

No. 30.

The Hon. the PRIME MINISTER OF THE COMMONWEALTH, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 10th August, 1905.

SHALL be glad receive as early as possible your views as to proposals arising out of recent Conference Pacific cable.

[P.C. Rates 05/88.]

No. 31.

Sir SANDFORD FLEMING, Ottawa, to the Right Hon. the PRIME MINISTER, Wellington.

SIR,— On board s.s. "Virginian," Liverpool to Canada, 31st August, 1905.

I have the honour, as the representative of your Government at the Cable Conference recently held in London, to submit the following report:—

Agreeably to your wishes I left Ottawa to proceed to England on the 8th May, 1905, and reached London on the 19th May. I lost no time in reporting my arrival to the Secretary of State for the Colonies, and shortly afterwards I learned that the Conference would meet on the 21st June at the Colonial Office. I engaged myself during the intervening weeks in acquiring such statistical and other information respecting the working of the Pacific cable and matters bearing thereon as might prove useful in the discussions of the Conference.

The opening of the Conference was deferred from the 21st June to the 22nd June. Meetings were thereafter held until the final meeting on the 28th July. There were in all six regular meetings, the minutes of the proceedings of which were recorded by a stenographer and printed. These meetings were held on the following dates: The first on Thursday, the 22nd June, 1905; the second on Friday, the 30th June, 1905; the third on Wednesday, the 12th July, 1905; the fourth on Monday, the 17th July, 1905; the fifth on Friday, the 21st July, 1905; the sixth on Friday, the 28th July, 1905. A number of informal meetings were from time to time held, at which no stenographer was present, and the proceedings of which were not placed on record.

I beg leave to refer to the proceedings of the regular meetings, in which all that was said by those present and all action taken is placed on record. Much to my regret I have been unable sooner to obtain a copy to transmit to you.

An examination of the proceedings will satisfy you that the aim of the Conference has been to accommodate the differences which have arisen and arrive at a settlement which would be generally satisfactory to the respective Governments.

In the performance of my own duties as your representative I am under many obligations to the High Commissioner for New Zealand in London.

On the first day of the Conference it was suggested that some arrangement might possibly be arrived at in the nature of a pooling arrangement between the Pacific Cable Board and the Eastern Extension Telegraph Company. Aware of the views held by your Government, I could not see my way to assent to this proposal, and I deemed it advisable to begin the discussion by placing before the Conference certain facts as to the share of the whole telegraph traffic which should be regarded as obtainable by the Pacific cable under ordinary circumstances, and also the volume of traffic actually obtained under the exceptional circumstances created by the granting of certain concessions to the company by one of the partners—the State of New South Wales—and subsequently by the Government of the Commonwealth of Australia. I pointed out that the action taken by these Governments had been much more detrimental to the financial interests of the Pacific cable than they probably knew, and that if they were made aware of the fact that the loss of traffic to the State line amounted to £25,000 or £30,000 a year, these Governments would probably much desire in some way to have the matter rectified. The remainder of the first day was occupied in discussions respecting the agreements made by these Governments, and the diversion of traffic from the Pacific cable caused thereby.

On the second day the agreement of the 16th January, 1901, between New South Wales and the Eastern Extension Company was discussed. As under this agreement the concessions granted the company have proved the chief cause of the whole difficulty, I ventured to point out the possibility of removing the cause of difficulty and doing full justice to all concerned. The Commonwealth agreement of the 8th June, 1903, was likewise considered at some length.

On the third day the Commonwealth agreement was again considered, and various suggestions submitted.

On the fourth day the future policy to be adopted by the Pacific Cable Board was considered. Explanations by the Manager and Chairman were heard. A pooling arrangement was again proposed and objected to. A division of traffic was suggested as a solution. The Conference agreed that the Chairman of the Cable Board should open negotiations with the Eastern Extension Company, and I was selected to accompany him when he would meet the Chairman, Sir John Wolfe Barry.

The matter of Australian terminal charges was considered on the fifth day, and the Commonwealth Government invited to make a reduction. The Conference further considered a proposed modification of agreement between the Commonwealth and the company. An amicable arrangement respecting the fair division of traffic was favourably considered, and, failing to obtain such an arrangement, it was agreed that the Pacific Cable Board should forthwith take steps to secure the largest possible amount of Australian traffic by all legitimate methods of business competition.

On the sixth day the policy favoured at the previous meeting was reconsidered, and the proposal to enter into a pooling arrangement again revived. To this end negotiations with the company were referred to, when I explained that the conversation between the two chairmen, Sir