

In 1903-4, annuity of £113,545 was reduced to	£87,751 4 5
In 1904-5	75,849 18 6
In 1905-6	72,856 1 10
In 1906-7	54,923 12 2

Here we have obvious proof that this highly important joint State undertaking is in a prosperous condition. We find that the revenue from traffic not only meets all current expenses, but yields a surplus which in the past year discharged half the annuity, designed to pay off in fifty years the whole original capital of £2,000,000, and at the same time to provide a reserve fund sufficient to replace the cable itself when found necessary. These facts are most encouraging, and but for the loss of earnings from removable causes, hereafter referred to, the revenue from this Imperial undertaking would prove far more than ample for every purpose.

The establishment of the Pacific cable, the most important section of the world-encircling chain, by six Governments co-operating as a unit, is a great step forward, and its value can scarcely be overestimated. In connection with State-owned Canadian land-lines and an Atlantic cable, it would complete the Imperial system between England and Australia, but a serious difficulty is presented which inevitably must soon be faced. While it cannot be forgotten that the Canadian route is absolutely the only route by which the globe may be girdled by a chain of British cables, none will be more surprised than Canadians themselves to learn that the most serious obstacle to the consummation of this great Imperial telegraph project is found in Canada.

There is no denying the fact that Canada is the only country within the wide range of the British Empire where the telegraph system is not, like the postal system, a service of the State. Since the Pacific cable was completed five years ago the mass of messages which have passed between Australia, New Zealand, and England, through the Dominion, has been transmitted by the wires of the Canadian Pacific Railway Company. Considering all the conditions, the transmission by this means has been effected with a commendable degree of accuracy and speed. But complaint continually comes from Australia that provoking delays in the transmission of messages are frequent. This is owing to interruptions in the Dominion, and it is scarcely surprising that an outcry is raised, and the question asked, why is the Canadian telegraph system not nationalised, and all cause of complaint removed?

It is urged with good reason in Australia and elsewhere that Canada as a partner in the Pacific cable is interested in its financial success and cannot be indifferent to the loss of traffic which interruptions entail. In Australia competition between the Pacific and the Eastern cable route to Europe is so severe that the stoppages and delays referred to call forth many regrettable difficulties, and the loss of a great many customers is the consequence. The evidence goes to show that even the most prominent cable-users whose sympathies are with the Pacific route have been compelled to transfer their patronage to the rival route. For these reasons a large share of the telegraphic traffic is lost to the Pacific cable, and obviously a remedy is called for.

I append two documents which I trust will be found instructive: (1) An explanatory note referring to various points bearing on the address of the Board of Trade submitted to His Excellency; (2) a memorandum on the Empire cables, and the benefits to result from nationalising the Canadian inland telegraph system and establishing an Atlantic cable under the control of the Canadian Post Office Department.

Time will be required for the consideration of these proposals before a satisfactory final determination can be reached. Meanwhile it is desirable that as little time as possible be lost in taking steps to diminish the delays in the transmission of Pacific cable traffic through Canada, and the loss of revenue which is thereby caused.

The gravity of the matter will be understood from the following statement compiled from a detailed list of stoppages in the transmission of the traffic of the Pacific cable across the Dominion in four consecutive years:—

In 1903 there were	33 interruptions,	aggregating about	166 hours.
In 1904	27	97 hours.	
In 1905	22	42 hours.	
In 1906	50	183 hours.	

The cable itself from Australia and New Zealand, across the Pacific to British Columbia, is reported to have been in perfect order in all respects. The stoppages to the transmission of messages have all arisen in Canada. In 1903 there were three interruptions of twenty-two, thirty-one, and fifty-five hours respectively, but the most serious interruptions were last year, 1906. There were fifty stoppages in all, and they caused an aggregate delay of 183 hours 41 minutes. On one occasion, between 11 p.m. on the 6th December and 3.15 p.m. on the 10th December, all transmission of messages was stopped for 82 hours and 20 minutes—that is to say, for nearly three and a half days.

These interruptions were chiefly between Bamfield, the terminus of the Pacific cable on the outer coast of Vancouver Island, and the City of Vancouver, the terminus of the Canadian Pacific Railway on the mainland of British Columbia; and here it may be remarked that there is undoubtedly a great practical advantage in having the telegraph-wires hung along a line of railway where they are continually under inspection, and in a position where repairs can most easily be effected.

To overcome the present difficulty two courses are open—(1) the Pacific Cable Board may extend the cable by a branch from Bamfield to Vancouver, or (2) arrange with the C. P. R. authorities to make good the connection in some efficient manner. In a few years the second transcontinental railway, the Grand Trunk Pacific, will be completed, and by laying a connecting cable from Bamfield to Prince Rupert there will be another channel available for transmitting telegraph business across the continent. Again, the Canadian Northern Railway, already well advanced,