

PACIFIC CABLE SCHEME.

As said to be put forward by promoters :—
 Length, about 8,300 nautical miles.
 Capital, say, £2,000,000—
 £1,000,000 in £10 shares.
 £1,000,000 in 4-per-cent. debentures.
 Tariff, 4s. per word.

EXPENSES.	£
Cost of working, estimated at ...	50,000
Interest on debenture capital at 4 per cent.	40,000
	<u>£90,000</u>
RECEIPTS.	£
Traffic, estimated at ...	150,000
Subsidy ...	100,000
	<u>£250,000</u>

Leaving a balance of £160,000, or 16 per cent. interest on the share capital.

Estimated cost by Eastern Extension Company, based on actual experience of cable-working :—
 Length, about 8,300 nautical miles.
 Capital, say, £2,000,000.
 Tariff, 4s. per word (3s. for Pacific cables and 1s. for Atlantic cables and land-lines).

EXPENSES.	£	£
Cost of working stations and London expenses	20,000	
Two steamers and maintenance of cables	40,000	
Amortization to renew cables in twenty years	75,000	
		<u>135,000</u>
Interest on debenture capital at 4 per cent.	40,000	
		<u>£175,000</u>
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
		<u>£175,000</u>

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
	<u>100,000</u>	<u>55,000</u>

No. 5.

The Hon. Sir J. VOGEL to the CHAIRMAN, Eastern Extension Company.

SIR,—

Wellington, 14th February, 1887.

I have the honour to acknowledge the receipt of your telegram of the 25th January, and of your memorandum and letter dated the 23rd December last.

I do not answer your telegram by the cable, as I have nothing of immediate interest to say to it in reply.

3.—F. 3.