

Before the Imperial Cable Committee could be called together a difficulty presented itself. In accordance with the original design of the Secretary of State for the Colonies, it had been determined that there should be two representatives for Canada, two on the part of the Australasian Colonies, and two for the Home Government. As it was held to be expedient to adhere to this arrangement it became necessary to reduce the number of the Canadian representatives.

Recognising the importance of the Dominion being represented on the Imperial Committee by the High Commissioner and an ex-Minister of the Crown of the status of Mr. Alfred Jones, I expressed my willingness to retire. On Wednesday, 7th November, I wrote the Secretary of the Committee to that effect, and requested him to inform the Chairman, Lord Selborne, that, as Mr. Laurier, the Premier, had been good enough specially to ask me to assist in the business of the Committee, I was prepared to meet his wishes and those of the Committee itself as far as I was able, and as might be considered expedient.

On 9th November I learned by telegraph from Ottawa that the Order in Council appointing me one of the Canadian representatives in conjunction with Sir Donald A. Smith and the Hon. A. G. Jones had been cancelled, and that a new order had been passed appointing these two gentlemen to serve on the Committee, and myself to act as expert adviser.

On 10th November I received a note from the Secretary of the Committee in reply to my letter of the 7th, conveying, on behalf of Mr. Chamberlain and Lord Selborne, an expression of their thanks, asking me to attend the first regular meeting of the Committee.

The Committee met to receive evidence on the 12th November. I appeared as the first witness, when I submitted my views as they are set forth in Statement No. 1 appended. My examination continued throughout the sitting, as will appear in the printed proceedings.

The investigation was continued from week to week until the middle of December. At the conclusion of the examination of witnesses I placed in the hands of the Canadian representatives, on 16th December, a "note" reviewing the evidence and furnishing additional information which I considered would be useful to the Committee. Had I been recalled I would have embraced the opportunity of submitting this additional information as part of my evidence, for the reason that the facts presented throw light on points of importance, and remove doubts as to the weight which should be attached to the testimony of some of the witnesses.

I beg leave to refer you to my "note" of 16th December, which I append, and ask you to consider it part of this report. (See Statement No. 2.)

With your permission I will briefly summarise the results of the investigation :—

1. All doubts as to the practicability of laying an electric cable from the western coast of Canada to the Australasian Colonies, touching only on islands in the possession of Great Britain, is now entirely set at rest. The best authorities known were examined, and not one of them expressed the least misgiving on this point.

2. It has been definitely ascertained that the total cost of a cable of the type recommended would be less than one and a half million pounds sterling (£1,500,000).

3. The evidence goes to show that the annual charges, including interest on capital, allowance of maintenance and renewal, sinking fund to provide for the replacement of capital in fifty years, together with all ordinary working-expenses, would not exceed the following amounts: Interest at $2\frac{1}{2}$ per cent., £37,500; maintenance and renewal, £70,000; sinking fund, £15,386; working-expenses, £22,114: total annual charges, £145,000.

4. With respect to the earning capability of a cable of the Lord Kelvin type, this is fully discussed in my "note" of 16th December. All the best evidence establishes that, worked with modern transmitting and receiving apparatus precisely as the Atlantic cables are now worked, the Pacific cable would be capable of transmitting twelve paying words per minute. At this rate the cable, fully employed for eighteen hours a day and three hundred days in the year, would transmit 3,888,000 paying words in twelve months. Moreover, this is not the full capacity of the cable, as there would be nothing to prevent it being worked twenty-four hours each day, if business required. It is obvious, therefore, that the cable proposed to be laid would have ample capacity for transmitting a full share of the business for a considerable number of years to come. The whole telegraph traffic between Australasia and Europe in 1895 did not exceed 1,948,369 words, and it is not claimed that more than one-half of the whole would be diverted to the new route. The returns for 1896 have not yet been received.

5. The revenue cannot be definitely ascertained. We have, however, in the existing business, and in statistics respecting its continual growth, excellent data for forming fairly reliable estimates. The Government returns indicate a remarkable vitality in telegraphy between these distant colonies and Great Britain. Notwithstanding the very high charges exacted from 1875 to 1890, never less than 9s. 4d. per word, the number of words transmitted increased within each period of five years 11 per cent. per annum, and during the whole fifteen years the growth was equal to an annual average of 16·8 per cent. Since 1890 the tariff has been lowered from 9s. 4d. to 4s. 9d. per word, and the average yearly increase for each of the five years ending with 1895 has been 27 per cent. While it is not to be expected that this extraordinary growth will be continued indefinitely, there can be no reasonable doubt that a still further reduction in charges on messages, consequent on the completion of the Pacific cable, will stimulate telegraphy and tend further to increase traffic for some time to come. I have already, on various occasions, presented my own views and calculations respecting the probable volume of business in future years. I need not repeat them here. I shall, however, submit carefully prepared estimates based on the opinion of others. In each case it will be assumed that the cable will be in working-order by the beginning of the year 1900, and the estimates will indicate the possible earnings for six years from that date. The gross earnings will be reckoned at the rate of 2s. a word, and from which will be deducted an expenditure of £145,000 annually, the sum considered sufficient to include all charges.