

to reduce the rates to 6s. per word. [Mr. Bird: "4s. per word."] The remark which had just fallen from a delegate showed how they were deceiving themselves. They were certainly to pay 4s. per word at the counter, but then the company was to receive 2s. per word from the Treasury. He thought it would be far more businesslike to inform the company that they would not pay any guarantee whatever, but would in future pay 6s. per word. The company, owing to its business with the colonies, had become a very wealthy one, and it was unnecessary to offer subsidies. It would be better for the colonies to pay straightforwardly and openly, because it would then induce competition much quicker. The construction of a Pacific cable was not far distant, and by not subsidising this dangerous monopoly you would encourage rival companies to enter the field and offer you greater advantages. If they bound themselves by guarantee or subsidy they would retard the establishment of rival companies. The moment there were any signs of a new company the Eastern Extension Company would reduce its charges to 3s. per word. For the chairman at the Conference held in London had said that the company could afford to transmit cables for 2s. 6d. per word. The Eastern Extension Company know the full value of your cable business too well to let it slip out of their hands, and they require no subsidy, as you will discover in the near future. It was with feelings of great regret that he had to maintain a hostile attitude to all of the other members of the Conference, but what he had said was sincere, and he felt compelled to oppose the proposals. Before leaving Queensland he had laid the matter before the members of the Cabinet and asked their advice. The whole question was fully discussed, and it had been unanimously resolved that, unless very strong arguments and very different ones to those adduced during the last fifteen or sixteen years were put forward, there was no alternative but to adhere to their previous decisions. Such arguments, he was sorry to say, he had not heard. The motive of the Queensland Cabinet was not a selfish one, but they conscientiously believed that their action would benefit the whole of the colonies.

The Hon. J. G. Ward, of New Zealand, had not, like some of the delegates, had the advantage of laying the matter before the Cabinet before leaving New Zealand, as they had not been informed of the subjects to be discussed at the Conference. Immediately upon the termination of the last sitting, however, he cabled to New Zealand, intimating that instead of the E. E. Company's proposals being for three years they were only for twelve months. He also requested the Premier to call a Cabinet meeting, which had been done, and he had just received a reply: "Government are of opinion that New Zealand should stand out." He quoted a paragraph from the report of the directors of the E. E. Company to the shareholders, which conveyed the impression that the arrangement with the colonies was a foregone conclusion. He contradicted the statement made by one of the delegates at the previous meeting to the effect that New Zealand intended to hold aloof through selfishness, for he could prove to them that New Zealand had been very liberal in the matter of cable and mail-service. For instance, they would find, so far as the New Zealand cable was concerned, that the whole of the colonies interested in its maintenance—except New South Wales and New Zealand—declined to subsidise it; and from 1875 to 1886 (for nearly eleven years) New Zealand contributed at the rate of £5,000 a year, and New South Wales at the rate of £2,500. New Zealand took no special credit for that; the cable was a necessity to them, and they never assumed that the other colonies who stood out were actuated by selfish motives. So far as the £5,000 was concerned, that contribution of New Zealand's was paid straight out from the Treasury, without merchants relieving the Government exchequer in any way whatever. Moreover, after this arrangement terminated, New Zealand had to put up with increased cable rates. These were not raised by the Government, and in New Zealand the merchants did not take that quietly, but made every effort possible to have the old rates reverted to. The Government of New Zealand then laid down the policy, from which they have never swerved, that they would not contribute to the cable subsidy, and they have not done so. The whole of the papers bearing on the subject were now in the possession of the Government of New Zealand, and no doubt on receipt of the message he had sent they looked up the matter and fully considered it. His objections were from a monetary point of view, for New Zealand was situated entirely different from the other colonies, and he would not say that if New Zealand occupied a position anything like so favourable as some of the colonies that the Government would be against the suggestions. He found from figures compiled by the Victorian Postal Department, that the saving to New South Wales would be £4,270, to South Australia £1,495, and to Western Australia £173. As he had stated before, had New Zealand entered into the proposal it would cost £16,000 per annum, and that statement had been questioned by some of the delegates. He had again made calculations, and found that the cost would be: duplicate cable, £5,350; guarantee, £7,154 (assuming that there would be an increase of 20 per cent. in the amount of business done); proportion to Tasmanian cable £700, and proportion to Adelaide Transatlantic line £3,013—making a total of £16,217. It was principally the state of trade that ruled the traffic, and not altogether low rates, as was proved by the fact that when the rates were lower on the Australian-New Zealand cable nothing like the amount of business was done as when they were increased, and if they adopted the proposals, and only had an increase of 10 per cent. in the amount of business instead of 20 per cent., it would mean a loss to New Zealand of £17,210 per annum. The returns for 1889 show that £35,668 had been paid out by New Zealand for international and intercolonial cables from the colony. Under the proposal now before the Conference only £18,000 would be paid, or a direct loss to the colony of £17,068. If the offer were accepted for twelve months, the system would have to be continued. It was necessary for New Zealand to be cautious in this matter. They were only a small colony, as was well known, but their resources were large and elastic, their exports greatly increasing, exceeding in two years their imports by over eight millions, which no other colony had ever done. They had, of course, nothing to be afraid of in the expenditure of a sum like £16,000; but he could not lose sight of the fact that they had decided to pursue a policy of retrenchment, and to live within their income. The colony had decided not to borrow for some years. It was the intention of the