

Spencer Walpole and Sir John Wolfe Barry, was chiefly on the subject of a pooling arrangement in which I declined to take any part, for the reason that the Government of New Zealand was entirely opposed to pooling. On this point I would refer to the proceedings on the sixth day, and I append an extract from a portion of what I said, which appears on page 63. In making the statement, it seemed to me that we had reached a critical stage in the history of the Pacific cable, when by a single step we might "make or mar" the high Imperial purposes which the undertaking was designed to serve. I saw plainly that to enter into the pooling partnership proposed we would endanger, and probably destroy, the Pacific cable as the prime means of securing for the whole British people in both hemispheres cheap ocean telegraphy. Such a pooling partnership as that contemplated would practically transfer the control of the State undertaking to those who had always been its great opponents. The true solution of the difficulties which had arisen, in my judgment, lay in another direction: in a mutual agreement respecting a fair division of traffic between the two cable systems. Such an agreement would be to the advantage of both, as it would render unnecessary a very large expenditure by both parties in competing for business. The principle of dividing the traffic in fixed proportions mutually arranged would be a very simple matter to carry into practice, and there would be no difficulty whatever in adjusting accounts. At the end of each year, so soon as the volume of traffic by both systems should be ascertained, it would merely be required that one party should pay over to the other the money value of traffic obtained in excess of the agreed proportions. After further discussion bearing on a proposal to embrace a pooling arrangement in negotiating with the company, to which proposal I was unable to give my support, the report of the Conference of the 28th July, 1905, was at length adopted, and the Cable Board was authorised to ascertain if the company would be willing to enter into a friendly arrangement in accord therewith, and with the views expressed in the discussions, the terms of the arrangement being subject to the approval of the several Governments. In the event of negotiations making no satisfactory progress in about a month, the Conference decided that the Board should no longer delay taking energetic steps to secure the largest possible amount of Australian traffic by all legitimate methods of business competition.

For particulars I beg leave to refer to the report of the Conference and the printed minutes of the proceedings, both of which accompany this. Owing to delay in receiving from the Colonial Office copies of these documents, I have been unable to report until the last moment before I return to Canada. Should I find that any point of importance has escaped me, I may ask you to receive a supplementary report from Ottawa.

I have, &c.,

SANDFORD FLEMING.

The Right Hon. R. J. Seddon, Prime Minister of New Zealand.

[P.C. ates 05/144.]

### Enclosure in No. 31.

EXTRACT FROM THE PROCEEDINGS OF THE PACIFIC CABLE CONFERENCE, 1905, PAGE 63.

*Sir Sandford Fleming.*—To my mind there is a vast difference between a friendly understanding or stipulation respecting the division of the traffic and a pooling arrangement, and I shall enter into this more fully when we come to the draft report. What is a pooling arrangement? Of course it must depend upon the terms of the agreement between the parties. But is not a pooling arrangement in reality a partnership arrangement, and are we quite sure that a partnership in this particular instance is desirable in the public interest? I am afraid, indeed I am quite sure, it is not. I believe I am not far wrong when I say that it has long been the design of the companies to gain control of the Pacific cable. What did Sir William Mulock point out the other day? He referred to elements at work to destroy the Pacific cable scheme and the great Imperial purposes which moved the six Governments to have it established. I am satisfied a pooling arrangement would prove the narrow end of the wedge, which the company in its own good time would most certainly drive home. It would end, I fear, in control passing from Queen Anne's Chambers to Electra House. I am speaking very plainly, but I feel forced to do it, and I feel it a duty to appeal in the strongest manner that I can against a step at this turning-point which would result in disaster to the public interests. I trust the Conference will not enter into, or authorise the Board to enter into, any pooling arrangement.

### No. 32.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. ALFRED DEAKIN, Melbourne.  
(Telegram.)

Wellington, 1st September, 1905.

PACIFIC Cable Conference: Except suggested pooling, which Government always opposed, have not yet had result Conference deliberations. More important matters are Commonwealth-Eastern agreement, and suggested amendments by Conference, and reduction Commonwealth terminal rate. Pooling proposals for twelve years, and alleged result additional revenue of twelve thousand a year to Pacific cable, and saving nearly nine thousand a year to Board in respect repairing ship. Cable repairs to be undertaken by Eastern Company on terms to be agreed upon. Under proposals, company's agreements with States suspended, and offices in Australia closed; but if pooling terminated by Cable Board at end of term, agreements with company to be revised. How Pacific cable is to benefit, and what Eastern Company is to receive in return, not indicated. Meantime have cabled Chairman of Board through High Commissioner for fuller particulars. Are you yet in position favour me with your views?

[P.C. Rates 55/70.]