

# CORRESPONDENCE.

P.86/3709.

FROM MR. SANDFORD FLEMING, C.M.G., TO THE CHIEF SECRETARY OF VICTORIA.

Sir, Ottawa, Canada, 4th November, 1887.

I beg leave to address you on behalf of a company whose object is to connect the Australian Colonies telegraphically with the Dominion of Canada, and through Canada with Great Britain.

The \* printed documents which I have the honour to enclose include communications which show that the Government of Canada has taken the initiative in endeavouring to obtain the assistance of Her Majesty's Government as well as the co-operation and assistance of the several Colonial Governments interested in the undertaking.

Since the dates of the within documents the Pacific and Atlantic coasts of North America have been brought into telegraphic connexion by a new telegraph system, the main line of which crosses the continent by the route of the Canadian Pacific Railway. The new system extends, or will shortly extend, to all the principal cities in Canada and the United States; in connexion with an Atlantic cable it connects Vancouver, the western terminus of the Canadian Pacific Railway, telegraphically with England.

On behalf of the company I represent, I have effected arrangements by which Australian telegraphic messages on reaching Vancouver can be transmitted to England at remarkably low tariff rates.

From London to Vancouver is two-fifths the whole distance to Australia, and it is proposed to establish telegraphic connexion over the remaining three-fifths by laying electric cables across the Pacific from Vancouver.

The total length of cable to be laid, allowing for slack, is estimated at 8,900 nautical miles.

A moderate subsidy from each of the several Governments will enable the company to complete the undertaking and secure to the Colonies a very great reduction in the cost of telegraphy, together with the important advantages which will accrue from the possession of a new and independent line of communication.

The rate at present charged for the transmission of ordinary messages between England and Victoria is nine shillings per word. On the opening of the new line the charges will certainly be reduced to four shillings per word, and the company will be prepared to enter into engagements which will secure a still further reduction. It is firmly believed that with the new line established, and an improved system of working introduced, in a short time the business will be greatly augmented, and the charges will be lowered to three shillings per word, eventually to two shillings and sixpence for the whole distance.

The annual subsidy required to secure the establishment of the line, as estimated by a committee of gentlemen in London last July, for the High Commissioner for Canada, will be found at page 27\* of the accompanying documents. If the arrangements therein referred to with the Imperial Government be effected, the estimated subsidy may be apportioned as follows:—

(1.) Great Britain, on behalf of the United Kingdom, India, and the Crown Colonies	...	...	£45,000
(2.) Canada	...	...	9,000
(3.) Queensland	...	...	9,000
(4.) New South Wales	...	...	9,000
(5.) Victoria	...	...	9,000
(6.) New Zealand, Tasmania, and Western Australia	...	...	9,000

£90,000

\* Printed on  
Appendix I,  
pages 27-28.

\* See Appendix  
I, page 27 of  
this Volume.

If your Government should have a preference for assisting the enterprise in part on the principles laid down on pages 16, 20, and 25,\* the fixed subsidy might proportionately be diminished. I would venture to suggest that a bonus which would be equal to four per cent., or one twenty-fifth part of the savings effected in each year by the reduction in rates on the gross foreign telegraph business of the colony, would admit of a considerable reduction in the subsidy. If assistance takes this form, it is obvious that for every two shillings and one penny (2s. 1d.) saved, the community would gain directly and indirectly two shillings, while the odd penny would become payable to the company by whose instrumentality the gain would be effected. Whatever the amount of subsidy, a direct equivalent is offered in return on the part of the company. Referring to pages 10, 17, and 28,\* it will be seen that it is proposed to transmit all Government messages free of charge, thus affording to each contributing Government a direct return in each year for the whole subsidy granted.

No one can doubt that the establishment of telegraphic connexion by the new route between the Australian Colonies, New Zealand, and Great Britain will prove of great advantage to Victoria and to the whole Colonial Empire. I trust, therefore, it may be confidently assumed that your Government will co-operate in carrying out a work of so much general importance.

Under the circumstances in which I write, I hope I may be pardoned for addressing you, and I may be permitted to add that it will be a great satisfaction to all interested in the question I have ventured to bring before you to learn in what form your Government will be disposed to assist in promoting the undertaking.

I have, &c.,

SANDFORD FLEMING.

THE HONORABLE THE CHIEF SECRETARY OF VICTORIA,  
MELBOURNE.

P.86/3710.

FROM MR. SANDFORD FLEMING TO THE CHIEF SECRETARY OF VICTORIA.

SIR,

Ottawa, Canada, 8th November, 1886.

I had the honour to address you a few days back in reference to the proposal to connect the Australian Colonies and New Zealand telegraphically with Canada and Great Britain by a direct cable across the Pacific Ocean. I now beg leave to enclose \*parliamentary returns bearing upon the subject.

It will be seen by these papers that the question of establishing a submarine telegraph across the Pacific has for several years back been before the Canadian Government.

I have, &c.,

SANDFORD FLEMING.

THE HONORABLE THE CHIEF SECRETARY OF VICTORIA,  
MELBOURNE.

No. 48/87.

FROM THE SECRETARY TO THE PREMIER TO MR. SANDFORD FLEMING.

Premier's Office,

Melbourne, 6th January, 1887.

SIR,

I have the honour, by direction of the Premier, to acknowledge the receipt of your letters, dated the 4th and 8th November last, respectively, submitting a proposal to connect the Australian Colonies by telegraph with the Dominion of Canada.

Mr. Gillies desires me to inform you that the subject will receive consideration.

I have, &c.,

E. J. THOMAS,

Secretary to the Premier.

SANDFORD FLEMING, Esq., C.M.G., &c., &c.,  
OTTAWA, CANADA.

\* Returns (43), 4th Session, 4th Parliament of Dominion of Canada, 43 Vol. 2835—not reprinted. For abstract of the contents, however, vide Appendix C to the memorandum enclosed with this letter.

\* See Appendix I, pages 20, 42, 43.  
\* See Appendix I, pages 20, 42, 43.  
\* See Appendix I, pages 20, 42, 43.  
\* See Appendix I, pages 20, 42, 43.

P.87/280.

FROM THE SECRETARY THE PACIFIC TELEGRAPH COMPANY LIMITED, LONDON,  
TO THE PREMIER OF VICTORIA.

Pacific Telegraph Company Limited,  
34 Clement's-lane, Lombard-street, London, E.C.,  
8th December, 1886.

SIR,

I am instructed to notify to you that a company, under the above title, was registered in London on the 23rd November, 1886, and that its first meeting was held yesterday.

The capital of the company is two millions sterling.

It has been formed for the purpose of establishing an entirely new line of telegraphic communication between England and Australasia—a line under exclusively British control. Favorable terms having been secured by the company for the transmission of their messages between England and Vancouver Island, all that will remain to complete the chain of communication will be the laying of a submarine cable from the latter point to New Zealand and Australia, touching at Hawaii and Fiji. The soundings already taken by the U.S. surveying ship *Tuscarora* along the projected line afford the certainty that the Pacific Ocean bed will be found extremely favorable for laying the proposed cable.

The following advantages are confidently claimed for the scheme:—

1. That, from an Imperial and strategic point of view, it is impossible to over-estimate its importance. It will, in fact, supply the one essential link which is now wanting to complete the chain of Imperial security. It will place our Pacific fleet in direct relations with the Home Government on the one hand, and with Australasia on the other, while affording in case of war the only trustworthy communication between England, Australasia, India, and the East. The land lines used by the company, being exclusively on British territory, will be completely protected in time of war, and following, as they do, a main line of railway, will be at all times under constant supervision, and not liable to interruption.

2. The Continent of America will be placed for the first time in direct electric communication with Australasia and the islands of the Pacific, and a great development of the Pacific trade must follow as a natural consequence.

3. The company will be enabled to reduce materially the existing tariffs between England and Australasia.

The signatories to the Articles of Association, whose names I annex, are gentlemen of influence in England or occupying positions in the Dominion of Canada and Australasia, and representing, as they do, the varied interests of the Home and Colonial possessions, they accurately reflect the amount of support which the company may expect to receive from their respective Governments.

It is the desire of this company to enter into negotiations with the Government which you represent, and with the other Governments interested, with the view of obtaining from them assistance in carrying out this important Imperial project, and I shall hope to learn from you that your Government will look with favour on the scheme, and will afford it their countenance and support.

I have, &c.,

OWEN JONES,

Secretary (*pro tem.*) Pacific Telegraph Company Limited.

*List of Signatories to the Articles of Association of the Pacific Telegraph Company Limited.*

The Earl of Milltown, representative peer of Ireland in the Parliament of Great Britain.

Sir Donald A. Smith, director Hudson's Bay Company, Montreal.

Sir James P. Corry, Bart., M.P., member for Armagh in the Parliament of Great Britain.

Sir Daniel Cooper, Bart., London.

The Viscount Folkestone, M.P., member for Middlesex in the Parliament of Great Britain, Comptroller of H.M. Household.

Hugh G. Reid, Esq., J.P., Warley Hall, near Birmingham.

Sir Alfred Slade, Bart., Receiver-General of H.M. Inland Revenue.

Sandford Fleming, Esq., C.M.G., director Canada-Pacific Railway and Hudson's Bay Company, Ottawa.

J. Henniker-Heaton, Esq., M.P., member of Parliament of Great Britain for Canterbury.

E. M. Young, Esq., banker, London, general manager of the Australian Mortgage, Land, and Investment Company.

Edward Palliser, Esq., late captain 7th Hussars.

Randolph C. Want, Esq., solicitor, London.

Sir W. J. Clarke, Bart., Queen-street, Melbourne.

The Hon. P. Perkins, London, late Minister of Public Works, Queensland.

Sir Samuel Wilson, Bart., M.P., member for Portsmouth in the Parliament of Great Britain.

The Hon. Murray E. G. Finch Hatton, M.P., member for Lincolnshire in the Parliament of Great Britain.

George Coote, Esq., F.S.I., Smeetham Hall, Sudbury.

No. 300/87.

FROM THE SECRETARY TO THE PREMIER TO THE SECRETARY PACIFIC TELEGRAPH COMPANY LIMITED.

SIR,

Premier's Office,

Melbourne, 27th January, 1887.

I am directed by the Premier to acknowledge the receipt of your letter of the 8th December last respecting the establishment of the Pacific Telegraph Company Limited, and requesting that the company may receive the support of this Government.

I am to state that the subject-matter of your letter will receive due consideration.

I have, &c.,

E. J. THOMAS,

Secretary to the Premier.

THE SECRETARY PACIFIC TELEGRAPH COMPANY LIMITED,

34 Clement's-lane, Lombard-street, London, E.C.

No. 482/87.

FROM THE SECRETARY TO PREMIER TO THE SECRETARY PACIFIC TELEGRAPH COMPANY, LONDON.

SIR,

Premier's Office,

Melbourne, 9th February, 1887.

In continuation of my letter of the 26th ultimo., No. 300, I have the honour to inform you that your letter of the 8th December, asking the co-operation of this Government in connexion with a proposal to establish telegraphic communication between England and Australasia *via* America, has had careful perusal by the Honorable the Postmaster-General, as well as by Mr. Gillies himself.

In reply, I am directed by Mr. Gillies to say that the improving of cable communication with Australasia is a subject the importance of which is fully apprehended by this Government. You will, no doubt, however, be aware that a Conference is about to be held in London, of representatives of the principal Colonial Governments, and that the question of the promotion of commercial and social relations, by the development of postal and telegraphic communication, is to have a prominent place in the deliberations of the Conference.

Under these circumstances, it would seem desirable to wait the result of the proceedings of the Conference before dealing with matters of the nature referred to.

I enclose for your further information a copy of the despatch from the Right Honorable the Secretary of State for the Colonies relative to the Conference, in paragraph 5 of which you will observe the passage referred to relating to this subject.

I have, &c.,

OWEN JONES, Esq., Secretary *pro tem.*,

E. J. THOMAS. }

Pacific Telegraph Company Limited,

Clement's-lane, Lombard-street, London.

[ENCLOSURE.]

*Extract from Despatch from the Secretary of State for the Colonies to the Governor of Victoria.*

Downing-street, 25th November, 1887.

5. Second only in importance to this great question is one concerning in a special degree the interests of the Empire in time of peace. The promotion of commercial and social relations by the development of our postal and telegraphic communications could be considered with much advantage by the proposed Conference. It is a subject the conditions of which are constantly changing. New requirements come into existence and new projects are formulated every year. It is obviously desirable that the question of Imperial intercommunication should be considered as a whole, in order that the needs of every part of the Empire may, as far as practicable, be provided for, and that suggestions may be obtained from all quarters as to the best means of establishing a complete system of communications without that increased expenditure which necessarily results from isolated action.

P.87/280.

FROM THE AGENT-GENERAL TO THE PREMIER.

Victoria Office, Victoria-street, Westminster, S.W.,

SIR,

24th December, 1886.

In continuation of previous correspondence on the subject of transatlantic telegraphic communication, I have the honour to enclose for your information copy of a letter which I have received from the Pacific Telegraph Company Limited, submitting for your consideration, and that of the other Governments interested, a proposal for the establishment of a new line between England and Australasia, to be exclusively under British control.

I have also received, on the eve of closing the mail, a letter from the Eastern Extension Telegraph Company with reference to the question of cheapening the cable charges between the Australasian Colonies and Great Britain. A copy of this letter, with its enclosures, is also forwarded herewith for your information.

I have, &amp;c.,

THE HONORABLE THE PREMIER, MELBOURNE.

GRAHAM BERRY.

[ENCLOSURE 1.]

*Vide P.87/230 ante.*

[ENCLOSURE 2.]

*The Eastern Extension, &c., Telegraph Company Limited.*

50 Old Broad-street, E.C.,

SIR,

23rd December, 1886.

I have the honour to inform you that, in view of the Conference proposed by the Secretary of State for the Colonies, to be held in this country early next year, I have forwarded a letter to your Government, containing information in regard to the existing telegraphic communication, and as to the best manner, in my judgment, of cheapening the cable charges between the Australasian Colonies and Great Britain, and enclosed I send you a printed copy of the letter for your information.

I also enclose a copy of a memorandum which I have forwarded to the Colonies in reference to the proposed Pacific cable.

I have, &amp;c.,

SIR GRAHAM BERRY, K.C.M.G., &c., &c.,  
AGENT-GENERAL FOR VICTORIA.

JOHN PENDER,  
Chairman.

[SUB-ENCLOSURE 1.]

*The Eastern Extension Australasia and China Telegraph Company Limited.*

Winchester House, 50 Old Broad-street,

SIR,

London, E.C., 23rd December, 1886.

As the question of Imperial intercommunication, which will doubtless embrace submarine or international telegraphic communication, is referred to in the published

despatch addressed by the Secretary of State for the Colonies to the Colonial Governors, as one of the subjects for consideration at the Conference proposed to be held next year, and as the Eastern Extension Company, over which I have the honour to preside, is the pioneer of telegraphic communication with Australasia and is anxious to further serve the Colonies in every possible way, I take an early opportunity of placing before you the accompanying information in regard to the existing submarine telegraph cables and as to the best manner, in my judgment, of establishing cheap tariffs, in order that your Government may be in possession of all the facts of the case before deciding upon the instructions which they may deem it right to give to the delegates who will represent them at the Conference.

The Australasian Colonies are at present in telegraphic communication with the rest of the world by means of the Eastern Extension Company's cables as far as India and China; with Egypt, Africa, Europe, and the rest of Asia, by the lines of the Eastern Telegraph Company, the Indo-European Government Telegraph Department, and the Indo-European Telegraph Company (with which administrations the Eastern Extension Company has a working agreement), and with America, North and South, by the numerous cables laid across the Atlantic.

This communication between Australia and the outer world was established by the Eastern Extension Company in 1871, without subsidy or assistance of any kind from the Colonies or the Imperial Government, and, subsequently, when the importance of telegraphy became more fully recognised, and a duplicated system a public necessity, not because a single line was unequal to the transmission of the traffic, but in order to provide against the interruptions inseparable from a single line of cables, the Colonies of Victoria, New South Wales, South Australia, and Western Australia agreed to give the company a subsidy of £32,400 per annum for twenty years, to enable it to duplicate the cables between India and Port Darwin. Since then external submarine telegraphic communication may be said to have been practically uninterrupted, a result due to the duplication, and in some sections triplication, of the company's cables, and to the fact that they are laid for the most part in shallow water, and consequently easily repaired at almost all seasons of the year.

Thus the Colonies are at present furnished with a complete and efficient telegraphic service by the existing cables, which are not only equal to the transmission of a much larger traffic than they now carry, but enjoy the immense advantage of being under English control and worked by English operators throughout their whole length. It is true that objections have been made to the present communication on the ground of its being dependent upon a single land line through Australia, but this defect could be at once and at no great cost remedied by connecting the telegraph systems of South Australia and Queensland, a proposal which the Eastern Extension Company has long urged, and to carry out which has offered to lay a cable at its own expense from the River Roper to Normanton.

I may here point out that while the route between Australia and China and Europe followed by the cables of this and the allied companies is incomparably the most secure in time of peace, it would be the more surely and easily protected in time of war, inasmuch as it is one of the sea routes most frequented by the mercantile marine, and would, therefore, be the special object of the vigilant care of the Royal Navy.

I would, therefore, submit that the existing company, as the pioneer of telegraphic communication with Australasia, is entitled to a large share of consideration at the hands of the Colonies, and should have the earliest opportunity afforded to it of learning the views of the Colonial authorities as to any increased telegraphic facilities which may be desired, so that it may endeavour to meet their wishes as far as lies in its power.

With regard to the question of cheap tariffs, which has for some time past engaged the attention of the Colonies, there is no doubt that the existing charges are an obstacle to the general use of the telegraph. The Eastern Extension Company and its allied companies cannot, however, be reasonably asked to run the risks which a large reduction would involve, seeing that theirs is a commercial enterprise, and that after fifteen years' working they are only enabled to give a moderate return to their shareholders. They have already considerably cheapened telegraphy by reducing the original rate of £9 9s. for twenty words to a word rate of 9s. 4d. for public messages, and 2s. 8d. for the press, which for the distance traversed is one of the lowest press rates on record. The latter reduction the companies had long striven to bring about, and were only lately able, after patient and persistent effort, to overcome the opposition



to it by certain Government administrations. They have, moreover, shown in every possible way their desire to further reduce the tariff, and amongst other propositions submitted to your Government, the Eastern Extension Company has, subject to the assent and co-operation of the other interested administrations, offered to make the rate any figure acceptable to the Colonies down to the limit of their outpayments (at present 2s. 4d. per word), provided the average receipts for the last three years are guaranteed to them by the Colonies. The acceptance of this offer would of course reduce the companies' risk to a minimum so far as the traffic is concerned, but their responsibility of maintaining an efficient service would remain unchanged; on the other hand, it would give the Colonial Governments full control over the tariff, and enable them to establish a cheaper rate and on more favorable conditions than could be obtained in any other way.

If the tariff were reduced to 4s. per word, and 100 per cent. increase of traffic took place, the amount of guarantee required would be about £55,000, which, based on the 1884 Census and spread over all the Colonies, would be from—

Victoria	...	...	...	£16,353
New South Wales	...	...	...	15,672
New Zealand	...	...	...	9,599
South Australia	...	...	...	5,321
Queensland	...	...	...	5,274
Tasmania	...	...	...	2,221
Western Australia	...	...	...	560
				<hr/> £55,000

Opinions have been frequently expressed by leading colonists and by the public and press that a large reduction of rates would lead to a correspondingly large increase of traffic. If these views should prove to be well founded, the suggested guarantee would be practically nominal. I cannot, therefore, help thinking that the guarantee proposal submitted by the Eastern Extension Company would be the solution of the tariff question most beneficial to the telegraphing public generally, and well worthy of the consideration of the Imperial Government and the Australasian Colonies.

As I am anxious that your Government should have the fullest possible information on the subject, which the company from their long practical experience can furnish, I have instructed the company's agents to accept from you and transmit as "service messages" all telegrams you may wish to forward to the company bearing upon this particular question.

I am, Sir,  
Your most obedient humble servant,  
(Signed) JOHN FENDER, Chairman.

TO THE HONORABLE THE POSTMASTER-GENERAL OF

[SUB-ENCLOSURE No. 2.]

*Memorandum relative to proposed Pacific Cable.*

My attention has been drawn to a proposal for the establishment of submarine telegraphic communication between the Australasian Colonies and Canada, *via* the Pacific.

As a scheme having this object in view has been for many years contemplated, and has received the careful consideration of the telegraph companies of which I am chairman, I may perhaps be permitted to state the grounds on which it has been regarded as one not calculated in the long run to attain the objects for which it is advocated, *viz.* :—

A substantial and permanent lowering of the tariff; and,

Secondly, the providing of a reliable alternative route, especially in time of war.

It is not disputed that to provide a *single* line of cables only between Australasia and Vancouver would require a capital of £2,000,000, but to put the line on the same footing of security as the existing telegraphic service, which is duplicated and in some places triplicated, a capital of over £4,000,000 would be required.

On the other side will be seen two estimates\*, one based on the figures said to be given by the promoters of the Pacific cables, and the other on the experience of the several submarine telegraph companies with which I have been for many years connected, and which, I have no hesitation in stating, are figures that can be confidently relied upon.

Assuming for a moment the accuracy of the first, or promoters' estimate, it will be seen that in consideration of a subsidy of £100,000, the tariff is to be fixed at 4s. a word. But the companies which I have the honour to represent have offered the same tariff in consideration of a subsidy of £75,000 a year, and on the guarantee principle suggested by the companies a 4s. rate might be established on still more favorable conditions to the Colonies.

Let me now examine the promoters' estimate with a view to ascertaining how far the figures set forth in it are likely to be realized. Judging by the light of the experience gathered during many years of submarine telegraph management, I cannot estimate the expenses of working a single line of cables connecting Australia and Vancouver Island at less than £135,000 a year, or £85,000 a year in excess of the promoters' estimate. Again, the estimate of receipts seems to be greatly exaggerated. Assuming that a Pacific cable would take half the existing traffic with 100 per cent. increase, in consequence of the reduced tariff, the result would be a net revenue of £175,000 a year, or only just sufficient to meet debenture interest and working expenses.

From the above statement I think I am entitled to say that the establishment of telegraphic communication by the Pacific would merely operate to saddle the Colonies for 25 years with an annual payment of £100,000, at the same time augmenting the total capital invested in providing telegraphic communication between the Colonies and Great Britain by the large sum of £2,000,000 in the case of a single line, or £4,000,000 if it were duplicated.

It is urged, however, that admitting in time of peace the present means of communication are adequate, in time of war the existence of an alternative route would be a great advantage. The reply I would make to this is that it would be impossible for the British Government, however anxious to do so, to provide the necessary means of protection in the case of cables laid across the Pacific, far away from the routes followed by merchant ships, and at immense distances from coaling stations. Moreover, the Pacific line would necessarily consist of long stretches across enormous and practically unsurveyed depths, terminating on coral reefs, and would, consequently, be exposed to constant interruptions, which would render its maintenance most costly and difficult.

Instead of a Pacific cable benefiting the Colonies, I believe that the laying of such a line would only benefit its promoters and would be inimical to the interests of the telegraphing public, as it would inevitably lead to a war of tariffs which would eventually impoverish both the Pacific and the existing cables, and result in a starved and inefficient service, the only remedy for which would be higher tariffs or much larger contributions from the Colonies.

If the principal object which the Colonies have in view is to obtain a cheaper tariff, it would, I submit, be more profitable to apply the amount asked for by the promoters of the Pacific scheme, or whatever other sum the Colonies may be prepared to expend, towards enabling the Eastern Extension Company and its allied companies to make a substantial reduction in the present cable charges.

JOHN PENDER,

Chairman of the Eastern and Eastern Extension Australasia  
and China Telegraph Companies.

Winchester House, 50 Old Broad-street, London, E.C., 23rd December, 1886.

#### PACIFIC CABLE SCHEME.

As said to be put forward by Promoters—	Estimated cost by Eastern Extension Company, based on actual experience of Cable working—
Length, about 8,300 nautical miles.	Length, about 8,300 nautical miles.
Capital, say £2,000,000—	Capital, say £2,000,000.
£1,000,000 in £10 shares,	
£1,000,000 in 4 per cent. Debentures.	
Tariff, 4s. per word.	Tariff, 4s. per word (3s. for Pacific Cables and 1s. for Atlantic Cables and Land-lines).



## PACIFIC CABLE SCHEME—continued.

## EXPENSES.

Cost of working, estimated at ...	£50,000
Interest on Debenture Capital at 4 per cent. ...	40,000

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£90,000

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## RECEIPTS.

Traffic, estimated at ...	£150,000
Subsidy ...	100,000

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£250,000

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Leaving a balance of £160,000, or 16 per cent. Interest on the Share Capital.

## EXPENSES.

Cost of working Stations and London expenses ...	£20,000
Two steamers and maintenance of Cables ...	40,000
Amortization to re-new Cables in 20 years ...	75,000
	£135,000
Interest on Debenture Capital at 4 per cent. ...	40,000

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£175,000

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## RECEIPTS.

Half existing traffic with 100 per cent. increase, say 500,000 words at 3s. per word ...	£75,000
Subsidy required to cover expenses ...	100,000

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£175,000

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Leaving nothing whatever for Interest on the Share Capital, which at 5 per cent. would require an additional subsidy of £50,000.

NOTE.—The 6d. per word calculated for Atlantic Cables would probably be increased to 1s. or 1s. 6d., in which case balance for Pacific Cables would be 2s. 6d. or 2s. respectively, which would reduce the estimated receipts from £75,000 to £62,500 and £50,000 respectively.

If the Australasian Colonies granted the subsidy of £100,000 asked for by the promoters of the Pacific cable, the amount required from each colony on basis of population, as compared with the Eastern Extension Company's guarantee proposal (assuming that traffic increased 100 per cent. by reduction of tariff), would be as follows:—

Colony.	Subsidy for Pacific Scheme.	Proposed Guarantee to existing Companies for 4s. Tariff.
Victoria ...	£29,734	£16,353
New South Wales ...	28,497	15,672
New Zealand ...	17,454	9,599
South Australia ...	9,674	5,321
Queensland ...	9,585	5,274
Tasmania ...	4,037	2,221
Western Australia ...	1,019	560
	£100,000	£55,000

No. 516/87.

FROM THE PREMIER TO THE AGENT-GENERAL.

SIR,

Premier's Office,  
Melbourne, 11th February, 1887.

I have the honour to acknowledge the receipt of your letter of the 24th December last, No. 4685, enclosing copy of a communication from the secretary *pro tem.* of the Pacific Telegraph Company Limited, dated 8th December, 1886, and of a letter (with enclosure) from the chairman of the Eastern Extension, bearing date 23rd idem.

I have received from Mr. Owen Jones the letter of which you forwarded a copy, and I enclose herewith\*, for your information, a copy of my reply.

I have, &amp;c.,

D. GILLIES,  
Premier.

THE HONORABLE SIR GRAHAM BERRY, K.C.M.G.,  
AGENT-GENERAL FOR VICTORIA, LONDON.

P.87/773.

FROM THE SECRETARY OF STATE FOR THE COLONIES TO THE GOVERNOR OF VICTORIA.

SIR,

Downing-street, 13th January, 1887.

I have the honour to inform you that I have received from the chairman of the Eastern Extension Company Limited copies of a letter and memorandum†, dated 23rd December last, with reference to the existing telegraphic communication, and to the proposal for a Pacific cable.

I shall be glad to be furnished with a copy of any reply which your Government may make to Mr. Pender's letter.

I have, &amp;c.,

EDWARD STANHOPE.

THE OFFICER ADMINISTERING  
THE GOVERNMENT OF VICTORIA.

P.87/1018.

FROM THE AGENT-GENERAL TO THE PREMIER.

SIR,

Victoria Office, Victoria-street,  
Westminster, S.W., 11th March, 1887.

In continuation of previous correspondence relating to transatlantic telegraphic communication, I have the honour to forward herewith, for your information, copy of a letter which I have received from the Pacific Telegraph Company, enclosing the accompanying memorandum by their secretary in reply to the memorandum on the subject addressed to the Government in December last by Mr. Pender, the chairman of the Eastern Extension Telegraph Company.

I have, &amp;c.,

GRAHAM BERRY.

THE HONORABLE THE PREMIER, MELBOURNE.

[ENCLOSURE.]

FROM THE SECRETARY THE PACIFIC TELEGRAPH COMPANY LIMITED TO THE  
AGENT-GENERAL FOR VICTORIA.

SIR,

London, 8th March, 1887.

On the 23rd December, 1886, Mr. John Pender addressed a communication to your Government with regard to the proposed Pacific Cable Company.

I have the honour to forward herewith copy of a memorandum which I have drawn up at the request of my directors in answer to Mr. Pender's statement.

I should be much obliged if you would forward it to your Government.

I am, &amp;c.,

HAROLD FINCH HATTON.

THE AGENT-GENERAL FOR VICTORIA.

\* For this enclosure, vide No. 468/87 ante.

† Vide sub-enclosures to P.87/280 ante.