

No. 16.

From the Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 10th August, 1898.

PACIFIC cable. Queensland prepared join other colonies guaranteeing four-ninths of cost of construction.

No. 17.

From the Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 11th August, 1898.

CABLEGRAM tenth received. Select Committee here inquiring into Pacific-cable matter. Glad have Queensland with us. Hope communicate with you definitely few days.

No. 18.

Sir SANDFORD FLEMING to the Hon. the PREMIER.

DEAR SIR,—

Ottawa, 5th July, 1898.

I addressed you by letter on the 23rd June. On the 29th June I deemed it expedient to send a telegram to Vancouver to be forwarded by the outgoing steamer of the 30th. The object of this telegram was to qualify my letter of the 23rd, which you will receive by the same steamer. In order to place myself right I feel it my duty to send the following explanations by the next following steamer :—

In the third paragraph from the end of my letter of the 23rd, I stated as follows: "While this apportionment of the liability (viz., Australian Colonies, three-ninths; New Zealand, one-ninth; Great Britain, three-ninths; and Canada, two-ninths) would give to New Zealand an equitable interest, and the Australian Colonies exactly what they agreed at the Melbourne Conference of Premiers to take, it would be less onerous to Canada, and, in my own judgment, more equitable all round. I speak advisedly when I say that I have reason to believe it would be perfectly acceptable to the Ottawa Government."

When I then wrote I felt quite justified in making the above statement. I had addressed Sir Richard Cartwright, who, as Minister of Trade and Commerce, has the subject of the Pacific cable in his hands, and it was on the strength of a note received from him on the 14th June that I addressed you in the terms of my letter of the 23rd June. I have not seen Sir Richard since: he has been and still is away from Ottawa; but I have heard through a mutual friend that he holds the view very strongly that Australia and New Zealand together should assume one-half the whole liability, and leave Great Britain and Canada to bear the other half as they may arrange. Having been so informed I feel it my duty to lose no time in making the correction.

This counter-division adds one-eighteenth to the proportion assigned to the Australasian Colonies, and if Great Britain bears one-third it will reduce Canada's liability by one-eighteenth: that is to say, it would be one-sixth in place of two-ninths. In my judgment it would make no practical difference to Canada whether she assumes one-sixth or two-ninths the liability. It would be a mere nominal liability, and would never cost the Canadian people a single shilling, provided always that the four chief Australasian Colonies embarked in the enterprise with the Dominion, and took a sufficient proprietary interest in it to guarantee that the traffic which they will control would be directed over the new line in sufficient volume to make the undertaking remunerative.

It has been demonstrated over and over again that the cable can be established as a State work without costing Canada, the Australasian Colonies, or the British taxpayer a single penny. If it had been possible to disprove that demonstration it would have been long since disproved by the agents of the Eastern Extension Company. They have, it is true, tried in many subtle ways to throw doubt on it, but the demonstration practically remains unchallenged. The business is so vast and its increase so steady that it will pay interest on capital, maintenance, renewal, sinking-fund, and working expenses, and leave a large margin. Moreover, as another result, the charges on messages would be reduced as profits increased until they reached a lower scale of rates than is now dreamed of. At the risk of repeating myself on this point I will add an extract from a recent letter which I addressed to a Canadian M.P. :—

The cost of the cable has been ascertained to be under £1,500,000, and the most careful experts have calculated that an annual gross income of £150,000 would more than meet interest, sinking fund, working expenses, and maintenance. In the year 1896 the cable traffic between Australasia and Europe, according to Government returns, reached 2,326,984 words. If we reckon the traffic at 3s. a word (the rate between Australia and Europe is 4s. 9d. per word), we have a gross revenue of £349,047, showing very clearly that, even assuming the cable business will never exceed that of 1896, there would be amply remunerative business for the Pacific cable.

But the cable business is progressive. The following is a statement taken from the Government returns of the number of words transmitted in each year from 1891 to 1896: the traffic for last year (1897) has not yet been received :—1891, 1,110,869 words; 1892, 1,321,412; 1893, 1,401,293; 1894, 1,323,243; 1895, 1,948,630; 1896, 2,326,984.

This establishes that from 1891 to 1896 the cable business has more than doubled, and, in view of the stimulating effect of a new line of communication, it is reasonable to estimate that the gross cable business in 1901 will not be less than 4,000,000 words. As 1,000,000 words at 3s. a word will produce £150,000, the revenue required to cover every charge against the Pacific cable, it is evident that if the Pacific cable obtains one-quarter of the Australian-European traffic it will be a paying concern from the first year it can be put in operation.

To my mind there is no reason to apprehend that the Pacific cable will not obtain far more than one quarter of the entire cable business. The Australian land lines are public property, managed by the Post Office Departments,