

agreed to, after considerable discussion, on the basis of the revenue derived by the company in 1889, which amounted to £237,000, the colonies to pay half the amount of the deficit in the event of the revenue falling below that of 1889, the company bearing the other half. That was all done under the impression that the colonies would have nothing to pay, as the increased business done under the reduced rates would be larger than under the old rates. They looked upon the entering into the guarantee as merely a nominal thing. But, after the first year's experience at the reduced rates, we found that it was something more than nominal. The guarantee was payable on the basis of population; and last year, in addition to the subsidy, New South Wales had to pay about £15,000; Victoria about the same; and the other guaranteeing colonies lesser amounts in proportion to their population. In August last a short Conference was held in Melbourne to consider the desire of New Zealand to come under the guarantee under certain conditions. The principal condition was that the guaranteeing colonies should also guarantee to pay a certain proportion of the loss that might be incurred by the reduction of the cable rates between the Australian colonies and New Zealand from 9s. 6d. to 2s. 6d. per message of ten words. That was agreed to—I myself acting for New South Wales—on condition that the Conference at Melbourne agreed to a slight increase in the cable rates, in order to enable us to get rid of the loss we had incurred under the guarantee. Mr. Zeal, then Postmaster-General of Victoria, agreed with me that we ought to endeavour to adjust the rates, as we had quite enough to pay under the subsidy. New Zealand was admitted under the guarantee, and we agreed to bear half the loss that might arise by the reduction in the rates to New Zealand. We agreed that the rates to England should be raised by 9d. a word, and it was arranged that the new charge should be made from the 1st October last. Owing to difficulties in the way of the E. E. Company coming to terms with other countries—I think the principal hitch took place with India—we were unable to commence under the increased rate until the 1st January last. Before I left Sydney I had a return submitted to me showing the business done during the two months of January and February. There was a considerable increase on the January and February revenue of the previous year, which was thought satisfactory, more especially considering the continued depression in trade, which means less use of the cable than under more prosperous circumstances. These are the figures for those two months: In January, 1892, the number of messages was 7,892, and the number of words, 113,144; and the receipts for that month amounted to £23,077 16s. 4d. In January, 1893, the number of messages was much less, and the number of words was also much less, although the receipts were considerably increased. I feel satisfied, however, that the slight falling off in the number of messages was not due to the increase of 9d., and I think that any business man will agree with me that an increase of 9d. a word would not be likely to prevent the sending of one message. Seeing that there had been a reduction from the high price of 9s. 6d. a word to 4s., we did not think that the additional 9d. per word which was put on for the purpose of trying to save this loss out of the guarantee, would affect the business very much; and it has not affected it very much. Though the increase for January, 1893, was only about £1,000, the receipts being £24,070 7s. 11d., as compared with the receipts for January, 1892, I find that in February, 1893, the revenue increase is considerably more. In February, 1892, there were 7,050 messages, the number of words being 104,416; and the receipts were £20,784 12s. 7d. In February, 1893, there were 7,159 messages, the number of words being 110,775; and the receipts were £22,837 15s. 6d.; so that in that month there was an increase in revenue over February, 1892, of about £2,000. And February being a short month, I think that shows a considerably larger increase than appeared in January. In asking the Conference to agree to the continuance of the guarantee, I may point out that it is wise to do so until we have some prospect at least of some alternate route; as you will see by the conditions of the guarantee that we have a hold on the company. They are bound by the guarantee not to increase the rate beyond the price fixed; and in other ways we have some control over the company with regard to the business, and if we withdraw from the guarantee then they may charge any rate that may suit their fancy. I do not say that they would be likely to do so. I think they would be likely to do business at such rates as would prevent any opposition being started; but seeing that there would be no possibility of opposition for a considerable time, they might, for a season, charge higher rates, because the public would not be so much influenced against them so long as they had the rates reduced before any other cable was brought into working order. Going back to the history of the guarantee, Mr. Todd will remember that Sir John Pender, chairman of the E. E. Company, almost implored the Conference at Adelaide not to dream of reducing the rate below 5s. a word, because it would mean a heavy loss. He was right, and all our friends representing the various colonies were wrong in thinking that the reduction in the rate would more than double the amount of business, and prevent any loss under the guarantee. As I have already pointed out, the loss was a serious one. We thought it serious in these depressed times that we should be called upon suddenly to contribute an additional £15,000, and our friends in Victoria felt the tension in much the same way. That was the groundwork of our reason for making an increase from 4s. to 4s. 9d. We did not increase the Government rates or the Press rates, because they were very much the same as they appeared in the table submitted by Sir John Pender when he suggested that the rate should not be less than 5s. per word. If the rate had been fixed at 5s., we would not have lost anything under the guarantee; but would rather have been a little to the good. That is the position of things; and I think it would be an unreasonable thing for us to give notice, and disturb the present arrangements, for some time at least, by terminating the guarantee entered upon. I think we are in a fair way now not to make much loss under the guarantee, and I do not think there are any grounds for withdrawing from the guarantee. I think I have given all the information worth giving in connection with the question. When we agreed in August last that if we could get the company to agree to the additional 9d. per word, we evidenced by that agreement that we would not disturb the guarantee; and if we give notice next year—we cannot do so until the 31st January next year—to terminate the guarantee, that will be evidence that we do not know our own minds with regard to matters of this kind more than a few months at a time. I think it would unsettle matters too much to attempt to give any such notice; and, for the reasons I have given, I think it would be wiser for this Conference to decide not to give notice to discontinue the guarantee.

Mr. C. TODD (S.A.): I beg to second the motion moved by my hon. friend Mr. Kidd. He has placed the matter so very clearly before the Conference that I do not think I can add anything. The contributions of the different colonies, now that New Zealand comes in, together with the rapidly increasing business, will make the amount to be contributed less and less every year. I find, after the first