

The above note takes no account of Government and Press traffic, which is carried under special conditions. Nor does it deal with traffic between Australasia and the Continent of Europe or America, the rates of which are different by the Eastern and Pacific routes.

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General Manager for the Pacific Cable Board.

[P.C. Rates 05/81-84.]

No. 29.

REPORT OF PACIFIC CABLE CONFERENCE, 1905.

In approaching the consideration of the questions referred to us in connection with the working of the Pacific cable, we have endeavoured to bear in mind that this enterprise was initiated, not merely as a commercial undertaking, but also and largely, for the purpose of promoting Imperial unity. We have deemed it of special importance that this, the first joint commercial enterprise promoted by the various self-governing States of the Empire, should be carried through with success, and have, therefore, aimed at removing all sources of friction between the partner Governments and have sought to accommodate such difficulties as have arisen in the spirit of reasonable compromise.

2. We find from statistics furnished by the Eastern Extension Telegraph Company and the Pacific Cable Board, which are summarised in the appendix to this report, that in the case of New Zealand and all the States of Australia, except New South Wales and Victoria, the Pacific cable obtained approximately in the years 1903 and 1904 the share of the total traffic between Australasia and the United Kingdom, which was anticipated at the time when it was decided to lay the cable; but that in the case of the two Colonies of New South Wales and Victoria the Pacific cable has obtained a much smaller proportion of traffic than was anticipated; and we consider that this result must be attributed mainly, if not entirely, to the fact that the Telegraph Company has been granted special wires and has been allowed to open offices in Sydney and Melbourne under the New South Wales agreement of 16th January, 1901, and the Commonwealth agreement of 8th June, 1903.

3. We do not think that any useful purpose would be served at the present time by discussing the action of the New South Wales Government in entering into the above-mentioned agreement, but it is sufficient to observe that when the Commonwealth Government took over the administration of the Postal and Telegraph Departments of the various States of Australia they found this agreement in existence, and considered themselves bound to recognise and carry it out, unless it could be varied by mutual arrangement between the Government and the company. Accordingly negotiations to that end were entered into, and with a view to the immediate termination of the New South Wales agreement and of certain agreements with other States it was agreed that concessions should be made to the company throughout all Australia, but for a limited term of years only.

4. This Commonwealth agreement was made subject to the approval of the Parliament of the Commonwealth, to be evidenced either by Act of Parliament or by the passing of resolutions affirming the agreement, in and by each House. Such a resolution was passed by the House of Representatives on the 29th July, 1903, and was communicated to the Senate with a request for its concurrence therein. The Senate after discussing the agreement at several sittings finally adjourned the ratification on the 8th September, 1903, with the object of securing that the whole matter should first be discussed at a conference between representatives of the Governments who are partners in the Pacific cable; and the Commonwealth Government agreed in the following month that such a conference should be held, but owing to various unavoidable causes the conference could not be assembled until June, 1905. In the meantime the Australian Government allowed effect to be given to the agreement, by permitting the company to open an office in Melbourne and giving them a special wire to that city.

5. The Commonwealth Government represents that their agreement is more favourable to the interests of the Pacific cable than the New South Wales agreement, inasmuch as the latter was one of indefinite duration, while the former can be terminated after a certain date by giving two years' notice in writing; but we consider it of the utmost importance that the date of the termination of the agreement should be settled now and not be left for decision in 1913.

6. Sir E. Barton claimed, in his letter to Mr. Seddon of 1st June, 1903, that "by reducing the term of the agreement to a reasonable period, the Commonwealth has obtained for the Pacific cable a very great advantage, which cannot fail to be of immense and increasing value," but we feel that this advantage is not definitely secured so long as any doubt remains whether the agreement will or will not be actually terminated after it has been in operation for ten years. We therefore earnestly trust that the Commonwealth Parliament will not ratify the agreement unless clause 25 is amended so as to read, "This agreement shall remain in force until the 31st day of October, 1913, and no longer." The partners in the Pacific cable will then be restored to the position in which they stood prior to the making of the New South Wales agreement, and will then be free to determine their policy unhampered by any agreements arrived at by any of the Governments without previous consultation with the other partners.

7. We are advised that the recital in the preamble of the Commonwealth agreement, that it is desirable to substitute one agreement for certain other agreements, including the New South Wales agreement and the similar agreement with South Australia, Western Australia, and Tasmania, cannot safely be relied upon to prevent the revival of those agreements on the termination of the Commonwealth agreement. We therefore think that an express provision, excluding such revival, should have been inserted in the Commonwealth agreement, and we trust that such a provision will be inserted before the agreement is ratified.

8. We understand, from statements made by Sir E. Barton in the House of Representatives on the occasion of the ratification by that House of the Commonwealth agreement, that the Commonwealth Government has undertaken to grant the Pacific cable equal facilities with the Eastern