

I have the greatest confidence in the estimates submitted by me, because I believe them to be based on correct data and calculated on sound principles. I have certainly striven to make them moderate, reasonable, and reliable. That the estimates are all that I claim for them, I beg leave to point out has been so far confirmed in a most striking manner. First, with respect to cost: In my letter written at Sydney, New South Wales, 11th October, 1893, and transmitted for the information of each of the Australasian Governments (see Mission to Australia, page 69), I placed the cost of the Fanning Island route at £1,978,000. Tenders for laying the cable on that route were received at Ottawa in November, 1894, and the highest prices in the tender I have mentioned range from £1,517,000 to £1,880,000, and those prices include the cost of maintaining the cable for three years. Second, with respect to traffic: In the same letter of the 11th October, 1893, I estimated that the total number of words which may be expected to be telegraphed between Australasia and Europe would be, in 1894 and 1895, 1,275,191 and 1,453,716 respectively (see page 71). Through the courtesy of the Postmaster-General of New South Wales, I have been placed in possession of the actual number of words transmitted in each of these years—viz., 1,323,241 in 1894, and 1,948,369 in 1895. These authentic returns establish conclusively that the actual business done has exceeded my estimate: that there has been an excess of traffic equal to 4 per cent. in 1894, and no less than 34 per cent. in 1895.

With respect to the proportion of traffic which would fall to the share of the Pacific cable, I beg leave to submit a letter addressed to the Minister of Trade and Commerce, Ottawa, eighteen months ago (28th December, 1894), and I ask that it may be held as part of the statement which I now make: "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 source 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."

In the foregoing letter I have referred to the Eastern Extension Telegraph Company, and pointed out that its business would be diminished by the successful operation of the Pacific cable. The latter, however, would so stimulate telegraphy that in a few years the proportion of traffic which would fall to the share of the existing line would, I have reason to think, equal the volume of business which at present it commands. It is a question for the Governments to consider how far the company may be entitled to claim that its reasonable profits should be made good meanwhile. I have on all occasions recognised that every consideration should be extended to the company whose enterprise established the pioneer cable to Australasia, and first brought the colonies into telegraphic connection with the Mother-country. It is on higher than competitive grounds that a Pacific cable is advocated, and it is impossible to admit that the existence of the Eastern Extension Telegraph must for ever prevent the establishment of a national line across the Pacific. The discussions of the Colonial Conferences of 1887 and 1894 go to show that the Pacific cable is demanded not only by the growing requirements of trade and commerce, but as an essential feature of the development of the telegraphic system of the Empire.

SANDFORD FLEMING.

DOCUMENTS submitted for the Information of the Committee by Mr. SANDFORD FLEMING (8th July, 1896).

1. General conditions under which tenders for laying the Pacific cable were invited—Appendix A. *Not printed.*
2.* The tenders received by the Canadian Government and letters connected therewith: (a) Letter from Sir John Pender, 19th October, 1894; (b) letter from Mr. W. Sharpley Seaton, 19th October, 1894; (c) letter from the Chairman, Telegraph Construction and Maintenance Company, 19th October, 1894; (d) letter and tender of Mr. Francis A. Bowen, 20th October, 1894; (e) tender of Siemens Brothers and Co., 20th October, 1894; (f) tender of Fowler-Waring Cable Company, 19th October, 1894; (g) tender of W. T. Henley Telegraph Works Company, 19th October, 1894; (h) tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 19th October, 1894; tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 22nd November, 1894; tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 24th December, 1895.

Appendix B.—3. Report on tenders by Sandford Fleming, 20th November, 1894; additional report on tenders by Sandford Fleming, 11th December, 1894.

Appendix C.—4. State ownership and revenue: (a) Extracts from Mr. Fleming's address, 2nd July, 1894; (b) extracts from Mr. Fleming's memorandum, 11th October, 1893; (c) extracts from Mr. Fleming's letter, 20th July, 1894; (d) letter of George Johnson, Dominion Statistician, Ottawa, 29th November, 1894; (e) letter of J. M. Courtney, Deputy Minister of Finance, Ottawa, 1st December, 1894; (f) letter of W. Hepworth Mercer, Colonial Office, London, 11th October, 1894.

Advertisement.]

APPENDIX A to Mr. FLEMING'S STATEMENT NO. 1.

The Pacific Cable.—The Government of Canada invites cable-manufacturing contractors and others to state the terms upon which they will be prepared to lay, and maintain in efficient condition, a submarine electric cable across the Pacific from Canada to the Australasian Colonies. General conditions under which the offers are to be made may be ascertained on application at the Department of Trade and Commerce, in Ottawa, or at the office of the High Commissioner for Canada in London. Offers addressed to the undersigned will be received by him until the 1st November, 1894.—MACKENZIE BOWELL, Minister of Trade and Commerce.—Ottawa, 6th August, 1894.

General Conditions.

1. At the Colonial Conference, held in Ottawa between the 28th June and 8th July (inclusive), a series of resolutions was passed relating to the Pacific cable (copies appended). It was resolved, among other things, that immediate steps should be taken to provide direct telegraphic communication between the Dominion of Canada and

*NOTE.—The tenders and letters under this heading are placed in the custody of the Colonial Office for reference and not for publication. As they were received by the Canadian Government in the first place, they are to be returned when required.