

SESS. II.—1887.
NEW ZEALAND.

TELEGRAPH CABLE SUBSIDY AND CHARGES

(FURTHER PAPERS RELATING TO).

[In Continuation of F.—2B, Sess. I., 1887.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

MEMORANDUM BY SIR JULIUS VOGEL, POSTMASTER-GENERAL, *re* TELEGRAPH CABLES.

1. It is, I think, highly expedient that the various Australasian Colonies should come to a joint arrangement respecting telegraph cables.

2. A great deal of consideration, not to say gratitude, is due to the private companies which have hitherto provided cable communication, but it is preposterous to continue to submit to the prohibitive charges which now prevail, and which, in more or less degree, must prevail whilst these undertakings are monopolies in private hands.

3. The supposed riskiness of the business has enabled private companies to monopolize enterprise connected with cable communication. That reason no longer exists, for it is quite certain that cables can be safely laid and kept in repair, and, practically, the business is now no more risky than telegraph land lines.

4. I shall sketch out in this memorandum the plan by which the Governments can, and, in my opinion, ought to, absorb the whole business at once; but, failing their being willing to do so, I shall advocate their gradually approaching the same result. This they may do by aiding a competitive company under conditions which will enable the Governments to buy up the cables when they desire to undertake the business.

5. I believe the Governments, if they own the cables, can charge a rate of 1s. 6d. a word for urgent messages, and 1s. for ordinary and Press messages, the whole way between the colonies and Europe, and soon make a profit on the transactions. Even if they do this great work at a loss, there are, I contend, few objects on which they can spend money with more advantage.

6. The benefits of cable communication are at least in proportion to the distances travelled, or, what is to the same effect, the time saved. I am inclined, however, to think that the proportion is more than simple—that is to say, for example, that twice the distance would give to cabling relatively a more than double advantage. But, taking the proportion as a simple one, the meaning would be that the use of the cable is four or five times more advantageous to the colonists of Australasia than are similar facilities to the inhabitants of the United States. Yet it would be almost impossible to set a limit to the benefits which cheap Atlantic cabling has conferred on the people at both ends of the English-American cables. Financially and commercially the results are gigantic, and the social, literary, and educational purposes served are scarcely less important.

7. No one can question that, with cheap cabling, the development of the Australasian Colonies will increase enormously in speed, with less liability to reverses.

8. Supposing the Colonies entertained the idea of taking in their own hands the charge of cabling, they should endeavour to buy out the existing interests as far as they relate to Australasia, if the owners are willing to sell at a fair price, by which I mean something more than the value to reconstruct. If the owners be unwilling to make a reasonable sale, then the Colonial Governments will do better. But, up to a reasonable point, the companies should receive liberal treatment.

9. It is necessary to briefly consider the position of the Eastern and Eastern Extension Companies, which, to all intents and purposes, may be said to now have the sole charge of cabling between Australia and Europe. The occasional assistance of the Indo-European Company need not be taken into account, as it is of a reciprocal character. As I wish to make my remarks as little critical as possible, it will be better to refer to the Eastern and Eastern Extension Companies as if they were one concern.

10. These companies own between them 31,960 knots of cable, a few steamers, and a number
1—F. 2.