

ence must, from the nature of the case, be problematical, and be taken subject to correction and variation.

The cost of a single cable from Vancouver to Australia may be roughly put down at £2,000,000. Mr. Sandford Fleming, in his memorandum, calculated that the earnings of the cable would be, at 2s. per word across the Pacific (this would reduce charges between Australia and England to 3s. 3d. in place of 4s. 9d. as at present), £99,465 in 1898*, and that there would be a progressive annual increase till in 1904 they would amount to £153,023. The interest at 3 per cent would be £60,000, the cost of working he put at £60,000, and the renewal fund at £32,000. Thus in seven years from starting, there would be a balance of receipts and expenditure.†

If this statement should prove correct, the liability of the guaranteeing governments would rapidly diminish, and the undertaking would become self-supporting. The general opinion of the Conference was that, if the enterprise is undertaken with proper safeguards, it would entail little or no loss to the contributing or guaranteeing governments. Of its value to commercial enterprise there was but one opinion.

The delegates, some of whom had had business experience of a very practical kind, considered that, having regard to the usual difficulties of diverting trade and to the established advantages and conveniences of existing channels, it would be impossible greatly to enlarge the dimensions of traffic across the Pacific until a cable had been constructed. Telegraphic communication is now an indispensable condition of commercial intercourse, and if that communication is impracticable, or if the rates are excessive, commerce cannot thrive.

It was believed that, if the direct cable were constructed, a great impetus would be given to the trans-Pacific trade, and that, therefore, the cable would not merely compete with the eastern lines in respect of existing trade but would reap the benefit of a new traffic.

I must here state that the South Australian representative did not support the cable resolutions. Mr. Playford, in a very able speech, explained the position of his colony.

In 1872 South Australia, at a cost of £506,000, erected the line across the continent to join the Eastern Extension Telegraph Company's cable at Port Darwin. He calculated the net loss for this service during 21 years at £293,000. He submitted that South Australia and Western Australia, which has also made a junction with the system of the Eastern Extension Telegraph Company, were entitled to consideration from the other Colonies should a new cable be decided upon for Imperial or public purposes in order to make up any additional loss which might occur to them. He did not think that a new line was wanted for business purposes, and he considered that, if laid at all, the cable should be duplicated.

* The year 1898 is chosen, as it is expected that it would take three years to establish the cable.

† Since the conference Mr. Fleming has made a new estimate, according to which, basing his figures on the average normal increase of telegraph business between the Australasian Colonies and Europe, viz., 14 per cent per annum for eight years, and calculating that the lower rate and new business by the proposed route would give an increase of 15 per cent, the gross earnings in 1898 would be £110,000, and in 1904, £209,000. He has also reduced his estimate for interest and working expenses to £90,000.