

consideration. The Company said that if they entered into the Cape route arrangement the price of Government messages would be reduced from 3s. 6d. to 2s. 6d. per word, and press messages from 1s. 9d. to 1s. 6d. There appeared to be no inclination to reduce the price of messages sent by the public. The Company got what concession was possible from the Government by means of a large subsidy, and were prepared to give the Government in return a concession amounting to about £2000. This amount, together with the concession that would be made to the press, would total about £4000 a year. Last year alone, which was a year of reduced traffic, the money collected in excess of the guaranteed amount was £50,000. Yet, in view of this extensive business, the Company was only prepared to make a reduction of about £4000. It seemed to him that such a proposal was inadequate, in view of the large subsidies that the Company had received during the last 20 years. It was not sufficient to induce them to enter into any fresh arrangement. It would be a reasonable proposal on the part of the Company if they had said we will give the public their messages at 4s. That would have reduced the amount of the Company's takings to about the guaranteed amount. After receiving the subsidy for 20 years the Company still wanted the subsidy, and were prepared to make no abatement on the present prices. The Company were disinclined to do anything except on the understanding that the colonies entered into the new project of an alternative route *viâ* the Cape. Instead of a definite plan being arrived at they were no nearer a solution of the matter than at the commencement of the Conference. The last response made by the Company was a very singular one. The telegram received by Mr. Warren stated that the Board had carefully considered the question in all its bearings, and, with every desire to meet the Colonies, it was found impossible to make any reduction in the ordinary charges. The Company said it would involve them in a loss of £60,000 a year. This last suggestion of theirs meant that they wanted the present receipts guaranteed to them, or that they required a guarantee of £45,000 more per year than was guaranteed three years ago. That was the plain English of the proposal. He thought, unless it could be shown that the cable *viâ* the Cape had some advantages for Australia other than from an absolutely strategic standpoint or the sentimental, the Empire point of view, they would not be justified in representing to their respective Governments that arrangements should be made on the basis laid down. Moreover, he did not think the Conference was in a position to make any arrangements with regard to the Cape Cable. That had been practically decided by the Conference of Premiers, whose views had already been communicated to the Home Government. The most this Conference could do would be to give utterance to an expression of opinion regarding this or any other proposal, as they were met primarily to make business arrangements on lines determined by the various Governments. Since the cable project was so absolutely a matter of policy, this concerned the Governments, and it would be *ultra vires* for the Conference to make arrangements with regard to a route not yet in existence. That being so, they were in the position that, since the Company had made no proposal with respect to fresh arrangements when the present subsidy expired, the delegates would have to go home without anything to recommend one way or the other. The Conference of Premiers had, by implication, decided that they would not subsidise this Cape Cable. He was aware this result had not been stated in so many words, but the Premiers had said they would subsidise the Pacific Cable, and had simply let the Cape proposal drop out altogether. A strategic scheme was paid for too dearly on the lines suggested by this Company. If they wanted an alternative route, it should be by means of Canada rather than the Cape. It seemed to him, that at the bottom of all this agitation was the feeling that the present rates were too high for the purposes of business, and the great advantage of an alternative cable under control of Government would be the establishment of competing rates, and the consequent gain to the public. He could only hope that the further negotiations which must undoubtedly take place would result in a more reasonable attitude on the Company's part, and that they would still gain some material concession with regard to the rates given to the public by this very powerful and widely ramified Company. He moved:—

“That, in the absence of any satisfactory proposal from the Eastern Extension Telegraph Company, and of any proposal at all except on the basis of an alternative cable *viâ* Africa, this Conference is unable to make any fresh arrangements with that Company.”

Hon. J. GAVAN DUFFY seconded the motion, and reminded the Conference that in 1872 the relations of the Company and Australia were very different, and the former had actually to go to the Government of South Australia to ask permission to land their cables upon the South Australian shores. But that pleasant state of things for the Governments and people of Australia had gradually undergone a change. They had spoon-fed the Company, and the more they had fed it the more spoon-fed they wanted to be. The first time the Government interfered was in 1879, when it became necessary, on account of frequent breaks, that a duplicate cable should be laid. The Company came forward and said they were prepared to lay it, but would it not be nice for the governments to give a little subsidy. They agreed, and gave £32,400 for 20 years; in other words, the governments of Australia were to pay for the making of that cable, extending over 20 years, and no doubt secured to the colonies a good service. People, however, began to grumble at paying 10s. or 9s. 2d. a word, and the Company were quite willing to reduce it, but suggested it would be nice if the governments would give a guarantee against possible loss. Well, the governments were willing to do some more spoon-feeding, and gave the guarantee, but business was so good that the guarantee practically ran itself out. Now, they had arrived at the present position. There were two matters which got mixed up, but which had no connection with each other. The subsidy of £32,400 that the colonies, except Queensland, gave to the Telegraph Company was in reality the