

of cable-steamer and repairs, which would be nearer £12,000 than £25,000 per annum—say £15,000; and as far as amortisation of cables is concerned it certainly would not be necessary to start setting aside so large a sum annually as £53,000. If, say, one-third of the company's receipts, after deducting working expenses, were set aside for cable duplication, the experience gained as to the life and duration of well-made cables shows that such provision would be ample. What those receipts would be depends naturally very materially on the tariff.

We have seen that with a 7s. 6d. tariff Mr. Pender admits an immediate increase of 20 per cent. in the traffic, and he goes on to say that, with a 5s. rate, traffic would probably increase 50 per cent. We contend that with a reduction to 5s. the traffic might be expected to more than double, especially when we bear in mind the present heavy cost of cabling to America, and the fact that all American communication with Japan, China, and India would then come *via* Australia, thus largely utilizing the South Australian trans-continental line. As before, transmission from Vancouver to England would not absorb more than 9d., and taking, as Mr. Pender allows, two-thirds of the traffic for the cheaper route we get, at a moderate computation—instead of his estimate of 500,000 words at 3s., giving £75,000—742,000 words at 4s. 3d., giving £157,675; small subsidies as before, £20,000, which gives us £177,675, or over £80,000 more than his estimate, while, as before, he quite ignores the progressive annual increase. It does not follow that the tariff would be 5s.; a lower one is, in fact, proposed, which would, doubtless, result in a larger number of messages, while the expenses would not increase in anything like the same ratio.

Our object, so far, has been to show that Mr. Pender's attempt to deter the Queensland Government from supporting the proposed Pacific cable is not justified by reliable calculations. We now come to his speech on the same subject to his shareholders on the 27th October last. He compares what he calls the subsidy for the Pacific scheme with a proposed guarantee to existing companies, whereby he makes it appear that if the Pacific scheme were adopted the cost of the colonies, apart from any subsidy that might be obtained from Canada, would be for each colony from two to two and a half times as much as it would cost them to obtain the same tariff from the existing company; or, in other words, about £130,000 for them collectively. He states this boldly, but he is careful not to show how he arrives at the result. On the other hand it is beyond question that the amount asked for by the Pacific Company as a subsidy would not exceed £100,000 annually altogether, and Canada has virtually expressed her willingness to contribute her share of this, while the members of the Imperial Government consider the cable of such international and political importance that they have openly expressed their sympathy with the project; they have authorized a survey of a portion of the route, and they only await an expression of the colonies' desire to contribute before taking upon themselves a considerable share of the subsidy asked for. This being so, it is probable that the Australian Colonies and New Zealand would not in all have to contribute, collectively, more than £50,000 annually for twenty-five years, while they would be able to send free messages through to the extent of their contributions. This would bring the cost to each colony far below Mr. Pender's estimate of subsidy required, and even below his guarantee proposal estimate.

He says, further, that if these colonies would give him £100,000 a year, he would give them a 2s. 6d. tariff instead of a 4s. one. He would thus wish his shareholders and the public to believe that £100,000 paid to him would bring them better results than if what the Pacific cable asks were conceded to it. He omits, however, to point out that, whereas he would require perpetually £100,000 per annum, which would have to be entirely contributed by the Australasian Colonies, the Pacific Cable Company, as will be seen shortly when their formal proposals are laid before you, ask for no such sacrifice from the colonies. While the present or any similar route is adhered to Great Britain and Canada have no inducement and no desire to contribute; if the Pacific cable be laid to Vancouver they have both, and this means that the contribution of the Australasian Colonies would not exceed, probably, £50,000 in the aggregate, instead of the £130,000 with which Mr. Pender tries to frighten them. Again, Mr. Pender does not, naturally, mention, what is nevertheless true, that only a moderate subsidy would be asked from each colony towards the Pacific cable, and that not for ever, but only for a term of years, during which term of years each colony would be entitled to send cable messages without payment up to the full amount of its subsidy. He, on the other hand, offers no such advantage to the colonies, nor can he do so, for, considering the number of claimants who have to share in the present charges for transmission to England, this could only mean that the £100,000 must be perpetually devoted to making up the loss on sending messages Home at the suggested 2s. 6d. rate.

Until quite lately, when a small reduction was made in the through scale, the charge of 10s. 8d. per word was segregated, as follows: South Australia received, 1s. 5d., Eastern Extension Company received 4s., Java Government received 1s. 7d., Java Government (land line) received 2½d., Indian Government received 4¾d., European owners received 3s. ¾d.: total, 10s. 8d.

Again, even if the existing company were specially assisted to send cheap messages, the risk of interruptions from accident or in case of war would be the same as now, and it is this fact that detracts from the value of any proposal to pay increased subsidies even for reduced rates by the present route. It is this fact that makes Great Britain favourable to the project and willing to contribute, while that and other reasons prompt Canada to support the scheme by offers of money as well as by her influence. No proposal that Mr. Pender can make can offer advantages equal to those resulting from healthy competition or from the establishment of a line of communication entirely distinct from any existing one, and which is moreover less exposed to hostile interruption in case of war than the existing ones. There are the advantages besides that of a low tariff that will be offered by the Pacific Company; and we venture to hope that they will appeal to you as forcibly as they do to ourselves and to our co-workers, who have laboured patiently and are still striving diligently to prove, that the project is not only desirable, but feasible and commercially sound.