclosed) (2.) The only island available for the purpose of a landing-station in that mid-ocean region appears to be Fanning Island. (3.) The practicability of establishing a cable from Canada to Australia and New Zealand by way of Fanning Island has been conclusively ascertained. (4.) Tenders have been received from reliable firms for completing telegraph connection between Canada, New Zealand, and Australia by way of Fanning Island. The cable can be laid on this route and its efficiency guaranteed for three years after completion for the total sum of £1,517,000. (5.) It has been convincingly shown that the cable can be established on this route by the co-operation of the several Governments without involving any onerous charge on the Exchequer of either country

In a memorandum (of date 1st December, 1894) on the subject, forwarded in December last, there are carefully prepared estimates of revenue and expenditure supported by the testimony of official gentleman of repute. These estimates go to show that the income from the cable would pay interest on the whole capital after meeting working and all other expenses moreover, that there would be a surplus each year. These estimates have, so far as known to me, never been confuted, and the gentlemen who give their support to them stand so high wherever they are known, that I cannot doubt the general soundness of the conclusion.

3. These are the results of the inquiries made, and the importance of the information obtained may be judged from the fact that the construction of a direct telegraph cable between the Australasian Colonies and Canada was one of the principal objects for which the Conference assembled in Ottawa.

The importance of the information is further emphasized by the following resolution, which was unanimously passed by the Postal and Telegraph Conference held at Hobart in February last, at which all the Australasian Governments were represented. That the Conference reaffirms the desirability of the construction of a Pacific cable, and, in view of its ascertained practicability, the Colonial Governments take steps for the furtherance of the project at the earliest opportunity.”

4. In pursuance of the resolution of the Ottawa Conference, it was, early this year, suggested that a joint Commission be appointed for the purpose of considering the whole subject, and recommending such further action as might seem advisable, the Commission to consist of three members, representing—(1) the Imperial Government, (2) the Australasian Colonies, (3) the Dominion of Canada.

5. Learning that the Hon. Mr Ward, Postmaster-General for New Zealand, had reached London, and that he had taken an active part in the Hobart Conference of February last, the following telegram was sent to Sir Charles Tupper, High Commissioner for Canada in London : “Ottawa, 17th April, 1895.—To Tupper, London.—Australasian advices suggest propriety of Ward and yourself seeing Colonial Minister, and representing importance of Government initiating joint Commission respecting cable.—Bowell.” In sending this telegram it was felt that Mr Ward, who had so recently arrived in England from Australia, could speak for those colonies, while Sir Charles Tupper could speak for Canada, in urging that the Imperial Government should take action in regard to a joint Commission, or in some other manner promote the establishment of the undertaking. Sir Charles Tupper reports that on the 22nd April he had an opportunity, along with Mr Ward and the Agent-General for New Zealand, of discussing the subject at the Colonial Office, and that the discussion led him to the conclusion that the Home Government is not likely to take definite action until informed of the views of the colonies, that the Home authorities are waiting to be informed in regard to the extent of their support, and when advised he thinks the matter will be taken up vigorously by the Colonial Office.

6. The chief purpose of the appointment of a small joint Commission would be to ascertain the financial support necessary and to arrange its equitable apportionment. It seems to be a business-like way of obtaining the mind of the several Governments without irrevocably committing any one of them to a heavy or to any liability. It would even be possible, if the Commissioners were limited in number, for them, as a body, to have direct conference with each one of the Governments, and by this means they could arrange more easily than in any other manner the exact terms upon which the several Governments may best unite in carrying out the undertaking.

7. It will be obvious that, until the terms be settled on equitable principles by some joint authority, there will always be more or less hesitation on the part of the several Governments in deciding what financial or other assistance they should offer. I know of no better means of practi-

cally promoting the object which the Imperial Government, the Australasian Colonies, and Canada have in common.

8. In my judgment, the Commission should be of a tripartite character, unless the Australasian Governments desire a larger representation than proposed—and no great objection would be offered to increasing the number of members. It is quite probable that, owing to the peculiar circumstances which obtain in the Australasian Colonies, all the Governments may not see their way to be directly represented on the Commission. It appears to me that if any three of the colonies agree in regard to the Commission the tacit assent of others may be assured.

9. In renewing the proposal to have a joint Commission constituted as above set forth, I feel that it is only carrying out the intentions of the colonies represented at the Conference last year as expressed in the resolution to which I have already alluded. We shall be glad to learn that your Government assents to the proposal, and is prepared to take early steps to be represented on the Commission. As correspondence by mail is exceedingly tedious, it will be satisfactory to be informed of your decision by telegraph.

Should your Government, or any of the Governments concerned, prefer any other course of action than that proposed, I can only say that it will receive here the most respectful consideration.

I have, &c.,

SANDFORD FLEMING.

The Hon. the Premier of New Zealand.

Enclosure in No. 43.

Mr SANDFORD FLEMING to the PREMIER, Ottawa.

DEAR SIR,—

Ottawa, 18th April, 1895.

I feel it my duty to submit for your information copies of the following informal letters which have passed between Mr Hatch, the Minister of Foreign Affairs, Honolulu, and myself with respect to the matter of a landing-station for the trans-Pacific cable within the Hawaiian group of islands:—

1. Letter to Mr Hatch, of the 17th January, 1895, enclosing a copy of report to His Excellency the Governor-General on the mission to the Hawaiian Government in 1894 likewise pointing out that it would be to the common advantage to have the Canadian-Australian cable touching at some point within the Hawaiian Archipelago.

2. Letter to Mr. Hatch, of the 7th March, 1895, referring to proceedings at Washington during the last meeting of Congress, and the proposal to lay a cable from San Francisco to Japan, touching at Honolulu, pointing out that such a cable and the Canadian-Australian cable, if they formed a junction at Honolulu, would be helpful to each other, and would practically constitute an international cable system connecting North America with Asia and Australasia, further pointing out that nearly all the thirteen cables between Europe and the United States have mid-stations on British or Canadian territory, and that these cables have been worked from the commencement without any difficulty whatever, and further expressing the hope, in view of the general benefits to result, that, while prevented by treaty from leasing an island or granting special privileges, the Hawaiian Government might not feel debarred from allowing the cable from Vancouver to Australia to land at Honolulu and there form a connection with the proposed cable from San Francisco to Japan.

3. Letters from Mr Hatch, of the 1st April, 1895, stating, in reply, that it would be a matter of the greatest congratulation in the Hawaiian Republic if by international agreement Honolulu could be made a telegraphic centre, but, having submitted the matter to the Government of the United States, the Hawaiian Government could not withdraw from the position they had taken while the matter is under consideration at Washington.

I desire to add to the information contained in these letters a few words of explanation. In suggesting that the cable might land at Honolulu, and there connect with a cable from the United States to Asia, it was obvious to me that on commercial grounds it would be an advantageous arrangement, and, beyond its direct utility in accommodating shipping and commerce, a Canadian-Australian cable touching at Honolulu would retain much of its value in a wider aspect, especially would this be the case to the Australian Colonies and New Zealand. The importance of an alternative line of communication from these colonies to England, touching only the territory of a friendly nation at a point entirely removed from the theatre of European complications, is perfectly self-evident. Moreover, in making the suggestion to form a connection at Honolulu, I foresaw that the development of telegraphic traffic on the Pacific, as has been the case on the Atlantic, will soon require increased facilities, and the duplication of the Canadian-Australian cable will in a few years be demanded. It appeared to me inexpedient to lay two cables from British Columbia to the Southern Hemisphere side by side. Experience dictates that they should not be so laid, and that it is best to have two lines of cable separated by some considerable distance. It seemed to me advisable, therefore, to have in view eventually the laying of two cables, one from Vancouver to Queensland, *via* Honolulu, another from Vancouver to New Zealand, *via* Fanning Island and Fiji.

It appears, however, from the position taken by the Hawaiian Government, that the laying of a cable on the former route must be abandoned, or at least deferred.

The route by Fanning Island remains open. We can connect Canada with the whole of Australasia, by way of Fanning Island, at a moderate cost, and no good reason can be adduced why the Pacific cable should not be at once laid on this route. I have unwavering faith in the advantages which will flow from the establishment of this important undertaking. I am perfectly satisfied that, after the first cable shall be stretched across the ocean, traffic will speedily develop to such extent as to demand the laying of a second cable. By that time it is only reasonable to expect that all obstacles to the laying of the second cable by way of the Hawaiian Group will be removed.

Yours, &c.,

SANDFORD FLEMING.

Sir Mackenzie Bowell, Premier

Sub-enclosure 1 to Enclosure in No. 43.

Mr SANDFORD FLEMING to the MINISTER of FOREIGN AFFAIRS, Honolulu.

DEAR MR. HATCH,—

Ottawa, Canada, 17th January, 1895.

I notice by Press reports that you are expected to reach Washington shortly, and I am reminded thereby of having sent to you by last mail a copy of my report on the mission to Honolulu, which you will not have received. Please accept a second copy, enclosed.

The President of the United States has submitted for the determination of Congress the request of your Government to be at liberty to lease to the British Government a portion of Hawaiian territory for landing the cable between Canada and Australia. The President recommends that the assent of Congress be promptly accorded in order that Hawaii may as quickly as possible gain the advantage of telegraphic communication with the rest of the world.

The case laid before your Government last October by Mr Mercier and myself is briefly this. We mentioned that it was determined to connect Canada and Australasia telegraphically, that it can be accomplished in two ways. First, by laying a cable on a route which would have no station nearer the Hawaiian Islands than about 900 miles distant. Second, by a route which would have a station on some one of the Hawaiian Islands. All recognised that in the interest of general commerce it would be desirable to lay the cable by the second route if satisfactory arrangement could be effected with your Government for a landing-station. Hence the mission to Honolulu in which I took part.

I am aware that a preference has been shown in some quarters for a direct cable between Hawaii and San Francisco, and I would only remark that, if the Senate assents to the application of your Government, both cables may eventually be established.

The promoters of the Canada-Australia cable do not ask for exclusive rights to supply telegraphic service to your people, and moreover, in view of the geographical position of the Hawaiian Islands, it would be an admitted advantage to Australian traffic to have a second cable laid to the mainland at San Francisco. As far as the Hawaiian Islands are concerned, it is not necessary for me to point out to you that obviously it would be more advantageous to have cables extending from Honolulu to Australia, and through Australia to Asia, as well as to America, than to have only one cable extending to San Francisco.

Since I returned to Ottawa from Honolulu the Government here has received tenders from the best cable-manufacturers for laying the Pacific cable by both routes mentioned. It will be obvious to you that unless the Hawaiian Government, within a reasonable time, be placed in a position to carry out such arrangement as that indicated in the enclosed papers, we will be obliged to abandon the idea of forming a mid-station within the Hawaiian Archipelago, and proceed with the laying of the cable elsewhere. Personally, I would regret that any necessity should arise for following the latter course.

Believe me, &c.

SANDFORD FLEMING.

Francis M. Hatch, Esq., Minister of Foreign Affairs, Hawaiian Republic.

Sub-enclosure 2 to Enclosure in No 43.

Mr SANDFORD FLEMING to the MINISTER of FOREIGN AFFAIRS, Honolulu.

DEAR MR. HATCH,—

Ottawa, Canada, 7th March, 1895.

I wrote you on the 17th January when it was thought you were on the way to Washington. My letter was forwarded to the representative of the Hawaiian Republic in that city. I enclose a copy, though I have no doubt you will have received my letter by this time.

As the matter now stands, it appears that the Senate of the United States has taken no action on the recommendation of the President to give assent to the application of your Government respecting a lease to the British Government of an uninhabited island for cable purposes. Moreover, no provision has been made by Congress for connecting the Hawaiian Islands telegraphically with San Francisco.

I take upon myself to address you informally on the subject. I am doing so without the authority or even the knowledge of any one connected with the Canadian or British Government, merely as a private individual who since 1880 has taken an active part in endeavouring to have a trans-Pacific cable established in the best and most useful way.

I need not revert to the mission to Honolulu last year. I will only say that it was undertaken on my own recommendation without any knowledge of the treaty which places it beyond the power of the Hawaiian Government to grant a lease such as that asked for. The purpose I have now in writing is to ascertain if there be any other means by which the mutual advantages which would result from telegraphic connection with your country may be secured. In my letter of 17th January I indicated that without an arrangement for landing the cable on one of your Islands we will be obliged to pass them and find a landing-station on Fanning Island on the route to the colonies in Australasia.

Naturally your Government must regard with interest a proposal to lay a cable across the Pacific which, by a slight deflection and some mutual arrangement, would give the people of the Hawaiian Republic direct telegraphic connection at once with America and Australia. It is quite true that your Government is debarred from granting a lease, or special rights, such as were asked for last year but does it follow that ordinary landing privileges may not be offered? There are in all, I think, thirteen cables across the Atlantic to New York, the majority of which touch either at Newfoundland or the coast of Nova Scotia. These have been laid and worked from the commencement without any difficulty whatever, and I can see no reason why a cable from Canada to Australia, touching at any point you may desire in the Hawaiian Islands, may not similarly be established in the common interest. I gathered from what was said last summer that your Government would prefer the trans-Pacific cable to land at Honolulu rather than on a distant island, for the reason

that Honolulu is the point in the republic where shipping and commerce centre. Let us look forward a few years to the time when cables will be laid from San Francisco to Japan, and from Vancouver to Australia, and assume that the two lines intersect at Honolulu. It will be obvious that mutual benefits would result to the telegraphic interests, and likewise to general commerce.

These two great trans-Pacific cables would constitute in effect an international system at Honolulu, the point of intersection. Telegraphic traffic from all points would be interchanged with the greatest facility. There is no hostility between the project of a cable from Vancouver to Australia and another from San Francisco to Japan. There is no reason to anticipate any but the most friendly relations, indeed, they would be most helpful to each other, and they would work together to the common advantage.

In view of these possibilities, which are perfectly clear to me, I would regret to see any necessity for proceeding with the Canadian-Australian cable without touching at your islands. As the matter now stands there is no alternative. It must be laid direct from Vancouver Island to Fanning Island without finding a landing-place on any part of the Hawaiian Group. I am unwilling to think that it is too late to bring about some change by which eventually the advantages referred to would be realised. So long as the treaty is in force you cannot lease any territory or grant any special privileges. But it may not follow that you are debarred from allowing a submarine cable to land on your shores. This, however, is a matter for you to determine, and I will merely add that, if your Government sees fit to make any proposal which will admit of the main line of the cable between Canada and Australia being diverted from its course so as to give your people telegraphic communication, I shall gladly submit it for consideration. In view of the negotiations and arrangements now in progress, allow me to suggest the advisability of as little delay as possible.

I am, &c.,

SANDFORD FLEMING.

Francis M. Hatch, Esq., Minister of Foreign Affairs, Honolulu.

Sub-enclosure 3 to Enclosure in No. 43.

The MINISTER of FOREIGN AFFAIRS, Honolulu, to Mr. SANDFORD FLEMING.

DEAR MR. FLEMING,—

Foreign Office, Honolulu, H.I., 1st April, 1895.

I thank you very much for your letter of the 7th ultimo, and for the copy of your report in the cable matter. The letter addressed to me at Washington has not yet come to hand. I note with much interest your remarks in regard to different lines of cables intersecting at Honolulu, and that in your opinion such lines would be helpful to each other and would work together to the common advantage. This you will remember is in line with the idea we expressed last summer that, logically, Honolulu was the point to touch at in this group. It would be a matter of the greatest congratulation here if by international agreement Honolulu could be made a telegraphic centre. We are fully conscious, however, of the difficulties in the way.

In regard to your closing suggestion that, though prevented by treaty from granting any special privilege, we may not be debarred from allowing a submarine cable to land on our shores, I can only say that, having assumed by our action in submitting the matter to the Government of the United States that the whole subject comes fairly within the scope of the treaty it is almost inconceivable that we could now for any reason withdraw from that position while the matter is under consideration at Washington.

Believe me, &c.,

F. M. HATCH.

[For report on proceedings of the Conference at Ottawa, June, 1894, respecting the Pacific Cable, see A.—5, 1895, pp. 4, 5, 10, and 11.]

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