

the colonies or by the British Parliament it was a matter of extreme difficulty for the English Government to assist in carrying out the new scheme in such a way as to constitute itself a competitor with the existing company. While he pointed out that difficulty, the Postmaster-General gave expression to his warm sympathy with those who were seeking to promote what he termed "the most beneficial change of any of the changes which can come out of the Conference."

In the proceedings of the Conference of the 27th April and 6th May will be found recorded the general principles of a scheme which would completely obviate the difficulty mentioned by Mr Raikes. The scheme has much in common with one propounded by the Postmaster-General of New Zealand, Sir Julius Vogel. The proposal is to combine the several telegraph systems of the Australian Colonies under one management, to include the submergence of a cable across the Pacific from Australia to Canada, and to provide for taking over at valuation, whenever the company may desire, all the cables of the Eastern Extension Company.

While that proposal assumes that a change is demanded by public expediency, it also recognises that the existing company, as the pioneer of a system of communication which has materially assisted in developing Australian trade, is entitled to just and reasonable consideration. If the new Pacific line will destroy the monopoly of the company and put an end to the profits which the shareholders hitherto enjoyed, the proposal carried into effect would return to them the full value of the property which would be rendered no longer profitable to them. Moreover, although it would scarcely be reasonable for the proprietors to expect compensation for unearned profits, they may fairly claim and be allowed all the profits obtainable until the new line be in operation.

A question will arise as to the value of the cables of the Eastern Extension Company. The testimony of Mr Pender at the Conference shows that they were laid at an average cost of £184 per mile. They have, however, been laid a number of years, and have depreciated in value according to the length of time submerged. Mr Pender estimates the life of a cable at twenty years, and the published official statements of the company furnish full information as to the length and age of the cables it controls. With these *data* it is an easy matter for an actuary to prepare an estimate of the value at any given year of the whole system of cables owned by the company. Appended hereto will be found such an estimate by which it appears that all the cables of the Eastern Extension Company are valued as follows:—

In 1887 total value	£960,195
1888       "	849,475
1889       "	738,751
1890       "	629,675

If we add the cost of the new line across the Pacific, reckoning it at the same rate per mile as the cables of the company when first laid, we shall be enabled to form a tolerably correct idea of the new capital required to carry out the general scheme. According to the scheme submitted to the General Conference new capital would not be required for the land-lines handed over by the Australian Colonies. These would be worked in common with all the cables under one management, each colony retaining an interest in revenue in proportion to the value of the lines handed over.

It may be assumed that the Eastern Extension Company will not desire to hand over their property so long as it can be worked at the old scale of profits—that is, until the new line be ready for business. As in all probability much time will be spent in negotiations, preliminary arrangements, and surveys, the new line can scarcely be in operation before 1890. Accordingly we may take into calculation the estimated value of the company's cables for that year as under:—

#### *Estimate of New Capital.*

1. Valuation of the cables of the Eastern Extension Company in the year 1890	£ 630,000
2. Cost of new cables to connect Australia with Canada, 7,600 miles, at £184 per mile ..	1,400,000
	<hr/> £2,030,000

The total new capital then required to carry out this comprehensive scheme designed to bring under one harmonious management all the telegraphs within the Australian Colonies, and all the cables existing or projected from Australia to India and to Canada, appears to be little over two millions sterling. The sum is very much less than that spoken of at the Conference, but it is impossible to impugn the estimate without calling in question the accuracy of the *data* which is supplied by the Eastern Telegraph Company itself.

On a joint Government guarantee (Imperial and Colonial) £2,030,000 could be raised at a very low rate of interest. At 3 per cent. it would come to £60,900 per annum, a sum which is almost equalled by the subsidies now being paid or available as the following table will show:—

#### *British Subsidies.*

1. Paid by New South Wales	£12,617
2.       "     Victoria	14,479
3.       "     South Australia	4,805
4.       "     Western Australia	499
5.       "     Tasmania	4,200
	<hr/> £36,600