1896.

NEW ZEALAND.

COPYRIGHT TELEGRAMS COMMITTEE

(REPORT OF THE, ON THE PRESENT WORKINGS OF THE ELECTRIC LINES ACT, SO FAR AS THE SAID ACT REFERS TO COPYRIGHT TELEGRAMS, TOGETHER WITH MINUTES OF PROCEEDINGS AND EVIDENCE, AND APPENDIX).

Report brought up on the 6th October, 1896, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

FRIDAY, THE 14TH DAY OF AUGUST, 1896.

Ordered, "That a Select Committee, to consist of nine members, be appointed to consider the present workings of the Electric Lines Act, so far as the said Act refers to copyright telegrams; such Committee to consist of Hon. Mr. Hall-Jones, Mr. Hogg, Mr. O'Regan, Mr. G. W. Russell, Mr. Wilson, Mr. Massey, Mr. Pinkerton, Mr. Carncross, and the Mover; and to report within one month."—(Hon. Mr. J. McKENZIE.)

FRIDAY, THE 11TH DAY OF SEPTEMBER, 1896.

Ordered, "That the Copyright Telegrams Committee have leave to postpone bringing up their report for fourteen days."—(Mr. G. W. RUSSELL.)

FRIDAY, THE 25TH DAY OF SEPTEMBER, 1896.

Ordered, "That the Copyright Telegrams Committee have an extension of seven days in which to bring up their report."—(Hon. Mr. SEDDON.)

FRIDAY, THE 2ND DAY OF OCTOBER, 1896.

Ordered, "That the Copyright Telegrams Committee have an extension of seven days in which to bring up their report."—(Mr. G. W. RUSSELL.)

REPORT.

THE Committee has the honour to report that it has inquired into the matter referred to it. In doing so a number of other questions have come within its purview, and the Committee has found it difficult to avoid inquiring into matters connected with the United Press Association (Limited). Your Committee finds that there was no protection of Press telegrams or cable news in New Zealand prior to 1882, when the Protection of Telegrams Act was passed. This was incorporated in the Electric Lines Act of 1884. Under this Act copyright of cable news is protected for eighteen hours from the time of publication. This protection applies only to news from beyond the colony, and, as this forms an essential feature of the ordinary commercial newspapers of the day, it becomes absolutely necessary that newspapers should obtain this class of news in order to keep pace with the demands of the public.

The evidence laid before the Committee shows that since the passing of the Protection of Telegrams Act in 1882, the whole cable-service of the colony has fallen into the hands of the United Press Association (Limited). Prior to that date there were competing associations, and an alternative cable-service was provided by Reuter. All other organizations for the supply of news have dropped out of existence, and the United Press Association has control of the entire news-service from beyond the colony. The Committee has also ascertained that a combination of the leading papers exists in Australia to supply the associated journals with news from foreign countries. The Press Association of New Zealand is connected with this Australian combination, receiving the news from them, and thus a monopoly exists as between New Zealand and the Australian Colonies, the information being received by the combination in Australia, and then passed on to the Press Association in New Zealand.

The Press Association appears, in the first place, to have originated as a co-operative movement on the part of the proprietors of a number of the leading papers. Its nominal capital is £500, divided into 500 shares of £1 each. The total capital paid up on each share is 2s. 6d., and the calls received up to the 19th November, 1895, amounted to £41 17s. 6d., which represents the

paid-up capital of the Association. The uncalled capital is £293 2s. 6d. There are some twenty shareholders in the Association, some of whom hold five shares, and some twenty, which latter number provides the qualification for a director.

The evidence goes to show that out of 110 newspapers in the colony there are about fifty-five papers which subscribe to the Association as clients, paying annual fees, which are fixed by the Association, for cables and interprovincial telegrams supplied. The subscribers as such have no voice in the control or management of the Association, or in the fixing of the entrance or annual fees. Those matters are entirely vested in the shareholders, who appoint the directors.

Objection to the copyright clauses of the Electric Lines Act was made by several witnesses connected with papers not belonging to the Association, on the ground that under them the United Press Association is in a position to demand entrance-fees for its service. The officers and directors of the Association have declined to supply the Committee with any scale of these entrance-fees, on the ground that their private business was outside the order of reference; but the Committee had evidence before it that, while eight years ago in the town of Hastings, Hawke's Bay, £100 was demanded as the entrance-fee for a daily paper, during the present year an entrance-fee of £500 was demanded for a daily paper in the same place. The Committee had also evidence that in the town of Hawera £138 was demanded about two years ago as an entrance-fee for a tri-weekly paper, and that during the present year the sum of £168 was demanded as an entrance-fee for a tri-weekly paper and £250 for a daily in the same town.

Seeing that the newspapers cannot obtain a cable-service from any other source than the Press Association, owing to the Australian and New Zealand combination previously mentioned, which, by drawing to itself all the leading papers of the colony, has practically secured a monopoly of the demand for news, the Committee regards the heavy entrance-fees, of which a sample has just been given, as inimical to the interests of the colony. It must follow that, by preventing the starting of newspapers, the telegraph revenue is kept down, whilst the starting of organs of public opinion in new districts, and even in the larger cities, is prevented, although this would be manifestly desirable in the interests of the colony. The Committee has been unable to ascertain any reasonable ground for these entrance-fees, beyond the statement that they are paid into the revenues of the Press Association; and surpluses have from time to time been transferred to a special reserve fund intended to protect the papers belonging to the Association from libel actions which might be caused through error or accident on the part of the Association or its agents. But the Committee is of opinion that to any such fund the whole of the papers connected with the Association should contribute, and that it is not equitable that a fund to protect all papers belonging to the Association should be contributed to solely by new papers starting.

Your Committee finds that no special concessions are granted to the Press Association by the Telegraph Department, but a return supplied by the department shows that there is a deficit in connection with the service for supplying the morning papers of the colony with what is known as the "Midnight Cable-service." The departmental statement attached shows a deficiency on this account of £1,095 7s. 8d., of which only half is paid by the Association, the balance being contributed by the colony. A departmental statement shows that the receipts from Press telegrams for the year ended the 31st March, 1895, were £9,586. After deducting this sum from the total expenditure of the department on Press messages there remained a deficit of £26,120, that being the sum which the colony thus pays for the maintenance of the Press-telegram service.

The evidence placed before the Committee by the department shows that the Press rates in New Zealand are very much lower than those obtaining in the Australian Colonies and in Cape Colony. Although this question was not remitted to the Committee, it feels called upon to lay the facts before the House, the position being that the service for Press telegrams in the colony costs, in round terms, one-third of the total expenditure of the Telegraph Department, but contributes only one-tenth to the revenue. The Committee is of opinion that the abolition of the prohibitive entrance-fees asked by the Association would lead to a number of newspapers now outside that Association joining it, and would also be an encouragement to other newspapers to start at various centres within the colony.

The Committee is of opinion that under the circumstances the continued existence of the copyright clauses is necessary to protect newspapers from piracy of cable news for which they have paid.

Copyright clauses are in operation in Victoria and South Australia, from which latter colony the copyright clauses of the Protection of Telegrams Act of 1882 were borrowed.

The Committee is of opinion that the following courses are open in dealing with this matter:—

(1.) To repeal the copyright clauses of the Act. This course, if adopted, would manifestly open the door to the piracy of cable news, which the Committee considers is undesirable.

(2.) To continue the copyright clauses, but to attach such conditions as would prevent any Association taking advantage of them as a means of demanding prohibitive entrance-fees.

The latter course the Committee favours. The Committee therefore recommends that legislation should be introduced providing that the protection afforded by clauses 38–42 of the Electric Lines Act of 1884 should only be extended to any association which is prepared—(1) to grant to every subscriber to its service a voice in the control and management; and (2) to grant to every newspaper its supply of cable news on payment of the same annual fee as is paid by other papers of the same class in similar localities. By this means, all papers subscribing would have a voice in the management of the association, and the subscribing journals would be protected from piracy of the news for which they had paid.

G. W. Russell,
Chairman.

6th October, 1896.

MINUTES OF PROCEEDINGS.

TUESDAY, 25TH AUGUST, 1896.

The Committee met pursuant to notice.

Present: Mr. Carncross, Hon. Mr. Hall-Jones, Mr. Massey, Hon. Mr. J. McKenzie, Mr. Pinkerton, Mr. G. W. Russell, and Mr. Wilson.

The order of reference having been read by the Clerk, it was resolved, on the motion of Hon. Mr. J. McKenzie, That Mr. G. W. Russell take the chair as Chairman of this Committee.

Resolved, on the motion of Hon. Mr. Hall-Jones, That the Chairman, Mr. Carncross, and Mr. Wilson be appointed a sub-committee to arrange the order in which the business of the Committee shall be taken, and to take such action as may be necessary in connection therewith.

The Committee then adjourned.

SUB-COMMITTEE MEETING.—TUESDAY, 25TH AUGUST, 1896.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, and Mr. Wilson.

Resolved, on the motion of Mr. Carncross, That the manager of the Press Association be requested to furnish the Committee with a copy of the agreement subsisting between the Association and the proprietors of newspapers; also a copy of the schedule of charges for admission to membership of the Association; also the name of a gentleman to represent the Association in giving evidence before the Committee.

The Committee then adjourned.

TUESDAY, 1ST SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Hogg, Mr. Massey, Mr. O'Regan, Mr. Pinkerton, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The minutes of the sub-committee were read as a report, and its action taken approved.

The Chairman reported that he had had a lengthened interview with Mr. Atack, the manager of the Press Association, and Mr. Knowles, the chairman of that body, and they had asked to be allowed until to-morrow before giving a definite reply to the letter of the Committee.

Resolved, on the motion of Mr. Pinkerton, That consideration of the reply of the Press Association be postponed until the morrow.

The Committee then adjourned.

WEDNESDAY, 2ND SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, Mr. O'Regan, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

Letters from the Committee to the manager of the United Press Association, and from the manager of the United Press Association to the Chairman of the Committee, were read by the Clerk on the subject of supplying the Committee with a copy of the agreement subsisting between the Association and newspaper proprietors in reference to the furnishing of cable and other telegraphic information, and the schedule of charges for the admission of proprietors of newspapers as members of the Association; also in regard to the representation of the Association in giving evidence before the Committee.

Mr. Joseph Ivess, newspaper-proprietor, attended, and gave evidence.

Resolved, on motion of Mr. Carncross, That, as the Press Association has in its letters to the Committee declined to admit any right on the part of the Committee to inquire into the entrance-fees and the terms of agreement between the Association and its subscribers, the Committee sees no necessity for granting their request that the Association should be represented by counsel or their manager at the inquiry.

The Committee then adjourned.

THURSDAY, 3RD SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, Mr. O'Regan, Mr. Pinkerton, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. Patrick Galvin, journalist, attended and gave evidence.

Mr. Wilson gave notice that at the next meeting he would move, That the question of the Press Association being represented by their manager at the proceedings of the Committee be reconsidered.

The Committee then adjourned until to-morrow.

FRIDAY, 4TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Hon. Mr. Hall-Jones, Mr. Hogg, Mr. Massey, Mr. O'Regan, Mr. Pinkerton, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. William D. Arnott, of the Hastings *Standard*, was examined by the Committee, and his evidence taken down by a shorthand reporter.

Mr. Wilson having raised the question whether, as the order of reference did not confer power to call for persons and papers, the Committee could require the attendance of witnesses and the production of documents, the Chairman ruled that the words "send for" in Standing Order 222 meant "demand," but that the Committee could by resolution request the attendance of witnesses and the production of documents, but it was within the rights of the persons requested to refuse to attend the Committee or produce the papers asked for.

In accordance with notice given, Mr. Wilson then moved, That the question of the Press Association being represented by their manager at the proceedings of the Committee be reconsidered.

Upon the question being put, a division was called for, and the names were taken down as follow:—

Ayes, 2: Mr. Massey, Mr. Wilson.

Noes, 4: The Chairman, Mr. Hogg, Mr. O'Regan, Mr. Pinkerton.

And so it passed in the negative.

Resolved, To ask the Press Association to send a representative on Tuesday next, if they desire to give any evidence.

TUESDAY, 8TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, Mr. O'Regan, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

Resolved, on the motion of Mr. Pinkerton, That the action of the Chairman in sending letters, dated 5th and 7th September, to the Hon. the Postmaster-General and the Hon. the Minister of Justice respectively, asking for certain information, be approved.

Edward William Knowles, proprietor of the Napier *Daily Telegraph*, and chairman of directors of the Press Association, was examined by the Committee, and his evidence taken down by a shorthand reporter. Mr. Atack, manager of the Press Association, was present.

The Committee adjourned till Wednesday, 9th September, at 11 a.m.

WEDNESDAY, 9TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. O'Regan, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. E. W. Knowles made a statement to the Committee, and was examined thereon; his statement and evidence being taken down by a shorthand reporter.

Mr. W. H. Atack, manager of the Press Association, was examined, and his evidence taken down by a shorthand reporter.

Resolved, on the motion of Mr. Hogg, That Mr. Atack's memorandum upon Mr. Gray's statement be sent to Mr. Gray.

The Committee adjourned till Thursday, 10th September, at 11 a.m.

THURSDAY, 10TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, Mr. Pinkerton, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The examination of Mr. W. H. Atack was continued, and his evidence taken down by a shorthand reporter.

The Committee adjourned till Friday, 11th September, at 11 a.m.

FRIDAY, 11TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Massey, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The Hon. H. Feldwick, M.L.C., was examined, and his evidence taken down by a shorthand reporter.

James Henry Clayton, proprietor of the *Egmont Post*, Stratford, was examined, and his evidence taken down by a shorthand reporter.

Resolved, That the Chairman be instructed to ask the House for an extension of time of fourteen days within which to bring up the report of the Committee.

The Committee adjourned till Tuesday, 15th September, at 11 a.m.

TUESDAY, 15TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

The order of reference, dated 11th September, was read by the Clerk.

The Hon. Major Steward, M.H.R., was examined by the Committee, and his evidence taken down in shorthand.

The Clerk read the replies of Mr. Gray to letters written to him on 5th and 9th September respectively.

The Committee adjourned till Wednesday, 16th September, at 11 a.m.

WEDNESDAY, 16TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

The Hon. W. T. Jennings, M.L.C., was examined, and his evidence taken down in shorthand.

Resolved, To ask Mr. Gray to give evidence on Friday, 18th September.

The Committee adjourned till Friday, 18th September, at 11 a.m.

FRIDAY, 18TH SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Hogg, Mr. Massey, Mr. Pinkerton, and Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. W. Gray, Secretary of Post and Telegraphs, was examined, and his evidence taken down in shorthand.

The Hon. George Jones, M.L.C., was examined, and his evidence taken down in shorthand.

Resolved, That the Chairman, Mr. Carncross, and Mr. Massey be appointed a sub-committee to prepare a draft report.

The Committee adjourned till Tuesday, 22nd September, at 11 a.m.

TUESDAY, 22ND SEPTEMBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

Mr. W. H. Atack was further examined by the Committee, and his evidence taken down in shorthand.

The Committee adjourned till Thursday, 24th September, at 11 a.m.

MONDAY, 5TH OCTOBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Hon. Mr. Hall-Jones, Mr. Hogg, Mr. Massey, Hon. Mr. J. McKenzie, Mr. O'Regan, and Mr. Pinkerton.

The minutes of the previous meeting were read and confirmed.

Orders of reference, dated 25th September and 2nd October, were read by the Clerk.

The Chairman brought up the report of the sub-committee, and announced that Mr. Massey and Mr. Hogg had also drawn up reports which they desired to submit to the Committee.

Resolved, on the motion of Mr. O'Regan, That the report of the sub-committee be considered first.

The Committee accordingly considered the report paragraph by paragraph.

The report was read by the Clerk as follows :—

1. The Committee has the honour to report that it has inquired into the matter referred to it. In doing so a number of other questions have come within its purview, and the Committee has found it difficult to avoid inquiring into matters connected with the United Press Association (Limited). Your Committee finds that there was no protection of Press telegrams or cable news in

New Zealand prior to 1882, when the Protection of Telegrams Act was passed. This was incorporated in the Electric Lines Act of 1884. Under this Act copyright of cable news is protected for eighteen hours from the time of publication. This protection applies only to news from beyond the colony, and, as this forms an essential feature of the ordinary commercial newspapers of the day, it becomes absolutely necessary that newspapers should obtain this class of news in order to keep pace with the demands of the public.

2. The evidence laid before the Committee shows that since the passing of the Protection of Telegrams Act in 1882, the whole cable-service of the colony has fallen into the hands of the United Press Association (Limited). Prior to that date there were competing associations, and an alternative cable-service was provided by Reuter. All other organizations for the supply of news have dropped out of existence, and the United Press Association has control of the entire news-service from beyond and within the colony. The Committee has also ascertained that a combination of the leading papers exists in Australia to supply the associated journals with news from foreign countries. The Press Association of New Zealand is connected with this Australian combination, receiving the news from them, and thus a monopoly exists as between New Zealand and the Australian Colonies, the information being received by the combination in Australia, and then passed on to the Press Association in New Zealand.

3. The Press Association appears, in the first place, to have originated as a co-operative movement on the part of the proprietors of a number of the leading papers. Its nominal capital is £500, divided into 500 shares of £1 each. The total capital paid up on each share is 2s. 6d., and the calls received up to the 19th November, 1895, amounted to £41 17s. 6d., which represents the paid-up capital of the Association. The uncalled capital is £293 2s. 6d. There are some twenty shareholders in the Association, some of whom hold five shares, and some twenty, which number provides the qualification for a director.

4. The evidence goes to show that there are about fifty-five papers which subscribe to the Association as clients, paying annual fees, which are fixed by the Association, for cables and inter-provincial telegrams supplied. The subscribers as such have no voice in the control or management of the Association, or in the fixing of the entrance or annual fees. Those matters are entirely vested in the shareholders, who appoint the directors.

5. The evidence shows that, on the whole, the service is an efficient one, conducted economically, and giving to the subscribers a good supply of news at a fair price.

6. Objection to the copyright clauses of the Electric Lines Act was made by several witnesses connected with papers not belonging to the Association, on the ground that under them the United Press Association is in a position to demand entrance-fees for its service. The officers and directors of the Association have declined to supply the Committee with any scale of these entrance-fees, on the ground that their private business was outside the order of reference; but the Committee had evidence before it that, while eight years ago in the town of Hastings, Hawke's Bay, £100 was demanded as the entrance-fee for a daily paper, during the present year an entrance-fee of £500 was demanded for a daily paper in the same place. The Committee had also evidence that in the town of Hawera £138 was demanded about two years ago as an entrance-fee for a tri-weekly paper, and that during the present year the sum of £168 was demanded as an entrance-fee for a tri-weekly paper and £250 for a daily in the same town.

7. Seeing that the newspapers cannot obtain a cable-service from any other source than the Press Association, owing to the Australian and New Zealand combination previously mentioned, which, by drawing to itself all the leading papers of the colony, has secured a monopoly of the demand for news, the Committee regards the heavy entrance-fees, of which a sample has just been given, as inimical to the interests of the colony. It must follow that, by preventing the starting of newspapers, the telegraph revenue is kept down, whilst the starting of organs of public opinion in new districts, and even in the larger cities, is prevented, although this would be manifestly desirable in the interests of the colony. The Committee has been unable to ascertain any reasonable ground for these entrance-fees, beyond the statement that they are paid into the revenues of the Press Association; and surpluses have from time to time been transferred to a special reserve fund intended to protect the papers belonging to the Association from libel actions which might be caused through error or accident on the part of the Association or its agents. But the Committee is of opinion that to any such fund the whole of the papers connected with the Association should contribute, and that it is not equitable that a fund to protect all papers belonging to the Association should be contributed to solely by new papers starting.

8. Your Committee finds that no special concessions are granted to the Press Association by the Telegraph Department, but a return supplied by the department shows that there is a deficit in connection with the service for supplying the morning papers of the colony with what is known as the "Midnight Cable-service." The departmental statement attached shows a deficiency on this account of £1,095 7s. 8d., of which only half is paid by the Association, the balance being contributed by the colony. A departmental statement shows that the receipts from Press telegrams for the year ended the 31st March, 1895, were £9,586. After deducting this sum from the total expenditure of the department on Press messages there remained a deficit of £26,120, that being the sum which the colony thus pays for the maintenance of the Press-telegram service.

9. The evidence placed before the Committee by the department shows that the Press rates in New Zealand are very much lower than those obtaining in the Australian Colonies and in Cape Colony. Although this question was not remitted to the Committee, it feels called upon to lay the facts before the House, the position being that service for Press telegrams in the colony costs, in round terms, one-third of the total expenditure of the Telegraph Department, but contributes only one-tenth to the revenue. The Committee is of opinion that the abolition of the prohibitive entrance-fees asked by the Association would lead to a number of newspapers now outside that Association joining it, and would also be an encouragement to other newspapers to start at various centres within the colony.

10. The Committee thinks that the continued existence of the copyright clauses is necessary to protect newspapers from piracy of cable news for which they have paid.

11. Copyright clauses are in operation in Victoria and South Australia, from which latter colony the copyright clauses of the Protection of Telegrams Act of 1882 were borrowed.

12. The Committee thinks the following courses are open in dealing with this matter :—

(1.) To repeal the copyright clauses of the Act. This course, if adopted, would manifestly open the door to the piracy of cable news, which the Committee considers is undesirable.

(2.) To continue the copyright clauses, but to attach such conditions as would prevent any Association taking advantage of them as a means of demanding prohibitive entrance-fees.

13. The latter course the Committee favours. The Committee therefore recommends that legislation should be introduced providing that the protection afforded by clauses 38–42 of the Electric Lines Act of 1884 should only be extended to any association which is prepared—(1) to grant to every subscriber to its service a voice in the control and management; and (2) to grant to every newspaper its supply of cable news on payment of the same annual fee as is paid by other papers of the same class in similar localities. By this means, all papers subscribing would have a voice in the management of the association, and the subscribing journals would be protected from piracy of the news for which they had paid.

Paragraph (1).

Passed.

Paragraph (2).

Resolved, That the words "and within" after the word "beyond," in line 6, be struck out.

Paragraph (3).

Mr. Massey submitted that this dealt with matters outside the order of reference, but the Chairman ruled to the contrary.

Mr. Hogg moved, by way of amendment, to strike out all the words after the word "twenty," in line 6, with a view of inserting in lieu thereof the following words :—

"The latter number qualifies for the directory; and the six directors, consisting of proprietors or direct representatives, with one exception, of metropolitan papers, have consequently more than one-third of the shares between them. Although the Association holds annual meetings, very little interest appears to be taken in the proceedings, notwithstanding that shareholders are paid their actual travelling- and hotel-expenses. The number that attend is extremely limited, and the directors virtually elect themselves. Out of 110 newspapers in the colony, about one-half subscribe to the Association and receive its cablegrams and telegrams, paying a subscription which is fixed by the management. As the subscribers have no voice in the election of directors, the fixing of fees, or the management, it follows that the Association is controlled by the directors, or, at least, a few shareholders, in whose hands all power is vested."

On the question being put, That the words proposed to be struck out stand part of the question, a division was called for, and the names were taken down as follow :—

Ayes, 6: Mr. Carncross, Hon. Mr. Hall-Jones, Mr. Massey, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 2: Mr. Hogg, Hon. Mr. J. McKenzie.

And so it was resolved in the affirmative.

Resolved, To insert the word "latter," after the word "which," in line 6.

Paragraph (4).

Resolved, To insert the words, "out of 110 newspapers in the colony," after the word "that," in line 1.

Paragraph (5).

Mr. Hogg moved, by way of amendment, to strike out the whole of this paragraph. On the question being put, That the paragraph be retained, a division was called for, and the names were taken down as follow :—

Ayes, 3: Mr. Carncross, Mr. Massey, Mr. G. W. Russell.

Noes, 4: Hon. Mr. Hall-Jones, Mr. Hogg, Hon. Mr. J. McKenzie, Mr. Pinkerton.

And so it passed in the negative.

Paragraph (6).

Passed.

Paragraph (7).

Resolved, To insert the word "practically" after the word "has," in line 3.

Mr. Massey moved, by way of further amendment, to strike out all the words from "It must follow," in line 5, down to and including the words "interests of the colony," in line 8.

On the question being put, That the words proposed to be struck out be retained, a division was called for, and the names were taken down as follow :—

Ayes, 7: Mr. Carncross, Hon. Mr. Hall-Jones, Mr. Hogg, Hon. Mr. J. McKenzie, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 1: Mr. Massey.

And so it was resolved in the affirmative.

Paragraph (8).

Passed.

Paragraph (9).

Resolved, To insert the word "the" after the word "that," in line 4.

Paragraph (10).

Mr. Hogg moved, by way of amendment, to strike out the words "The Committee thinks," at the beginning of the paragraph, with a view of inserting in lieu thereof the words "It is contended."

On the question being put, That the words proposed to be struck out stand part of the question, a division was called for, and the names were taken down as follow :—

Ayes, 6 : Mr. Carncross, Mr. Massey, Hon. Mr. J. McKenzie, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 2 : Hon. Mr. Hall-Jones, Mr. Hogg.

And so it was resolved in the affirmative.

Resolved, To strike out the word "thinks," in line 1, and insert in lieu thereof the words "is of opinion."

Resolved, To insert the words "under the circumstances" after the word "that," in line 1.

Paragraph (11).

Passed.

Paragraph (12).

Resolved, To strike out the word "thinks," in line 1, and insert in lieu thereof the words "is of opinion."

Mr. Hogg moved, by way of further amendment, to strike out all the words after the word "Act," in sub-paragraph (1).

On the question being put, That the words proposed to be struck out stand part of the question, a division was called for, and the names were taken down as follow :—

Ayes, 5 : Mr. Carncross, Mr. Massey, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 2 : Mr. Hogg, Hon. Mr. J. McKenzie.

And so it was resolved in the affirmative.

Paragraph (13).

Passed.

On the question being put, That the report of the sub-committee as amended be adopted, Mr. Massey moved, by way of amendment, to strike out all the words after the first line, with a view of inserting in lieu thereof the following words :—

"Namely, the working of the copyright clauses of 'The Electric Lines Act, 1884.' Under that Act cable news is protected for eighteen hours from the time of publication, but this protection does not extend to colonial news.

"The Press Association was first started for colonial news only, the Reuter agency at that time supplying the cable news. A combination of Australian newspapers initiated a system for the supply of European news, and the present United Press Association arranged with that combination for the transmission of their news to this country, and eventually Reuter discontinued their service.

"The Press Association was started upon co-operative lines, certain papers taking shares at a nominal sum, and they have now fifty-five clients to whom they contribute their news. There are about 110 newspapers in the colony.

"The service seems to give satisfaction, and no complaint is made as to their annual fees.

"Several complaints have, however, been made as to the high entrance-fees charged. But on this point the officers of the Association objected to give evidence, on the ground that it was outside the order of reference.

"Other witnesses, however, gave evidence to show that of late years the fees had been raised considerably; and, while hesitating to interfere with the management of the Press Association, your Committee thinks that the entrance-fees are too high, and that they should be reduced, but in that case the annual fee would probably have to be increased.

"The entrance-fees were said to be placed to the credit of a fund which in case of loss on the year's transactions has been drawn upon to meet the deficiency; but on only one occasion has a dividend been paid to the shareholders, and on several occasions there has been a refund to all clients of the Association, irrespective of whether they were shareholders or not.

"The night-service, which is kept open to receive and distribute the cable news, shows an estimated deficiency of £1,095 7s. 8d., half of which amount is paid by the Press Association. The distribution of news thus costs the colony £547.

"Your Committee thinks it only right to state that the Press Association has no special concessions from the Telegraph Department; that they are in exactly the same position as private individuals using the telegraph service; and that there is nothing to prevent another association being started on similar lines and with the same object.

"Your Committee does not consider it advisable to repeal the copyright clauses of the Act, but recommends that an amendment should be introduced limiting the entrance-fee to be charged by any company or association using the telegraph service of the colony for the distribution of news to a maximum fee of £500, with a corresponding sliding-scale."

On the question being put, That the words proposed to be struck out stand part of the question, a division was called for, and the names were taken down as follow :—

Ayes, 6 : Mr. Carncross, Mr. Hogg, Hon. Mr. J. McKenzie, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 1 : Mr. Massey.

And so it was resolved in the affirmative.

Mr. Hogg then moved, by way of further amendment, to strike out all the words after the word "that" in the first line, with a view of inserting, in lieu thereof, the following words :—

"In accordance with the order of reference, it has inquired into the working of the copyright clauses of 'The Electric Lines Act, 1884.'

"It appears that previous to the passing of the Protection of Telegrams Act in 1882 Press messages in New Zealand were not protected. This Act was incorporated in 'The Electric Lines Act, 1884,' and under its provisions cable news is protected for eighteen hours from the time of publication.

"The evidence obtained by your Committee shows that at the present time the privileges conferred by the Act are enjoyed solely by an organization known as the United Press Association. This association was formed about seventeen or eighteen years ago by the proprietors of certain newspapers in the larger centres for the purpose of distributing news by wire.

"It was started on co-operative lines, with a nominal capital of £500, composed of 500 shares at £1 each. Three hundred and thirty-five shares have been issued, and 2s. 6d. per share paid up, so that the capital subscribed amounts to £41 17s. 6d. A quantity of forfeited shares are held in trust by the Association's solicitor, and the rest are distributed over a small number of shareholders, who hold from five to twenty each. The latter number qualifies for the directory; and the six directors, consisting of proprietors or direct representatives, with one exception, of metropolitan papers, have consequently more than one-third of the shares between them. Although the Association holds annual meetings, very little interest appears to be taken in the proceedings, notwithstanding that shareholders are paid their actual travelling- and hotel-expenses. The number that attend is extremely limited, and the directors virtually elect themselves. Out of 110 newspapers in the colony, about one-half subscribe to the Association and receive its cablegrams and telegrams, paying a subscription which is fixed by the management. As the subscribers have no voice in the election of directors, the fixing of fees, or the management, it follows that the Association is controlled by the directors, or, at least, a few shareholders, in whose hands all power is vested.

"The directors regulate the contributions of the subscribers for the news they receive, and to this no great objection is taken; but the subscribers who have given evidence complain that they have no share in the government of the Association, and that they are kept entirely in the dark as to the revenue and expenditure of the Association and with regard to the schedule of subscriptions for different papers.

"The object of the entrance-fees is not very clearly demonstrated; but one thing is conclusively shown—that of late years the executive of the Association has so increased them as to destroy newspaper enterprise in certain localities. Within eight years the entrance-fee required in the comparatively small town of Hastings has been raised from £100 to £500; at Hawera £250 is required; and in the larger centres the fee is stated to be about £1,000.

"These fees are justified on the ground that a reserve fund against contingencies such as libel actions is required; that without these fees the annual subscriptions would have to be increased; and that new journals should not be allowed the privileges of old contributors without a tax of this nature. The evidence shows, however, that the fees are not set apart for any specific purpose, and they are so uncertain as to be useless as aids to revenue. Your Committee is forced to the conclusion that the fees are imposed to prevent the launching of newspapers in places where they would be likely to compete with journals already established.

"With the exception of South Australia, from which the copyright clauses of 'The Protection of Telegrams Act, 1882,' were borrowed, it does not appear that newspapers are protected in this way in any of the Australian Colonies.

"The Committee, with the view of improving the position of the newspaper Press of the colony, would recommend the adoption of either of the following alternative proposals:—

"1. To repeal the copyright clauses of the Act, and place newspapers within the colony in the position which they occupied before 1882, and on the same footing as the newspapers of New South Wales, Queensland, and other colonies.

"2. To continue the copyright clauses, but to attach such conditions as would prevent any association taking advantage of them as a means of demanding prohibitive entrance-fees.

"Should the latter alternative be preferred, the Committee recommends that legislation should be introduced providing that the protection afforded by clauses 38–42 of the Electric Lines Act of 1884 should only be extended to any association which is prepared (1) to grant to every subscriber to its service a voice in the control and management, and (2) to grant to every newspaper its supply of cable news on payment of the same annual fee as is paid by other papers of the same class in similar localities. By this means, all papers subscribing would have a voice in the management of the Association."

On the question being put, That the words proposed to be struck out stand part of the question, a division was called for, and the names were taken down as follow:—

Ayes, 6: Mr. Carncross, Mr. Massey, Hon. Mr. J. McKenzie, Mr. O'Regan, Mr. Pinkerton, Mr. G. W. Russell.

Noes, 1: Mr. Hogg.

And so it was resolved in the affirmative.

Resolved, That a vote of thanks be given to the Chairman.

The Committee then adjourned till 11 a.m. on Tuesday, 6th October.

TUESDAY, 6TH OCTOBER, 1896.

The Committee met pursuant to notice.

Present: Mr. G. W. Russell (Chairman), Mr. Carncross, Mr. Hogg, Mr. Massey, Mr. Pinkerton, Mr. Wilson.

The Clerk having read the minutes of the previous meeting, Mr. Wilson asked if he could move that the minutes be not confirmed until the Committee had had another opportunity of considering the report; upon which the Chairman ruled that he could receive no motion that did not deal with the correctness or otherwise of the minutes of the previous meeting.

The minutes of the previous meeting were then confirmed.

MINUTES OF EVIDENCE.

WEDNESDAY, 2ND SEPTEMBER, 1896.—(Mr. G. W. RUSSELL, Chairman.)

JOSEPH IVESS examined.

1. *The Chairman.*] You are a newspaper-proprietor?—Yes.

2. What newspaper do you own?—The *Egmont Post.*

3. Where published?—At Stratford. I have also an interest in the *Levin Express.* I am about to start a paper at Ashburton, to be called the *Standard.*

4. You have had a good deal of experience in connection with newspapers?—Twenty-eight years.

5. You are aware of the object of this inquiry, which is defined by the order of reference to be, "to consider the working of the Electric Lines Act, so far as it relates to copyright telegrams": can you say how far the operation of these clauses has a depressing effect on the revenue of the colony as derived from the telegraph-lines?—I was a member of Holt and McCarthy's Press Agency in 1878 and 1879. I received a circular from the Press Association when it was in the course of formation, inviting my co-operation, and offering me admission, which then involved no admission-fee.

6. No entrance-fee was demanded?—No, that was one of the inducements held out to me to join; but, having been well served by the existing association, I resolved not to desert it. The eventual result was that, through the intervention of the Press Association special wire, it was very hard to cope with their powers; and this led to the withdrawal of Holt and McCarthy from the scene.

7. Were Holt and McCarthy interested in the other Association by purchase of any kind?—I think they were obliged to retire. I have since applied to the Press Association to ascertain on what terms and conditions they would admit me; and I think, so far as my memory serves me, £50 was the sum they demanded.

8. For what paper?—The *Ashburton Mail.* That was about three or four months after the formation of the Press Association.

9. *Mr. Massey.*] About what year was that?—About 1879. It was a tri-weekly paper. I declined to comply with their demand, and leased the paper to Joseph Heighton, who paid the fee of £50 to the Press Association.

10. *The Chairman.*] Have you had any other negotiation with the Association?—Yes; but I found that the entrance-fee for a small country newspaper—bi-weekly or tri-weekly—had grown so enormously that it was impossible to comply with their demand if it was to be a paying concern. About eighteen months ago I was engaged in the formation of a tri-weekly paper at Hawera. I got my manager (Mr. Stowell) to write to the Press Association asking on what terms they would supply me with telegrams. I was afraid of being punished by the directors, so I put my manager forward to make the inquiry; and he said we would be admitted on payment of £138.

11. Was that a daily, bi-weekly, or tri-weekly?—A tri-weekly.

12. You say that £138 was asked of you for the *Hawera Morning Post*, which was then a tri-weekly?—Yes. I was then engaged printing the paper at Stratford, eighteen miles from Hawera. The amount was duly forwarded to the manager of the Press Association.

13. You did pay the money?—Yes, with the intention that the news should be wired to Stratford; on that condition it was that the cheque for £138 should be forwarded. On the intermediate evening he was to commence wiring. On the eve of publication I was much disgusted, having made all arrangements, to find that no telegrams arrived. However, about 2 o'clock in the morning Mr. Stowell galloped into town with a sheaf of telegrams addressed to Hawera. They were practically of no use to me. I remonstrated with the manager of the Press Association, through my manager, Mr. Stowell, and told him that he had departed from conditions on which the £138 was lodged. However, he practically refused to wire to Stratford, for he said the paper was published at Hawera, and the Association would not wire to Stratford. In opposition to our repeated requests he refused to wire to Stratford. The result was that I applied for a refund of the £138, pointing out that it was lodged on condition that the wires were to be sent to Stratford. After a little delay I obtained a refund of the money, and I was obliged to make the best arrangements I could for the supply of telegrams. Later on I was engaged in the establishment of a paper, the *Pahiatua Argus*, which has recently been destroyed by fire. My representative made a similar application, and there was demanded of him between £140 and £150—I think the exact sum was £147. I might perhaps explain that where there is another paper published in a town there is an increase of the fee; where there is only one paper it is made lighter, because of a certain service expected from subscription—or a small concession is made.

14. You say that for the *Pahiatua Argus* between £140 and £150 was demanded?—Yes.

15. *Mr. Massey.*] How long was this after the other?—It is about nine months ago. Again, being engaged in the establishment of a new paper at Ashburton, and recognising the advantage of commanding cablegrams, I wrote to the manager of the Press Association about a fortnight ago in my own name—since I heard of this inquiry being instituted as to the working of the copyright clauses of the Electric Lines Act—asking on what terms he would be prepared to admit me for the Ashburton services.

16. *Mr. Carncross.*] Was that to be a daily?—No, a tri-weekly. Singular to remark, I have received no answer. I recognise that the conditions imposed on subscribers are of the most drastic character: they bind the subscribers and their employés not to supply information to non-associated papers, or to publish any cablegrams from an outside source. That is one of the

conditions in the agreement. Realising the great difficulty that besets the path of any person desirous of establishing a newspaper in this colony, I called on the holder of certain cable rights in Sydney some two years ago asking him on what terms he would be prepared to supply me with the whole of the cablegrams published in the evening papers. I was informed that they would be prepared to supply a complete cable service for £75 per annum for one paper; or they would give me the whole of the rights for New Zealand service at £250 per annum. On my return from Sydney to New Zealand I issued a circular to the various papers of the colony——

17. *The Chairman.*] To the non-associated papers?—To the non-associated papers—inviting their co-operation. Many of them were afraid I was not strong enough to maintain the service which I proposed to establish, and feared to incur the displeasure of the existing Association. They plainly told me they would have nothing to do with it, as they would forfeit all rights of readmission to the Association if they did so. At the same time they expressed perfect sympathy with the movement. The result was that I had to abandon the project. When the Bill extending the copyright to the present Association was before the House—I happened to be a member at that time, and I clearly foresaw the vicious monopoly that would be maintained by the passing into law of the present Act. I introduced an amendment to the Bill, which I got carried in the Lower House.

18. You mean the Protection of Telegrams Act?—Yes. It was to the effect that no fines for infringement of the Act should be required so long as the person using the telegraph was paying the wire-charges and subscription-fee. Through the active lobbying of the late Mr. Gillon among the members of the Legislative Council, that clause was expunged from the Bill.

19. Through the influence of the Association?—The clause was expunged.

20. You have only told us of the entrance-fee, you have not said anything about the annual fees that are paid to the Association?—They vary according to the service required: they have three grades—first-, second-, and third-class grade. I think it is £20 a year that is demanded for the interprovincial telegrams; the cablegrams depend on what is required, they vary from £20 to £30 according to grade.

21. When these different papers with which you have been connected were started, were you not told what your annual subscription would be?—I cannot say accurately; I think it would be between £50 and £60 for a country paper.

22. *Mr. Hogg.*] For a tri-weekly?—The Press Association does not differentiate between "interprovincial" and "cable"; you must take both, whether you want them or not.

23. Have you been connected with any papers that belonged to the Press Association?—Yes.

24. Have you ever belonged to the Association yourself?—Yes, when I was proprietor of the *Timaru Herald* and the *Evening News*.

25. Will you tell us what your experience has been with regard to the service of cables and telegrams to be supplied. Does the Press Association give you an economical service—I mean, to the proprietors of papers who belong to it—supplying the news according to the class of paper; or is it a fact that it chucks, helter-skelter, on to you a lot of stuff that is of no value whatever?—When I was in Timaru the wire-charges and rates cost me £50 a month. I had to throw a large percentage of the stuff away, being useless and uninteresting to the general reader. This necessitated extra expense, for I had to pay all charges. There were special cables in those days. There was a special-cable service in connection with the ordinary service, so that I could not decline them. The same applies to the *Evening News* at Napier: it was very unsuitable to a daily paper that had to be got out with a limited staff expeditiously. Sometimes it was impossible to use a large portion of the telegrams arriving late in the afternoon, and many of them being totally uninteresting. I also had experience of the Press Association when the *Mail* reverted to me. I was then attached to a special wire.

26. *The Chairman.*] I want you to come back for a moment to the papers you first mentioned. First there was the *Hawera Post:* When you applied for admission to the Association, and paid that £138, was the paper you printed at Stratford called the *Hawera Morning Post?*—Yes; it was partly set up at Hawera, and then forwarded to Stratford to be machined.

27. What was the difficulty about the telegrams being set up?—It involved working at night.

28. What explanation did the Association give for their refusal?—The only explanation they gave was that as the paper was published at Hawera they declined to wire to Stratford; that was the only defence they made.

29. You mentioned the *Pahiatua Argus?*—Yes.

30. What was the amount asked in that case?—I think it was £147 or thereabout.

31. What is the population about Pahiatua that would be served by that paper?—About three thousand.

32. Is Hawera, in addition to having two papers of its own, served by the papers in Wanganui and Taranaki?—Very slightly. I do not think that more than a dozen of these circulate in Hawera. They are somewhat exclusive in this country district, and favour their own local papers.

33. *Mr. Hogg.*] You say you have been connected with the Association yourself?—Yes, in connection with three papers.

34. You referred to the *Timaru Herald?*—Also the *Ashburton Mail* and the *Evening News*.

35. During the time that you were connected with the Association did you receive any balance-sheet showing the affairs of the Association?—No information whatever—not a single item of information. It is regarded as a close association. It is controlled by the leading newspapers—the large daily papers. The subscribers or members of the Association have no voting-power or control in any shape or form.

36. You were never invited to their meetings?—No.

37. You were never consulted with regard to the election of directors or officers?—No; not during the time I was connected with it.

38. Do you know what becomes of the entrance-fees paid into it?—I understand they are paid into a fund—a "fighting fund"—to the account of the Association after every meeting—so it is stated; but I do not know whether the statement is well- or ill-founded; but that is the opinion of many people who are connected with it.

39. Have you ever received any report of the directors?—No, never.

40. You have referred to some charges originally made in the shape of entrance-fees?—Yes; I have known it as low as £25.

41. Do you know how these have increased?—Yes; they have increased for Hawera, as I have pointed out, to £138. I have known in other places that it has increased, as at Masterton, where the extrance-fee is £100 for a daily evening paper; but the proprietors did not comply with the demand.

42. Then, you say, from you own knowledge, that the entrance-fees have been multiplied?—Take the ratio where it was fixed at £500, it is now £1,000, which of course shuts out all opposition in the way of enterprise in this country.

43. Are you aware of any circumstances to warrant these increased charges?—None whatever. In view of the rapid growth of the Association one would suppose it would be their interest to reduce them; but, instead of that, their revenue has increased enormously. The effect on the revenue of the colony is considerable, for, if an easy entrance-fee only were demanded, all the country papers would be receiving the telegrams and cable news: as every country paper would be receiving telegrams, the general revenue would be so much improved.

44. During the Holt and McCarthy *régime*, were there any entrance-fees?—No, none at all.

45. How were they paid for then?—I do not think there were any cablegrams then. The cables came into operation at the formation of the Press Association. They only charged me some £20 a year as subscription-fee for the *Ashburton Mail*.

46. That was for telegrams?—It was about the same for the cables—it was very moderate.

47. Does the Press Association require you to act for them as literary contributors?—Yes, to act as correspondents.

48. Was this work carried out in a satisfactory manner?—Perfectly.

49. What, in your opinion, has been the effect of the Press Association on the newspapers?—Restricting enterprise, controlling public opinion in the various centres.

50. Have you had any complaints from newspaper-proprietors?—Yes—even those who are actively associated with newspapers. It would be invidious to mention names of those outside the large centres who complain of the heavy rates charged, and for the useless messages that are showered upon them, and for which they also have to pay; indeed, any relief in these respects would be hailed with satisfaction by the country papers.

51. You think there is a great deal of dissatisfaction?—I have no hesitation in expressing my opinion to that effect.

52. *Mr. Pinkerton.*] What rights did the payment of that £138 confer upon you?—The right to be supplied with cables for a yearly fee.

53. That does not go to pay for any part of the supply?—No; if the paper were to close you would lose it.

54. Then, they may send you what they like and you must pay for what they send?—You must pay, provided you agree to pay the yearly subscription.

55. And full wire-charges in addition?—Yes, that is so.

56. *Mr. Massey.*] You say that any relief would be satisfactory to the country Press?—Yes.

57. What form do you think that relief should take?—The abolition of the exorbitant fee for entrance. If that were done away with the country Press would be willing to pay the yearly subscription.

58. *Mr. Carncross.*] I understood you to say that you made the arrangement to send the telegrams to Stratford?—Yes; and they refused.

59. Was that agreement in writing?—The draft was accompanied by the application that the wires should be sent to Stratford; I made that "special," but they sent the wires to Hawera.

60. Did you get no intimation of the receipt of application and the money?—The first intimation received was the receipt of the wire at Hawera. The paper was machined at Stratford, eighteen miles distant.

61. Have you had any experience in the other colonies?—Yes; I had four years' experience of papers in New South Wales.

62. Is there any entrance-fee there?—There is no Press Association on the same lines. There are associations which collate the news and send it to the country newspapers. There is some kind of protective cable there; but it is of such a mild character that it does not operate to the disadvantage of any one.

63. There is no monopoly?—No monopoly. This is the only colony where there is a monopoly.

64. There is more than one source from which you can get the news there?—Yes; there are several. For a small sum they will supply the country newspapers.

65. *The Chairman.*] Do they wire it, or send it in other ways?—They wire it. I believe there is a special rate.

66. Is there no special protection?—It is of a very mild character. You can get the telegrams out of the daily morning papers.

67. Do you think that the high entrance-fee is the means of preventing papers being established?—I am quite sure of it.

68. That means a loss of employment in the colony for "unemployed" persons, and for compositors?—Yes, decidedly.

69. Do you think the telegraph revenue would be benefited by the repeal of these copyright clauses?—Yes; I think you would have an additional evening paper in Wellington, another in Christchurch, and, perhaps, one in Auckland. These would aid the revenue considerably. It would in this way relieve the unemployed, for there is sure to be a large number of unemployed compositors whose services would be required if these were withdrawn.

70. Do you think that more newspapers would be established?—Yes; I have not the smallest doubt of it. You would have four extra daily papers in New Zealand if this were withdrawn.

71. You say that Holt and McCarthy gave satisfaction?—Yes, up to the time that the large newspaper-proprietors formed a "ring" and withdrew their patronage. The consequence was that Reuter withdrew also. In connection with McCarthy and Holt, Reuter supplied the cables, or, rather, the two services were worked altogether independently. Latterly they amalgamated; it was necessary for their amalgamation to pay for both.

72. *Mr. Hogg.*] There was no restriction?—None whatever; but you would have to take the cables.

73. If a new association started, they would not have the paying papers?—No sane man would attempt to start in opposition to the Press Association.

74. *The Chairman.*] Was there any other paper published by you in Stratford?—No, only one.

75. Or published in connection with the Stratford paper. I will put it in another way: Was there a *bonâ fide* Stratford paper, or was there one published in connection partly at Hawera and partly at Eltham?—It was a *bonâ fide* Stratford paper, published at Stratford.

76. *Mr. Pinkerton.*] Suppose the cablegrams published in any of the morning papers in the city, would it be an infringement of copyright if the country papers copied them?—They can take them after eighteen hours.

77. *Mr. Massey.*] How came it that one of the papers you mention was printed at Stratford and published at Hawera?—One was a morning and the other an evening paper.

78. Did you exchange the matter between the two papers?—Yes.

79. Do you think that if the entrance-fee were abolished it would be possible for another association to start an efficient service to the papers of the colony, charging no more for the annual fee than is now charged?—I do not think that while the papers hold together another association would succeed.

80. Do you look on it as hopeless to alter the position?—The only hope would be if the country papers were to combine. I do not think a new association could procure cables from the other colonies so as to make it pay.

81. I understood you to say that for £250 you could obtain the sole rights for a New Zealand cable service?—There would be in addition the cable charges.

82. And then there would be the distribution of the cables through the colony?—Yes.

83. Would such a service as you speak of for £250 supply only the morning or the evening papers?—It would be only a service for the evening papers.

84. If such an arrangement were made it would be necessary for any association starting to obtain the morning papers to work with them, and other Australian papers, so as to supply the morning papers?—I am not sure whether they could supply the evening and the morning papers.

85. *Mr. Hogg.*] Do you remember whether the cables distributed by Reuter were protected?—No, they were not.

86. Copyright had no existence then?— No.

87. *The Chairman.*] No copyright before 1882?—No.

88. *Mr. Hogg.*] Prior to that were the cables of an interesting character?—Yes.

89. Do you think there is any very great difference in the supply now?—They have extended very much of late.

90. Do you consider that those copyright clauses have had any effect?—They drove Reuter out of the colony.

91. Have they had any effect—any satisfactory effect—in regard to the improvement of the telegrams?—I do not think so; they drove competition out of the colony.

92. Suppose Reuter had remained undisturbed, do you think that the cables supplied by him would be equal to those provided by the Association?—Yes; for we have an instance in Victoria, where Reuter is established.

93. If the copyright clauses of this Act were repealed, do you think that would have any effect on the metropolitan papers?—The effect would be increased competition. You would have other papers starting. Of course, there would be keener competition for the supply of news.

94. Would it have any effect on the country circulation?—Yes, a very material effect; for the country papers could publish the cables from the metropolitan papers.

95. What would be the effect of that on the country generally—I mean on the country papers?—A very great improvement in every respect. The country papers are impoverished now by the high charges, and the useless wires they have to pay for.

96. In the event of these clauses being repealed, do you think that the contributors to the Association would still have an advantage?—Yes; they would still have an advantage inasmuch as the Association is already established, and they have a large fund to fight any opposition that might be expected.

97. I mean, in having the first news?—Yes; because the cables would be published to the world before they could possibly reach the country papers.

98. You would not care whether they were supplied direct from Europe?—So long as I was first in the field with them I would consider it worth the money.

99. *Mr. Carncross.*] Do you think it would be fair to repeal the copyright law altogether?—That is a difficult question to answer. I think a copyright law is only fair so long as it is not made drastic or prohibitive. No paper will object to pay for cables so long as a fair sum is demanded.

100. You know of no reason why this entrance-fee should be increased?—None whatever.

101. Assuming the copyright clauses were abolished, would the papers have any advantage by getting their cables straight off?—Yes, undoubtedly there would be an advantage in being able to get the cables straight off.

102. A few minutes would make all the difference in the value of a telegram?—Yes.

103. *Mr. Pinkerton.*] Suppose the Press Association charged reasonably, or were their entrance-fee lowered, you would not object to the copyright?—Not in the least. The entrance-fee is a complete bar to any one taking advantage of the service.

104. *Mr. Massey.*] How would you accomplish a reduction?—I would do the same as was done in Holt and McCarthy's time: I would have an annual subscription, and punish those who infringed the rules laid nown.

105. How can we do that?—By withdrawing the privileges given if they are abused.

106. *Mr. O'Regan.*] After the papers have paid their subscription, and been admitted to be members of the Association, do you know whether they get any dividend?—Not a sixpence; not a halfpenny.

107. I have been assured that the money raised by the Association in the way of entrance-fees is distributed in due proportion between the papers subscribing?—I never heard of it.

THURSDAY, 3RD SEPTEMBER, 1896.

PATRICK GALVIN examined.

1. *The Chairman.*] You are a journalist?—Yes.

2. And the proprietor of a newspaper?—Yes; I am lessee.

3. I believe you have been connected with the New Zealand and Victorian Press for a considerable time?—For thirty years.

4. Is your experience generally spread over the colony?—Yes, considerably; spread over New Zealand.

5. Have you had any experience in Australia?—Sixteen years in Australla; fourteen altogether in New Zealand.

6. You are aware that the object of this Committee is to inquire into the working of the copyright clauses of the Electric Lines Act. The Committee wishes you to state your opinion as an expert on that subject, so that the Committee may be guided in their judgment as to whether these clauses should continue to have operation. I will first ask you whether you object to this copyright?—I do not object to copyright as copyright. I think that any Association which spends a lot of money to obtain news from far and near should have protection. But I think, at the same time, that any one who wants news should have it without having to pay an exorbitant fee for it.

7. Do you mean by way of entrance or annual subscription?—I object to the entrance-fee. An annual subscription, I take it, would be necessary for running the business. At the present time, in the district I am now in, I have started a second paper. The district contains between seven and eight thousand people. I started the first paper in that district in 1880; it did not contain, at the outside, more than fifteen hundred people. There was an entrance-fee then charged by the Press Association: it was £25 for a bi-weekly—the *Hawera Star*.

8. Will you give me the date again?—1880. I remember that Mr. Innes, my partner, and myself very strongly resented having to pay even £25. We did not object to the scale of charges for news—that is, the annual subscription—but we did strongly object to pay the Association £25 for the right to get the news. We considered that we had a right to that £25 to carry us over the struggle of an early business. In taking over this second paper, the *Hawera Morning Post*, I saw the general manager of the Press Association and asked him what the entrance-fee would be for a daily paper at Hawera—that is, for this second paper. I might here say, if the Committee will allow me, that when I first negotiated for this second paper my impression was that it was already in the Press Association. When I landed here in Wellington, or a day or two afterwards, I asked the general manager what the entrance-fee would be, and he said it would be £250 at the least, and it might be £300.

9. *Mr. Pinkerton.*] How long is that ago?—That is about three months ago. But when I went into the affairs of this newspaper I found it in a much lower condition than I expected, so I determined to go back for the present from a daily to a tri-weekly. I asked my old partner, who is now in business in Wellington, to go to the general manager and ask him what the entrance-fee would be for a tri-weekly, and he got the answer that it would be £176. [See Exhibit A.]

10. *Mr. O'Regan.*] Who was the founder of this second paper you refer to?—Messrs. Ivess and Stowell. There were three papers: it was a syndicate of papers. There was one at Hawera, one at Eltham, and one at Stratford. They did at first join the Press Association; but when the Association found the news was used for a syndicate of papers they refused to wire to them. When I came and found the paper was not in the Association I was very much disgusted, I assure you.

11. *The Chairman.*] You did not propose to use the news for a syndicate of papers—only for the *Hawera Post*?—Yes, that is so—for a tri-weekly. The minimum for a daily I found was £250. I have a telegram on the subject; but I did not anticipate coming before this Committee, or I would have brought it with me. Finding that I wanted all the money I could get, and a good deal more, for working the business and paying the hands, I did not join the Association; and I doubt if I should ever do so as long as they demanded an enormous entrance-fee. My present wish is to be able to do without them, and to put what money I can into the paper in other ways.

12. What would be the wire-charges of a paper like yours, let us say, either a daily, bi-weekly, or tri-weekly—that is to say, what would you pay to the Telegraph Department in the event of your being able to get the news? I am speaking of wire-charges only?—I should imagine it would be about 15s. a week for a tri-weekly—that is, of course, taking the average of a thousand words. The average for a daily might be £1 10s.; but that is merely an estimate.

13. *Mr. Carncross.*] About a thousand?—Yes, about that.

14. *The Chairman.*] Suppose you had an opportunity of joining this Association on terms that you would consider reasonable; that would provide a revenue of not less than £75 a year for telegrams—that is, of course, if your paper remained a daily?—Yes; or £37 10s. for a bi-weekly.

15. Then, that is what the country loses through your not being able to get the telegrams you want?—I get telegrams now, but not so many.

16. Do you know whether the Association's telegrams are used at all?—I am afraid they are, but I ask my correspondents to send me only telegrams that are very important; these would have to be deducted from the estimate. I do not know the average sent, but I should think it might be three or four hundred words per issue.

17. *Mr. Hogg.*] Is yours an evening or a morning paper?—It is a morning paper.

18. *The Chairman.*] Have you been connected with papers that belonged to the Press Association?—Yes; all the papers which I have been connected with hitherto have been connected with the Association. I think, in my experience of journalism, this is the only one that was not connected with them.

19. What has been your experience of the value of the Press Association to the smaller class of papers in condensing news so as to fit the service of that class of newspaper?—When I went to the *Poverty Bay Herald* at Gisborne some twelve years ago, and afterwards at Marlborough, it was a frequent complaint with the proprietors that a great deal of matter was shoved on to them which they did not want. At Gisborne particularly we had trouble, because the charges for the telegrams were some days more than the actual revenue the proprietor was receiving from his paper. I was the editor, and did not concern myself very much with what really was the concern of the proprietor. I think that either he or I wrote to the general manager that, if he continued to send so much that we could not use, the paper must go under.

20. These were wire-charges?—Wire-charges alone. Very great pressure had to be brought to bear before we could get the number of words reduced. It was three or four years after that I was editing the *Marlborough Express*, when I heard great complaint from Messrs. Furness and Boundy, the proprietors, of the way that the wire-charges were pressing on them.

21. Then, you do not think that the service for that class of newspaper with which you have been connected is so perfect that it is not possible to improve it?—I think that, having to find the money to pay wages, the smaller papers have enough to do; but the Association could do a great deal of condensation with great advantage to the smaller papers. For the bigger papers it is a service that would be hard to beat in any part of the world.

22. Then, the opinion you hold is that the Association is worked rather for the benefit of the larger papers than for the advantage of the smaller papers that are scattered through the country?—I think that if the smaller papers had an association of their own, or had a special representative—one for the South and another for the North Island—to condense and send them news suited to their special circumstances, it would be an improvement. I should like to say that I do not attach any blame to the management here. I do not think the staff at the head office is strong enough to condense for the smaller papers.

23. Have you had any experience, either in New Zealand or in any other colony, in connection with any system for the supplying of newspapers with telegrams other than the Press Association?—Yes; in Victoria I have had such experience.

24. Will you be good enough to tell us what it is?—Some five years ago, in Victoria, we formed what we called the "Country Press Company" of Victoria. I was one of the original shareholders. We had a head office in Melbourne, and also a manager there. There was a reporter attached to it—a good all-round literary man—who supplied telegrams, or news, or a Melbourne letter, written by himself or those associated with him. I knew only one gentleman associated with this institution—Mr. Morgan. These telegrams, or news, or letters—whatever you may please to call them—are supplied without any entrance-fee whatever.

25. No entrance-fee from the papers wishing to be connected with it?—No; by taking shares in the company you can become a member of it. You take up five shares; on these five shares all you would have to pay is £1 15s., for they are working on a paid-up capital of 7s. a share. They have no cable-service there, so far as I know, but I cannot speak definitely; I am not quite sure. But I do not think that cables are protected in Australia. That is my impression.

26. *Mr. Hogg.*] Is there a monthly or a quarterly contribution to this Press Company?—No contribution whatever. They have an advertising bureau in connection with it. In connection with it they print their own supplements; if there are two or more papers in a town they can take one each. The company get a certain amount of advertising for this supplement; they charge for this advertising. If you want accounts collected they will collect them for you at 10 per cent. There is no quarterly or yearly subscription.

27. Must you take the supplement?—Not necessarily; but I think there was some understanding between them that they would do so.

28. As to disposing of your shares?—When I was coming back from Australia I was allowed to transfer my shares to my successor without the slightest trouble.

29. Do they publish a balance-sheet?—Yes; and they have paid a dividend from the beginning of about 8 per cent. to all the shareholders. No one holds less than five or more than fifty shares in the company.

30. Had you an elected management?—Yes; there is an election every six months. There have been but few changes, so great is the satisfaction that has been given.

31. Do you think that the privileges of copyright which the Electric Lines Act confers tends to create a monopoly by the Press Association?—It has that tendency.

32. And, so far as the charges for entrance-fees have any effect, you think this is owing to the Electric Lines Act?—Quite so.

32A. And that this creates a monopoly?—That is so; that is my opinion.

33. Do I understand from you that the association to which you referred in Victoria do not supply their clients with cable news?—I am not quite sure about that; it has no cable-service in the Home-country.

34. Any news of that sort would be copied from the metropolitan papers of the morning or evening?—Quite so.

35. Had you any experience of the old Press Agency under Holt and McCarthy?—I had no direct experience beyond the fact that I was sub-editor of the *New Zealand Times* during the time the old Press Agency under Holt and McCarthy was in operation.

36. Then, you would deal with them only for the New Zealand news?—Yes; that was a New Zealand service.

37. The cables you got through Reuter?—Yes, through Reuter.

38. What is your opinion as to the effect of this monopoly as regards public opinion? Is it prejudicial to the starting of newspapers in places where public opinion is weak owing to the scattered condition of the population?—I should imagine it would have that tendency; I do not see how it could be otherwise.

39. If you were to pay an entrance-fee for a tri-weekly, and you were subsequently to make your paper a daily, would there be a further fee to pay?—Yes; the difference between £176 and £250 would have to be paid; at all events, it would be demanded. That was the information sent to me by my old partner, Mr. Innes.

40. Would paying the entrance-fee confer upon you any rights to participate in the management? Would you be able to take part at any of the meetings held by the Association for the purpose of controlling its affairs?—So far as I know, when I was a member of the Association I had no rights beyond getting the telegrams. I was a member of it for a few years.

41. What was the annual fee demanded for a newspaper, whether tri-weekly or daily?—We did not go into that question. I do not know positively. I objected to the entrance-fee; I was prepared to pay the other, whatever it was.

42. You made no objection to that?—No, I made no objection to that.

43. Then, you were quite prepared to pay any annual subscription, provided you paid the same as other papers of the same class?—Quite so.

44. Your objection was to the entrance-fee, which you say had the effect of restraining you in the proper conduct of your business?—Quite so.

45. As an expert, do you consider that this entrance-fee is intended to represent the value given to you for the money paid, or to prevent the starting of fresh newspapers in the country?—It is intended to prevent the starting of fresh newspapers, or to repress them, at all events. I may be wrong, but that is my impression.

46. Do you know of any advantage that you would receive from the payment of this large sum, or do you think that such advantage as you might derive from it justifies the demand?—I cannot see any ground for it. I think there should be no more charged than what would satisfy the legal expenses, say, ten guineas or so.

47. You are also a compositor, I believe?—Yes; I was brought up to the business in the Old Country. I served my apprenticeship there.

48. Do you think these copyright clauses, inasmuch as they may prevent the starting of newspapers throughout the colony, have any effect in accentuating the "unemployed" difficulty so far as the employment of compositors is concerned?—I do not look at it in that way. I rather look at it from the point of view that appears to me—that the existence of many small newspapers has accentuated the difficulty so far as regards the employment of compositors—so many small newspapers starting throughout the country employ a number of boys. When these boys mature the small newspapers are not able to give them all employment as journeymen, and they get more boys. They can only employ a very limited number of men, and as the boys get out of their apprenticeship they have to go into the big cities to seek employment. In fact, if it were not for the big newspapers it would be hard for compositors to get employment. That is my impression. I was secretary of the Typographical Society of Otago for a short time, so that I had a good chance of noticing all the phases of this question.

49. You say that the employment on the large newspapers forms the principal avenue through which the country apprentices are employed?—That is my experience.

50. Suppose these copyright clauses stood in the way of other papers being started in each of the four cities, would you consider the operation of the clauses in that respect bad, even from that point of view?—Yes, even from that point of view.

51. Would you consider that an entrance-fee of between £500 and £1,000 for admission to the Press Association is likely to prevent newspaper enterprise?—Certainly it is.

52. Then, you as an expert consider that the action of these clauses in preventing the starting of newspaper enterprise in the large cities would act detrimentally to the compositors throughout the country?—Quite so, so far as the large cities are concerned, and also perhaps the secondary cities—such places as Timaru and Napier.

53. Do you think there would be any justification for demanding £500 as entrance-fee for admission to the Press Association in a town like Hastings, for example?—No, I should think not.

53A. Would you be surprised if you were told that £500 was demanded for the entrance-fee there?—I was very much surprised when I saw it in the newspapers.

54. Do you think that any person starting a newspaper there would receive value for the £500 demanded there?—I do not see where he could get it.

55. I suppose that a newspaper started in Hastings would have a very hard fight to make good this large sum for entrance-fee?—A very hard one indeed.

56. They may have refused owing to its proximity to a newspaper that was already a member of the Press Association?—Yes.

57. Is it your experience that a larger sum has to be paid within a certain radius of a town where a newspaper is published?—They might have a desire to protect a customer who was already connected with them.

58. Is it your experience that most people prefer the town journal to the local country journal?—Up to a certain point that may be so; but they generally prefer the local paper for its local news and its attention to local wants.

59. *Mr. Hogg.*] You say you have the management of the *Hawera Post?*—I have become the lessee, with a purchasing clause.

60. Is that a large place?—The town now contains about eighteen hundred inhabitants; it is in the centre of a large fertile district.

61. Is this morning paper the only newspaper in the town?—No; there is the *Hawera Star*, an evening paper, also started by myself and Mr. Innes in 1880; but I had to sell out owing to insomnia.

62. Is the *Star* connected with the Association?—Yes.

63. Do you think that not receiving the cablegrams puts you at considerable disadvantage as a competitor?—Yes; very considerable.

64. You have had a lot of experience of country newspapers, I believe?—Yes, a good deal.

65. Can you say how much money would be required to start a small country office?—In a place like Hawera, from £500 to £1,000.

66. Then, an entrance-fee of £250 would represent a half to one-fourth of the capital that would be necessary?—Yes.

67. Do you know anything of the working of this Association?—I know nothing of the internal working of the Association. In all the time I have known it I have never been able to find out anything about its internal working. From all with whom I have conversed on the subject I have not been able to discover how the Association is worked. I only know that they have their meetings once a year, and I know that Mr. E. W. Knowles is the president of it. That is all I know on the subject. But I have been away from the colony for some years.

68. Who have been the directors, do you know?—Mr. Brett, of Auckland. I believe the late Mr. Henry Blundell, of Wellington, was a member. Mr. Fenwick, of Dunedin, used to be another; the others I do not know. I believe that Mr. Knowles has been a director for a long time.

69. The directors are simply the representatives of the old wealthy metropolitan papers?—That is so. I never heard of a country journalist being on it in any shape or form.

70. Then, the country newspapers know nothing of the working of the Association, or for what objects they are contributing their money?—Nothing whatever.

71. Did you ever see a balance-sheet?—No; during the time I was publishing the *Hawera Star* or *Opunake Courier* I never saw a balance-sheet, and I never saw a report.

72. You say you are willing to contribute the fees demanded of you: do you think that is a satisfactory system under which you may be called upon to pay any fee demanded of you?—I meant for wire-charges only.

73. I presume you would have to contribute so much a quarter. As a contributor, would you have any control over the fees so as to get them modified?—You must accept the tariff laid down. There is no means of modifying it that I know of.

74. You do not know whether these fees are necessary or not?—I presume they are, but I do not know whether they are or not.

74A. You cannot tell us anything as to the profits of the Association?—No; I have no information on that point.

75. Then, you have contributed money, and you do not know what has become of it: how is that explained?—That is so; but I might perhaps state that when I first started the *Hawera Star* with Mr. Innes we had a special correspondent at the military camp. The district was in a disturbed state. The news most in request was news from the camp. I received a letter from Mr. Gillon, the general manager at that time, asking why I did not send on to him the news from the camp. We paid between £40 and £50 a year to get this news—I am not sure now whether it was £40 or £50 it cost us. Mr. Gillon insisted that I should send on to him this news, although we paid that sum specially for it. I protested against that. Two or three letters passed between us. I protested again that if he wanted this news he should bear the expense of obtaining it. We sometimes got the news by special messenger and sometimes by post. Mr. Gillon said that if we wanted anything of that kind we should make a formal application for it, and he would lay it before the directors. I do not know whether it was obtained afterwards from those who paid for special news, but I never got a single penny for that £40 or £50.

76. Your complaint is that the Association threatened to cut you off from its service unless you supplied them with that information which you had to pay £40 or £50 for?—Yes.

77. Is that one of the rules of the Association—that such information has to be forwarded to them?—Mr. Gillon said so.

78. You stated that you had had experience in Victoria: was that in the country parts or in Melbourne?—Two years of it was in Melbourne.

79. Can you tell us what is the practice there?—It is entirely different there. I did not publish any cables at Yea.

80. Did you not receive them?—At the *Wangaratta Chronicle* sometimes we got them.

81. How were they obtained?—They were taken from the large daily papers and sent up to us by a correspondent.

82. They were sent up by the Country Press Company?—When I first went to the Wangaratta paper that company was not yet formed.

83. Cannot you say that the cablegrams are forwarded through a regular agency?—I am under the impression that they are.

84. But there is the greatest difference between the Press Association and the Country Press Company, Victoria. One is a private concern and is run on private lines, the other is worked on the co-operative principle?—That is as it seems to me.

85. Will you explain?—In Victoria every newspaper connected with the agency becomes a shareholder. There were seventy-six shareholders at one time. I believe that three or four have withdrawn, leaving seventy-two still.

86. From what you have told us of the relationship that subsists between the large metropolitan papers and the country papers in New Zealand, it is something like that between Lazarus and Dives. The country papers receive the crumbs that fall from the rich man's table?—That is my impression.

87. *The Chairman.*] You are acquainted with the Act under which this copyright is granted?—I have read the principal clauses.

88. You do not disapprove of having protection for their cables?—No, I do not.

89. You think that is a fair thing?—Yes, that is a fair thing.

89A. Do you think that this society would be likely to ask for these enormous fees for entrance if it were not for the copyright clauses in the Act?—I do not think so.

90. That is what gives them their great power?—Quite so.

91. You say that when you saw the manager of the Association you asked him what the entrance-fees were, and he told you £176 for a tri-weekly; £250 for a daily?—He said the minimum was £250, but it might be £300.

92. But it would be a minimum of £250?—For a daily; £176 for a tri-weekly.

93. Supposing a man starts a paper, whether daily or tri-weekly does not matter—but let it be a daily—he pays £250, but eventually he finds that he cannot make his paper do, and he has to leave the business: what becomes of the £250?—He gets none of it back. I remember when I paid a small entrance fee of £15 at Opunake, and closed up the paper, I got none of it back. I never heard of these fees being returned. On the other hand, in Victoria, when I was leaving I was able to transfer my shares, and I got every penny of the money I had paid for them.

94. In the event of your wishing to change into another district, could you transfer your right into another district?—I do not know about that. I could not give a decided opinion; that has never cropped up with me. I have never considered that point.

95. *Mr. Carncross.*] I have heard it stated that if a man shifts into another locality he is treated by the Press Association as a new subscriber?—I cannot tell you anything about that.

96. *The Chairman.*] Can he sell his right to any one?—I cannot tell you; I do not know.

97. Have you any idea in what way the Act could be amended so as to secure fairer treatment if that should be found necessary?—My opinion is, or, rather, it is my impression, that, as the country gives special privileges in the shape of cheaper wire-charges to this or any other company, any person wishing to join this or any similar society—any association of the same kind—should have the same rights or privilege. But, so long as the present Act is in existence, I do not see how any other association would be likely to start.

98. It has created a monopoly?—Yes; and, in my opinion, a very strong one. If I might be permitted to make a further statement, I might perhaps throw some fresh light on the matter. When the Press Association was started I knew Mr. Florence McCarthy, who was the manager of the Press Agency. I was sub-editor of the *New Zealand Times*. Mr. McCarthy was greatly disgusted at the way this Bill was passed. He offered to give me the papers adhering to the Press Agency if I would take them up. But I did not see that I had the best qualifications for the duties; and I then expressed my opinion that he could not cope with the new Association, for it was too strong, as they had all the big papers at their back.

99. Have you any knowledge who were the projectors?—I could not say who were the individuals, but it originated with all the large papers, or the proprietors of the large papers. The Canterbury *Press* was not in it at first—it adhered to the old Press Agency; but it joined the Press Association eventually. The sympathies of the *New Zealand Times* were with the Press Agency.

100. Mr. Reeves, of Christchurch, was one of the projectors, was he not?—Yes.

101. You said you had no objection to the annual subscription?—I have no objection to an annual subscription being charged; but I think, if you give the right of charging an entrance-fee, that fact lays the society open to the charge of being exclusive, and opens the door to monopoly. Whenever people charge an entrance-fee there is a tendency to make it larger.

102. Have you any fault to find with the general fees?—No; I have not found fault with that.

103. Then, your objection to the operation of this Act is that it enables the Press Association to charge a huge entrance-fee, which blocks out other people from the advantages which they ought to obtain if this large entrance-fee were not charged?—Quite so.

104. *Mr. Massey.*] When you referred to your tri-weekly paper at Hawera, is that the same paper that Mr. Ivess referred to in his evidence given to the Committee yesterday?—Mr. Ivess, when he went there, started a paper at Stratford; he also started this paper at Hawera. He was going to have a syndicate of papers. The entrance-fee was paid to the Association; but when they found that the news they sent was being used for a syndicate of papers they refused to wire to him any more. The name of the paper to be run at Stratford was the *Egmont Post*.

105. Mr. Ivess stated that the sum he paid for entrance-fee was £138?—I do not know what it was; the general manager did not tell me what it was. I have the letter at home on the subject. I will forward it to the Committee if they desire it.

106. You have said that it is a fair thing to have copyright: what is your grievance against the Association?—My grievance is that they charge this entrance-fee, which ought to go to the nourishment of the early stages of a business, and which is absolutely required in the early stages to carry on.

107. The business of an individual who purposes to join the Association?—Quite so. I do not see why I should have to pay £176 now, as against £25 in 1880. I objected to pay the £25 in 1880, for I believed then, and I still believe, that no entrance-fee should be charged beyond what is necessary for legal and ordinary expenses.

108. Now, as to the remedy: how do you propose to remedy this?—The only remedy I can see is to repeal the present Electric Lines Act, so far, at least, as the copyright clauses are concerned; or else some fresh clause should be inserted compelling this or any other association to supply its telegrams to any newspaper that is willing to pay scale price for them. They might have a separate scale for each class of newspaper—that is, there might be a first, second, third, and fourth class of papers. The Association might supply according to scale. The large papers in the city would probably require to be supplied according to one scale; such towns as Napier or Timaru might have different scales.

109. *The Chairman.*] You mean not for an entrance-fee, but for an annual fee?—Yes.

110. Do you know whether the Association has a different scale of charges? Have you ever heard of any?—I think so; I think they are all on the same footing in the different classes.

111. *Mr. Pinkerton.*] You are aware that the services of the Press Association are open to all newspapers—to all proprietors of newspapers?—Yes; to all newspaper-proprietors.

112. As to the object of the entrance-fee, is it your opinion that the object of the entrance-fee is to prevent other newspapers being started?—Yes; that is my impression.

113. You mentioned something about the cheaper rate of telegrams which the Association received?—As compared with the general public——

114. Does it mean that any paper can have that concession?—Any newspaper; quite so.

115. *Mr. Wilson.*] I understood you to say that in Australia a transfer of this right could be made, and that in Australia you had done so: could you not transfer your right here as well? If you had to sell your paper, would not the right go with it?—Yes.

116. So that, as you can sell it, it would be a valuable consideration?—Yes.

117. Do you know anything of the working of the Association?—No; I have never been able to find out. I know nothing beyond this: that there are directors in the different centres.

118. You do not know where the money goes to?—I never knew, and I never knew any newspaper-proprietor who does know. In Victoria we knew where every penny went.

119. It is a considerable addition to the value of a newspaper, is it not, that it should be in the Press Association?—Yes.

120. Have you given us the ordinary rates for telegrams charged to newspapers if given in within certain hours?—The charge to morning papers is 6d. for a hundred words; if you have to send two words over the hundred you have to pay an additonal 6d.

121. That is the amount the department exacts?—That is the amount; they collect them next day.

122. In what way do they make a profit?—I believe there is an annual fee which goes to the working of the office.

123. Do you know what it is?—I do not remember; I have not gone into the question. I was only anxious to get supplied through the Association.

124. Suppose a telegram were sent libelling some person in the district, who would have to pay?—I think that the paper would have to take all the responsibility, or the proprietor.

125. You think no blame would be attachable to the agent?—I do not think he would be held solely responsible, so far as I know.

126. *The Chairman.*] Do you know anything of the paid-up capital of this company?—No.

127. Would you be surprised if you heard that the whole of the capital of this company is less than £50?—I would be surprised. We thought we were working in Victoria very cheaply, and we had £350.

FRIDAY, 4TH SEPTEMBER, 1896.

WILLIAM DAWSON ARNOTT examined.

1. *The Chairman.*] What is your occupation?—I am editor and part proprietor of the *Hastings Standard.*

2. Is that a daily paper?—Yes; a daily evening.

3. How long has it been in existence?—Since the 27th April, 1896.

4. Was there a newspaper in Hastings previously?—There was formerly, but not for ten years.

5. What is the population of Hastings?—3,219, or thereabouts.

6. That is the population of the borough?—Yes.

7. What is the population of the surrounding district that will be served by the local paper?—There are several small towns, such as Clive, Havelock, and others; there are several districts that would be served by the local paper, but I do not know the population of them. I am a stranger there, but I think there are a thousand more inhabitants in the surrounding district.

8. Within a radius of how many miles?—I am a comparative stranger there; I only arrived there last February.

9. What papers had you been previously connected with?—The *Brunner News*, the *Grey River Argus*, and for a little time I was on the *Lyttelton Times*. I have also been connected with the Government Printing Office staff.

10. Were you on the literary staff of the *Lyttelton Times?*—No.

11. On the printing staff?—Yes.

12. The object of this inquiry is to consider the working of the Electric Lines Act copyright clauses, so far as the said Act refers to copyright telegrams. Have any of the papers that you had been connected with previously been connected with the Press Association?—Yes, two—the *Grey River Argus* and the *Brunner News*.

13. I presume you understand that the copyright clauses of the Electric Lines Act refer only to news received from beyond New Zealand: does the *Hastings Standard* receive and publish cable news?—Yes.

14. Whence is this cable news received? Do you receive it direct from Australia or Europe, or do you obtain it from other sources in the colony?—It is sent to us.

15. Do you mean that the cable news is sent to you as telegrams?—Yes.

16. You have not a cable-service of your own?—No.

17. Why not?—It would be too expensive for a paper like ours to run one of its own.

18. You say it is impossible for one paper to maintain a separate and distinct service of its own?—Yes.

19. Have you endeavoured to obtain a cable-service?—Yes.

20. What efforts have you made?—We have endeavoured to arrange with the New Zealand Press Association so as to obtain cable news.

21. Why did you endeavour to do that?—A newspaper wishes to obtain the latest news and foreign intelligence. Through the New Zealand Press Association is the easiest and promptest way of getting foreign intelligence.

22. Is there any other source from which you could obtain this cable news?—I do not think so.

23. You know of no other source through which to obtain it?—No, I do do think so; not without a tremendous capital for one paper.

24. You look upon it as impossible?—Yes.

25. Is there any other source in New Zealand which supplies cable news to newspapers but the Press Association?—No.

26. Then, so far as you know, the only means by which a newspaper could obtain cable news would be by becoming a member of the Association. Have you endeavoured to become a member of the Press Association?—Yes; we have made great endeavours.

27. Did you apply to become a member?—Yes; we applied in February last. We sent in an application at that time asking them to admit us.

28. What was their reply?—I have a document here which will show this.

29. Have you a copy of the application?—No, I have not; that was before we proceeded with the business. But the answer they gave us really was that they would supply us on certain conditions. When I was on the staff of the *Brunner News* I was led to believe that the rights of that paper in the Association could be transferred to another paper, provided it did not clash with any other paper served by the Association. The communication was made by Mr. Urquhart to the manager of the Press Association in Wellington.

30. Did you see the Press Association's reply?—No; it was a personal interview.

31. What then?—We then applied for a transfer of those rights to a North Island newspaper, intending to purchase a newspaper in the South Island, and transfer those rights to it. The telegraph rights we understood—we were led to believe—could be granted to us, so long as we did not interfere with any other paper in the Association. I wrote to the manager in January. This is the reply——

32. Have you not brought your letter-book?—No, this was informal.

33. You must see that your evidence will look one-sided unless you can produce the whole of the correspondence. What was the answer?—He said that any new application for those rights would have to be laid before the meeting of directors:—

"Wellington, 27th January, 1896.

"Dear Sir,—In response to your application *re* transfer of the *Brunnerton News'* rights to Hastings, I am instructed to reply that the directors of the Press Association do not consent to supply it, if removed to Hastings. Any new application for these rights will have to be laid before a meeting of directors.—I am, &c., "W. H. Atack, Manager.

"W. D. Arnott, Esq., Wellington."

Immediately after we made the application as to how much it would cost to admit the paper to be established in Hastings to the full rights of the Association, the next reply was:—

"Wellington, 15th January, 1896.

"Dear Sir,—Before submitting your application to the directors, I shall be glad to learn whether the paper you propose to establish in Hastings will be a daily, tri-weekly, or bi-weekly.—I am, &c., "Geo. Humphries, for Manager.

"W. D. Arnott, Esq., 78, Wellington Terrace, Wellington."

In reply to that, we stated that we intended to start a daily evening paper in Hastings. We received a reply to that stating that the entrance-fee was £500, and the yearly subscription for cables, £48; New Zealand telegrams, £33:—

"Wellington, 5th February, 1896.

"Dear Sir,—The entrance-fee for a daily paper at Hastings will be £500. The charge for cables, second-class, will be £48 per annum; for New Zealand telegrams, £33 per annum.—I am, &c., "W. H. Atack, Manager.

"W. D. Arnott, Esq., 78, Wellington Terrace."

34. Have you kept no record of the correspondence you sent—the letters to which these are the answers?—In one instance I have a copy here to one communication which we sent in; that is the only instance we have.

35. *Mr. Hogg.*] You are not in the habit of keeping copies of your letters?—No; we have not every detail connected with the first starting of the newspaper. This is a rough copy of the letter we sent to Mr. Atack in answer to that. That letter was sent to Mr. Atack asking for a reduction after he put the fee down at £500. The date is the 5th March, 1896:—

"Dear Sir,—We should be pleased indeed if you would kindly obtain a reconsideration of the matter of admitting our proposed venture—the *Hastings Standard*—to the privileges of the Press Association. The fee you ask—£500—is practically prohibitive, as no country paper, such as the *Hastings Standard* must be, could afford the amount. We presume that this high figure is charged because of its nearness to Napier, thus affecting the papers in that town. We think, however, that the competition is much overrated, as the *Standard* is not likely to obtain any footing in Napier, and the circulation outside of the borough cannot be very great.

"The fee the Association asks us is out of all proportion compared with the amounts asked other papers somewhat similarly circumstanced, and we are sure, upon reconsideration, the directors will admit the disparity.

"We are anxious to join the Association, and recognise the importance of doing so, and are quite prepared to pay a reasonable fee for the privilege—say, £300. We shall be glad if you will take an early opportunity of consulting your directors, and let us know the result, as we are anxious to make a start as early as possible.

"The Manager, Press Association, Wellington."

36. You answered that letter, and this is a copy of what you sent in to the Association as your reply?—Yes. In answer to that I received a wire dated the 19th March:—

"Messrs. Arnott and Cashion, Hastings.

"Directors regret cannot see their way reduce fee below £500.

"Atack, Association, Wellington."

It is necessary to explain that we intended to start with the Press Association wires the first day, and we endeavoured to arrange with the manager at Wellington for that at the time. But we understood that the meeting of the directors was to be held in the month of June, and, as we did not want to wait until then before we started, we decided, if we could, to come to terms—to give them £300 and a promissory note for the remaining £200 if they would accept a bill at three months. We agreed for that with Mr. Atack.

37. Have you any documentary evidence to prove that?—Yes.

38. What is it?—An urgent telegram, dated 30th April, 1896: "Accept promissory note for £200 at three months—indorsed by Mrs. Cashion. Reply sharp and confirm same by letter." I am wrong. This was not received until after my return. I made the offer to Mr. Atack, and he said he would submit it to the chairman of directors; that he would wire to Greymouth. This is the wire received:—

"W. G. Arnott, Tainui Street, Grey.

"Will accept your offer, provided bill indorsed; name to be submitted chairman for approval, or bank give guarantee in writing for balance. "Atack, Wellington."

39. Well, what was the next stage of the matter?—I went to Greymouth and brought up the £300. I gave the cheque to Mr. Atack, and went to Hastings to arrange for the promissory note. This wire gives the receipt of the promissory note, and makes reference to the fact that it was——

40. This is not the telegram you have just read?—That was on the 30th April: this was on the 25th April. When I came back from Greymouth I went to Hastings and got the promissory note for Mr. Knowles. I sent on the cheque previously to Mr. Atack.

41. Why did you go to Mr. Knowles?—Under instructions from Mr. Atack; he said I would have to deal with Mr. Knowles.

42. Why did you go to Mr. Knowles rather than to Mr. Walker, or any one else?—The chairman of the directors is Mr. Knowles.

The Chairman: Because he was chairman of the board of directors of the Association he would have the local knowledge, and therefore would know whether the bill was good enough.

Witness: I took along the bill signed by Mary Cashion, and told him I was coming to settle the matter. He said he would not take the bill. He wanted it indorsed by some one he knew. I told him it was unfortunate, that the bill could be discounted, and that by refusing he was placing us in a very awkward position, as we were anxious to get our paper out on the Monday. He refused to take the bill. He said it must be guaranteed by a bank doing business in Wellington. He said, as he did not think I could get the bank guarantee in Wellington, I had better bring along the £500 cash. I told him we were endeavouring to make application for a reduction at the annual meeting of the directors. He refused still to take the bill. After a good deal of discussion, I was sent back to Hastings to get what he called a proper bill, as that was not accepted. On the following day I brought him the bill and told him that the bank at Hastings was willing to discount it. The bank manager told me that if Mr. Knowles still made objection to tell him to ring him up, and he would inform Mr. Knowles that the bill was "right." I again took the bill to Mr. Knowles, and he again refused to take it, saying that it was not in order, or something of that kind; but he would not take it. I pointed out the injustice done to us, seeing that we had paid £300, and if the promissory note was not met when due we would fall out of the Association.

43. Was this put into the agreement?—No; it was not in the agreement. I pointed out the fact to him, but he said he must have a bill signed by some one he knew. I suggested a name to him, and asked him whether I could not get some one to indorse the bill. He placed every

obstacle in our way of getting out our first issue on the 27th April. After that we decided not to have any dealings with him. We again came to Mr. Atack and tried to make some arrangement with him. My partner came down with the promissory note. It was not accepted here, as the manager said he had no power to accept it. We then decided not to pay the £500, but to ask for a reduction. We were put to great inconvenience through their not accepting this genuine bill. This telegram which I produce goes to show that Mr. Atack received the cheque for £300; but as to the bill the chairman of the directors said the indorsement was not satisfactory:—

"W. D. Arnott, Hastings.

RECEIVED your cheque, but chairman says indorsement not yet satisfactory. Cannot therefore supply yet. You had better see Mr. Knowles and arrange at once if we are to begin Monday.

"ATACK, Wellington."

We then made a formal application for a reduction, and received an answer dated the 21st May:—

"GENTLEMEN,—I regret there has been some delay in answering your application for a reduction of the entrance-fee, but some correspondence involving time has been necessitated. The amount having been fixed and agreed to, nothing can be done until the directors of the Association hold their meeting. Application could then be made, and I have no doubt it would receive the fullest consideration. I hope, therefore, to receive the promissory note, which I wired you would be accepted, when we can begin to supply you with messages.—Yours faithfully,

"W. H. ATACK, Manager.

"Messrs. Arnott and Cashion, Proprietors, *Hastings Standard*."

44. What was the next stage of the matter?—We made another application on the 22nd of July, 1896:—

"United Press Association (Limited), Wellington, 22nd July, 1896.

"GENTLEMEN,—In reply to your application for a reduction, I am directed to say that, as before advised, the management has no power to make a reduction, and the case cannot be dealt with until a meeting of directors. I have sufficient ground for believing your application will be reasonably dealt with. With reference to your alternative desire—that the cash sent by you be returned, this I am unable to comply with, as it was received in part fulfilment of an agreement entered into by you to pay £300 in cash, and the balance to be forwarded by your promissory note for £200.

"This latter, as I have more than once intimated to you, I await, when, as I have also previously advised, our service would be at once commenced.—Yours faithfully,

"Messrs. Arnott and Cashion, *Standard*, Hastings." "W. H. ATACK, Manager.

45. Did you draw the promissory note?—Yes.

46. Was it indorsed?—Yes.

47. By Mrs. Cashion?—It was drawn by Mrs. Cashion.

48. It was not indorsed by Mrs. Cashion?—It was drawn by Mrs. Cashion.

49. Why did you not carry out the instructions of that letter?—It had been drawn out in that way:—

"W. D. Arnott, *Standard*, Hastings.

"WILL accept promissory note for two hundred at three months, payable in Wellington, drawn by yourselves, and indorsed by Mrs. Cashion. If you agree to this, reply sharp by wire, and confirm same by letter. I will then begin supplying to-morrow.

"ATACK, Wellington."

50. What then?—We made another application for reduction, and in answer (9th August) we received, "State the amount of entrance-fee you are prepared to pay." We wired, "£200."

51. Have you a copy of that?—No, I have not a copy.

Wellington, 3rd August.

"GENTLEMEN,—In reply to your last, please state the amount of entrance-fee you are prepared to pay. To save time you might briefly wire, and follow it by letter.—I am, &c.,

"Messrs. Arnott and Cashion, Hastings." "W. H. ATACK, Manager.

52. Have you any more to say?—We were quite willing to pay the £200.

53. Had the £500 agreed upon been paid, what rights would you have obtained by becoming a member of the Association?—The only rights we could have obtained were that we should be supplied with the cable news and New Zealand telegrams.

54. Would you have had anything to say in the appointment of directors, or in the management of the business, or the distribution of the expenditure in any way of this £500?—None whatever.

55. Would you have any duty laid upon you to act as correspondent in your district?—Yes, I believe this duty would have been laid on us.

56. In your experiences of the other offices you have been in, were the Press Association supplies of news a perfect service for that purpose?—Well, they did not grumble exactly; but it is not by any means as perfect as some people think.

57. Would you give the Committee an idea in what way it could be improved? Have you had experience enough to justify the expression of an opinion on your part?—No, I think not.

58. Had you ever been an editor of a newspaper before which was in connection with the Press Association?—I was editor of the *Brunner News*, which was in connection with it.

59. Did they ever have reason to complain that they received more telegrams than they wanted?—Every office objects to receive several messages that it does not want.

60. What has become of the £300?—It is in the possession of Mr. Atack—the cheque has been cashed.

61. *Mr. Hogg.*] You know that?—Yes. I would like to point out that, when we had come to a decision that they had acted unfairly to us, we drew a cheque for the £300 in the bank where it was, but the answer came back to us that the cheque had been cashed. This was contrary to our instructions. Our instructions were that the cheque was not to be cashed.

62. *The Chairman.*] I doubt whether we can hear any further statement about that?—I would point out that the cheque was cashed contrary to our instructions.

63. Is there any documentary evidence as to that?—No.

64. What were your instructions?—Not to cash the cheque until the promissory-note was arranged for.

65. Were these verbal instructions?—Yes.

66. Did you tell them not to pay the cheque until you notified that they might do so?—It was six weeks after they acknowledged the receipt of the cheque that we found it had been cashed.

67. Have you your bank pass-book?—No, I have not.

67A. Can you give us the date of the cheque paid in, and the date on which it was passed on?—Yes.

68. You had better state that?—The bill was received by Mr. Atack.

69. Never mind that. I want to hear when the £300 was received?—The £300 was received by Mr. Atack on the 25th April.

70. Can you produce the receipt for it?—There was no receipt.

71. Do you mean to say that you handed over a cheque for £300 and got no receipt for it?—That telegram was the receipt. It says, "Received your cheque," &c.

72. What is the date of that?—25th April.

73. Can you tell us what day it was cashed?—The bank instruction is that it was cashed on the 1st of the following month.

74. Six days after?—Yes; 1st May.

75. You say that when you were first asked to pay £500 you objected?—Yes.

76. But you agreed afterwards to pay the amount, provided certain terms were given to you?—Yes.

77. I want you to explain: seeing that the Association said they would accept a bill for £200, drawn by yourselves and indorsed by Mrs. Cashion, why did you get Mrs. Cashion to draw the bill and then put your own indorsement on it?—That was after.

78. Here is the telegram, saying that they would accept a bill for £200, drawn by yourselves and indorsed by Mrs. Cashion: why did you reverse that?—For the simple reason that they refused to supply the messages on the day we first published; we decided not to pay the £500 on that account.

79. You offered them a bill contrary to what they agreed to take?—No.

80. You drew the bill differently from what they agreed to take, and therefore they refused?—Not so.

81. *Mr. Pinkerton.*] Why was the bill not drawn by the firm? Why was it drawn by Mrs. Cashion? They asked that it should be indorsed by Mrs. Cashion. Why was it drawn by Mrs. Cashion and indorsed by the firm?—In answer to that, I might state that there was no indorsement on the bill at all—the bill we presented to Mr. Knowles on the 24th April.

82. That is not an answer?—It was not indorsed for £200. It was drawn by Mary Cashion, the mother of one of the proprietors, and presented to Mr. Knowles. He refused. I took it to the banker, and he said that, as long as we indorsed it, it was all right. It was at the instigation of the banker that these names were put on it.

83. The request of the Association was that you should draw the bill, and that it should be indorsed by some one of whom they approved?—We did not understand that; we understood that all we had to do was to give them a bill for £200.

84. When you found he would not accept your indorsement, why did you not draw another bill indorsed by Mrs. Cashion, which they would accept?—We were not going to pay the £500.

85. You wanted to back out of the whole thing?—We wanted to get the thing settled satisfactorily.

86. *Mr. Massey.*] About that promissory note: did you put that in evidence?—Yes; we will produce it in evidence. At first Mr. Knowles did not want to accept any bill; he said we should have to get a written guarantee from a bank; but he said he knew that we were not likely to get that, so that we had better bring along the cash.

87. Was there only one bill that was ever drawn?—That was all.

[COPY OF BILL.]

"(Stamp, 4s.) "Due 28th July.
"£200. "New Zealand, 25th April, 1896.

"THREE months after date I promise to pay New Zealand Press Association, or order, the sum of £200 sterling, value received.

"Payable at Union Bank, Hastings. "MARY CASHION.

"(Indorsement on back.)

"William Dawson Arnott.—Anthony Cashion."

88. I wish to ask you this question: Is Mrs. Cashion a member of the firm.—Yes.

89. She was a partner?—Yes.

90. Was there a legal document drawn up to that effect?—Yes.

91. There was a regular deed of partnership?—Yes.

92. You say that she is the mother of your partner?—Yes.

93. Can you bring evidence of the partnership?—I cannot to-day, but I can bring it; we have a legal document in Featherston.

94. This is important, for if she is not a member of the firm the promissory note has no value; if she has received no valuable consideration it is not recoverable, and it is simply waste paper. The first telegram is dated the 14th April, in which they say they will accept provided you submit a name for approval to indorse the bill, or that the bank will give its guarantee for the balance: is that so?—Yes.

95. Did you ask your banker to give you that guarantee?—Yes.

96. Did they give it?—They said that all that was necessary was to telephone him and he would say the bill was all right.

97. On the 25th April they acknowledge the receipt of your cheque, but he declined the indorsement as not being satisfactory?—He would not accept any bill. I gave him the name of another gentleman, but that would not do, because he said he would have to pry into that gentleman's private affairs; therefore he would not accept that name.

98. Did you not ask this friend of yours to indorse the bill, and then take it so indorsed to Mr. Knowles and tender it in the ordinary way?—That was the second time we had taken the bill——

99. What I mean is this: it was you who suggested the name?—Yes.

100. Why did you not go and get your bill indorsed by that gentleman, and then tender a properly-indorsed bill to the Association?—I went to Napier on the first occasion with the bill with Mrs. Cashion's name on it—that was refused; then the bank said it would do on the other two names being indorsed. Although I stated the name of an indorsee, he said that would not do because he did not want to pry into the gentleman's affairs.

101. On what grounds did he refuse?—He said it would not do—that he would not like to pry into that gentleman's private affairs.

102. *The Chairman.*] Is your plant encumbered by any bailment or bill of sale?—No, not at all.

103. It is clear of everything of that sort, and belongs to the partnership?—Yes.

104. Does the partnership owe anything on the working machinery?—No.

105. Suppose the concern had been called upon under the indorsement to pay up this £200, would there have been a surplus after paying the £200 out of the current value of the printing machinery?—Yes; a very large surplus.

106. So that if the Association had been compelled to sue you for the £200 there would have been no difficulty in getting their money?—None whatever; the machine alone is worth the money.

107. Have you any suggestion to make to the Committee as to any means by which the law can be altered so that the difficulty of country papers like yours in obtaining a supply of cable news can be remedied?—The only suggestion I can make is that a reasonable entrance-fee should be charged; it is positively prohibitive to pay the large sum they ask—namely, £500—for a place like Hastings, besides the subscriptions.

108. You would not object to £81 a year being charged for information?—No.

109. You thought £33 for telegrams and £48 for cables large, but you did not object to paying that?—No; we knew we would have to pay it, so it did not matter.

110. Does the success or otherwise of your business justify you in believing that you would have supplied a want in establishing your paper at Hastings by getting these supplies of news?—Yes; certainly.

111. I suppose you consider that in consequence of the action of the Press Association, in your not being able to come to terms *re* telegrams, the telegraphic revenue is considerably less than it would have been had you been able to connect with their service?—Yes.

112. Was the *Brunner News* a daily paper?—Yes.

113. Can you give us the wire-charges paid for telegrams per week for that paper?—No; I cannot.

114. Was it £1 or £1 10s.?—They were getting a very low service; they were not getting a full service, they were getting the smallest service they could take.

115. *Mr. Hogg.*] This bill of yours was a negotiable security?—Yes.

116. Did you tender this bill to Mr. Knowles without its being indorsed?—Yes.

117. Without an indorsement?—Yes.

118. That was on the 24th of April?—Yes.

119. What did he say—what was his reason for refusing?—The only reason that I could see was that he wanted the cash. I do not think if it had been signed by the best financial man in New Zealand he would have accepted it.

120. When you offered that bill, did Mr. Knowles point out that it was not according to agreement?—He said he would not accept that bill because he did not know Mary Cashion.

121. What was the reason for getting Mary Cashion to sign it?—She was putting money into the firm.

122. She was really the capitalist?—She was putting money into the firm, and we thought that was sufficient security.

123. Do you know, of your own knowledge, whether she possesses property?—Yes, I do.

124. Of considerable value?—Yes: I could prove it.

125. Is she a widow?—Yes.

126. How long is it since her husband died?—I think it must be about two years.

127. Subsequently to the death of her husband did she receive some money?—Yes, I believe so.

128. Can you prove that that bill was negotiable?—Yes.

129. You say that she was finding the money?—Yes, I can show that this Bill was worth £200 if required.

130. In conferring with your banker you found that he was willing to advance the money on that security?—Yes.

131. So that the Association would have no difficulty in obtaining the value of the bill?—None at all.

132. Had the bill not been met, what did you expect?—We expected to have to drop out of the Association. They would take our £300 and we would be no longer connected with the Association. Of course, if we did not pay £300 we would not be members of the Association.

133. How far is Hastings from Napier?—About twelve miles and a half.

134. Is Mr. Knowles connected with any newspaper?—He has a paper in Napier, the *Telegraph*, which had a big circulation.

135. Is he sole proprietor?—Yes, I believe so.

136. Does it circulate in Hastings now?—Not to such a large extent.

137. Has your paper affected it?—Yes, there is no doubt about it.

138. When does it generally arrive?—About 5 p.m.

139. When is your paper published?—At 4 o'clock.

140. That is, an hour earlier?—Yes.

141. Had you obtained these cablegrams, could you have further affected the circulation of Mr. Knowles's paper?—I am certain of it, if we could have a full cable-service.

142. Correspondingly, it would have improved the circulation and value of your paper?—Yes.

143. And you believe that you suffered pecuniarily and materially—pecuniary and material loss in not obtaining them?—Yes.

144. Can you form a rough estimate of your loss?—I could not state it exactly; but I consider that we have lost a considerable amount through the action of the Press Association; I should say, a very considerable sum.

145. Do you get any telegrams now from the Association?—No, they have never supplied us with one.

146. But you do get telegrams?—Yes.

147. How?—From different parts of the colony.

148. From agents?—From agents.

149. Have you to pay agents?—We have to employ agents.

150. Up to the present time you say the £300 you gave to the Association has not been returned?—No, it has not been returned; they have given us not one telegram; they have not given us telegrams to that amount. We have received no privilege at all from them.

151. Have you made any demand for the return of that £300?—Yes, we made a demand for the return of the £300, but they refused.

152. When was that—on the 22nd of July?—Yes.

153. *Mr. Massey.*] What is the name of Mr. Knowles's paper?—The *Telegraph*.

154. Is it the only paper in Napier?—There are two evening papers.

155. And a morning paper?—Yes, the *Herald*.

156. Then, what would affect you would affect all three?—But more particularly the evening papers.

157. Then Mr. Knowles is not the only one?—Mr. Knowles's paper has a larger circulation than the other evening paper. It would affect him more than any of the others.

158. About what time is it published?—Mr. Hogg asked the time it arrived in Hastings. It arrives some time about 5 o'clock in the afternoon.

159. Is there not an earlier edition? What time does it arrive?—At 3.45 p.m.

160. Not earlier than that?—I do not think so.

161. Then, about this promissory note: As a matter of fact, it is signed by one member of the firm and indorsed by the others?—Yes.

162. There is no outside indorsement?—No.

163. In your conversation with Mr. Knowles did he suggest any other name?—Yes.

164. One, or two?—The name he wanted was a stranger to me.

165. Were they Napier people?—No, Hastings people.

166. You have stated that the bank was willing to discount the bill?—Yes.

167. Have you any correspondence on the subject?—No, except that the manager of the Union Bank told me so.

168. Did you go to see him on business connected with this bill?—Yes; I told him that Mr. Knowles would not take it. He then said, "Put your name on it." He asked me also to get my partner's name. He then said, "Take that to him; we will accept it." It was upon this request that we indorsed it.

169. Did you not get him to write to Mr. Knowles?—He said that was all—that he would inform Mr. Knowles.

170. He did not say that he would guarantee it?—I have already said that the manager of the Union Bank was willing to accept the bill.

171. *Mr. Hogg.*] To advance money upon it?—To discount it.

172. *Mr. Massey.*] If Mr. Knowles had accepted it, he would have accepted all responsibility in connection with it?—Yes; I understood at the time that it was a genuine bill.

173. What I want to bring to the mind of the Committee is this: If he stated that he would accept the bill, it meant this: that if Mr. Knowles took your bill and put it in the bank he would become——

174. *The Chairman:* It was not Mr. Knowles; it was the Press Association.

175. *Mr. Massey.*] Why did you not cash the bill, if it was negotiable in Hastings, and if the bank would give you cash for it? Why did you not cash the bill?—It was understood that the meeting of the directors was to be in June. Our application was to be considered for a reduction: in the event of their giving the reduction, we did not think they would call for the bill for the three months.

176. Did the manager of the bank say that he would cash the bill for you?—He did not say so; it never struck us that we wanted the cash. He said he would discount it, if necessary.

177. Did you apply to the Press Association to have your money returned?—Yes.

178. What answer did they give you for not returning it?—It is on the letter:—

"United Press Association (Limited), Wellington, 22nd July, 1896.

"GENTLEMEN,—In reply to your application for a reduction, I am directed to say that, as before advised, the management has no power to make a reduction, and the case cannot be dealt with until a meeting of directors. I have sufficient ground for believing your application will be reasonably dealt with. With reference to your alternative desire—that the cash sent by you be returned, this I am unable to comply with, as it was received in part fulfilment of an agreement entered into by you to pay £300 in cash, and the balance to be forwarded by your promissory note for £200.

"This latter, as I have more than once intimated to you, I await, when, as I have also previously advised, our service would be at once commenced.—Yours faithfully,

"Messrs. Arnott and Cashion, *Standard*, Hastings." "W. H. ATACK, Manager.

179. That the negotiations had fallen through, and they absolutely refused to return the £300, would not that imply that the negotiations were still pending? The position is this: that negotiations had been entered upon, that those negotiations had fallen through, and consequently they refused to return the money as a consequence of those negotiations?—That was the only application we made.

180. *The Chairman.*] Was that your last communication?—They wrote, "Please state the amount of entrance-fee you would be prepared to pay." That was the 3rd August.

181. Did they say it was closed?—No.

182. Then you have not applied for the £300?—Yes.

183. *Mr. Massey.*] You were notified that a meeting of the directors would take place at an early date?—In October.

184. The point I am coming to is this: I gather from the reply of the manager that it was out of his power to return it, and that application would have to be made to the board of directors?

185. *Mr. Hogg.*] They have your money, and for all you know they are using it, and you get nothing in return?—Yes.

186. *Mr. Massey.*] You say you get telegrams at present: have you any objection to say from whom you receive them?—Yes; I object to say that.

186A. Or from where you receive them?—Yes.

187. *Mr. O'Regan.*] You are supplied by correspondents?—Yes.

188. *Mr. Massey.*] Had the Press Association any means of knowing that Mrs. Cashion was a member of the firm?—They knew she was the mother of one of the partners.

189. They knew nothing of her being a partner?—I cannot say.

190. Did you notify to them that Mrs. Cashion was a member of the firm?—No.

191. They had no means of knowing, so far as you were concerned, that she was a member of the firm?—No.

192. Then, having refused to give them a bill according to their own conditions, you practically refused to give them a bill of any value?—It was three days after that they put these conditions. We did not intend to pay the £500 after their treating us as they had done.

193. But in the first place you offered them a valueless bill?—Not at all, if the bank was willing to discount it.

194. Would they take the risk on themselves of getting the money for a valueless bill? Do you not think they had a right to know what was the position of Mrs. Cashion?—I cannot say.

195. *Mr. Wilson.*] At the time you handed over the cheque for £300 you signed an agreement?—No agreement.

196. Did they sign an agreement and hand it to you?—No.

197. When you gave this cheque you got no receipt and no copy of agreement?—No; we trusted it was all right.

198. Could you not have said, as the matter was not satisfactory, that it could be held over until some satisfactory arrangement was made?—Nothing ever cropped up to suggest that; we thought it was all right.

199. You have not been much accustomed to business matters?—No.

200. Have you any experience of bills of this kind?—No; but Mrs. Cashion is a business-woman. She has house property.

201. You have stated that you had agents over the colony who supplied you with telegrams?—Yes.

202. It is not from agents you get the telegrams that appear in your paper; you do not take them from other papers?—I object to answer that question.

203. *The Chairman.*] I would ask you whether, as an expert, you consider that the starting of this paper of yours would interfere with existing newspaper interests in the district?—Yes.

204. *Mr. Wilson.*] Are you not aware that if a man gets a cheque he pays it into his account and if he gives you a cheque and you do not cash it, you may instruct your banker at any time not to cash it, or you may withdraw the balance? If a man received a cheque from you on account of an unfulfilled contract he would pass it into his account until you fulfilled your contract?—They have had it for four months, and have given no value for it.

205. They have been expecting you to fulfil your contract, perhaps. Can you tell when the legal partnership was signed?—In April.

206. Where is the deed?—In Featherstor. I think it was at Featherston.

207. *Mr. Massey.*] Have you any reason to believe that more money has been demanded of you because you proposed to start your paper than if you had proposed to start a small paper in any other part of the colony?—I should say, yes.

208. Can you give me a reason for it? It has been stated that it was because it was within a radius of so many miles of a town that this enormous fee was asked——

209. *The Chairman.*] Who stated that?

Mr. Massey: He said that was one reason; he pointed out that one paper was published within six miles and another in the same district within a short distance, one being admitted for £150.

210. *The Chairman.*] You said, I think, that the *Brunner News* was admitted to the full rights of the Association although it was within six miles—six or seven—of a town where two Association papers were published?—Yes.

211. What is the population of the Brunner?—I should say it was quite as large as Hastings at the time the *Brunner News* was started.

212. How long ago?—About five years.

213. *Mr. O'Regan.*] About seven years?—It may be seven years ago.

214. What was the population of the Grey?—About four thousand.

214A. Was no copy presented to you of the agreement that you were required to enter into with the Association before you paid this £300?—No.

215. And you did not ask for it; all you wanted was to get the cable news, and you were satisfied with everything else?—Yes.

216. *Mr. Massey.*] Do you know that seven years ago the entrance-fees to the Association were lower than they are at the present time?—I do not know anything about the fees at all.

217. Not the entrance-fee you would have to pay?—We naturally expected that the fee would be about the same as was paid for the Brunner paper.

218. *The Chairman.*] Did you not know that within two years they had considerably raised the scale of fees?—No; I did not know that at all.

219. Were you willing to pay that?—Yes; on the strength of that we ordered our plant.

220. *Mr. Hogg.*] When you gave the Press Association the cheque did you expect something in return for it?—Yes; rather. We also expected that we would be able to make a start on the following Monday.

221. Did you anticipate that, if you were not allowed to join the Association, your cheque would be handed back to you?—Yes; we understood that all along.

222. You did not pay that cheque in as a deposit, the same as you pay a cheque into the bank as a fixed deposit, or subject to forfeiture?—No. We understood that there would be no difficulty whatever. We did not expect we should have any difficulty whatever, and that we would be able to start on the Monday.

223. The Press Association had the use of your money for several months?—Yes.

224. That has been so much withdrawn from your capital?—Yes.

225. And it would have been of the greatest service to you if you had had it?—Yes.

226. Did you fix upon interest to be paid?—I should charge interest, but I did not know whether they would give us interest or not.

227. *Mr. O'Regan.*] Do you know of any instance of such a sum as £500 being asked?—I never heard of a country paper being asked to pay such a sum.

228. Were you asked to pay £300 in cash?—Yes.

229. Did they say it would not be returned to you if you did not pay this £200?—They were willing to take a promissory note for the £200.

230. Did they say that when you paid the balance you would have the cables?—Yes.

231. And you have got nothing back from them?—No.

232. Not even a telegram?—No.

233. Is it the fact that Mr. Knowles is personally interested in the *Telegraph* published at Napier?—Yes.

234. *The Chairman.*] By taking news from other sources, have you put yourself within the copyright clauses of the Electric Lines Act—I mean by the news you have published in your paper? Well, I will not press the question; but I can form my own opinion.

235. Have you received any communication from the Press Association in regard to any news you have published which they allege was an infringement of their copyright?—No; I have not.

TUESDAY, 8TH SEPTEMBER, 1896.

E. W. KNOWLES examined.

1. *The Chairman.*] What are you, Mr. Knowles?—I am a newspaper-proprietor.

2. What paper do you own?—The *Daily Telegraph*, Napier.

2A. Do you appear in that capacity before the Committee, or in any other?—I would like rather to appear as chairman of the Press Association, to make a personal explanation, if I be allowed, as I have been personally referred to.

3. Are you a journalist by profession?—I am not.

4. How long have you been connected with the Press of the colony?—I suppose I might say that I have been connected with it since I became a shareholder in this company—if you mean individually.

5. I mean, actively connected with it?—Probably twenty-one or twenty-two years—probably sixteen or seventeen years as sole proprietor of a newspaper.

6. You are aware that the object of this inquiry is to consider the present working of the Electric Lines Act, so far as the said Act refers to copyright telegrams. That is the obligation laid on us by the House, and it is from that point of view that the Committee desires to conduct its inquiry. I may at once say that we do not wish to pry unnecessarily into any matters relating to the private business affairs of the Press Association; so that, if any question should be asked by a member which appears to you to go beyond what you consider fair and right, I shall be ready to protect you in declining to answer: I wish you to understand this at the start. Would you prefer first to make a statement?—I would like any questions put to me which may suggest themselves to the members of the Committee; I shall be happy to answer them.

7. *Mr. Pinkerton.*] If you would make a statement we would be better able to ask you questions. What we want is to get out the evidence. After that is done you can make a statement, and refer to any matter you please to supplement it if you think it necessary?—It would be idle to pretend that there is not, for you all know that there is, such an institution as the Press Association, which consists of a number of newspaper-proprietors, who, having paid a small amount of money, constituted themselves an Association for the purpose of supplying each other and the Press of the colony with cables. In respect of this not only the larger but the smaller newspapers are in the same position.

Mr. Atack: A large number.

Witness: I might also state in connection with this, in order that I may disabuse the minds of some of the members of the Committee, that the Association was formed from a few, or by a few, proprietors of the large newspapers—as I have heard it stated—by any private or secret agreement. That was not so. I, as one of those who afterwards became subscribers, received a notice at the time of starting, the same as would be the case at the starting of any other company, asking me if I would become a member of that Association. That circular stated the purposes for which the Association was to be established; and also, more specifically, that it was for procuring cables and disseminating news in the colony from one newspaper to another. The maximum number of shares was named, and that no more would be allotted to any one. It was also stated that it was formed for the purpose of procuring telegrams, and not for dealing in or making money. I am speaking from memory; I have not the document with me that I received on that occasion. I applied for and received the maximum number of shares. So far as I have been able to gather, all the papers in the colony were invited to join in the formation of this Association. It has been stated that this was a close corporation, or something of that sort: it is because of that statement that I wished to mention this to the Committee.

8. *The Chairman.*] Then, I understand from you that when the Press Association (Limited) was started as a company, the whole of the newspapers in the colony were invited to join and take up shares?—That was my impression, for a formal notice was sent to me, the same as might have been the case if any other company was about to start.

9. Would you say of your own knowledge whether these were the leading papers in the colony, or did the proposal include all the papers in the colony?—I should say, all the papers in the colony. I did not take mine to be a leading paper at that time, yet I was one of those who received the notice.

10. It is now one of the representative organs of public opinion?—Yes; but it was started twenty-four years ago. It had not then the prominence that it has now. Then, another thing I might state is that none of the papers in Hawkes Bay at that time took a first-class place in public favour. Hence I should call the leading papers those in the four large centres which received the full service of the Association.

11. Would you look over this document, purporting to be obtained from official sources, and inform me whether it correctly represents a list of the shareholders of the Association? [Exhibit B.]—My answer is that the list of shareholders handed to me is substantially correct, except this: that Mr. H. D. Bell merely holds as trustee for legal purposes on behalf of the Association itself shares that have been forfeited. Mr. Bell has no voting-power in the Association by virtue of the shares opposite to his name. The statement I have made is correct, that no one was allowed to hold more than a certain number of shares. The maximum number of shares that can be held is twenty.

Mr. Atack: Mr. Bell is the solicitor of the Association.

Witness: As far as my memory carries me there might be a difference in the number of shares held by individual members—it might be a difference of five or ten—but what I wish to state is that there is no one holding more than twenty shares. This rule was adopted so that the shares might not get into few hands. No one was allowed to get more or hold more than twenty shares.

12. *The Chairman.*] How long have you been a director?—I think, seven or eight years.

13. Was the primary object of the formation of the Association to provide news for the colony as a whole, or to provide news in the interest of particular papers that were connected with it?—I am quite sure I can answer that question by saying that no other object was in view than that of furnishing news to the Press of the colony. If you will allow me to explain I should state that at the time I took up these shares I had no knowledge of the working of newspapers. I had a manager, and only as a proprietor took an interest in the business. Some time prior to going on the directory I looked into the matter as regards grievances pretty much as others felt them, and was for a while disposed to look at it—as Mr. Pirani expressed himself—in the light of being a close corporation—that it was for and among a few. But after taking an interest in the Association I was very soon disabused of that opinion.

14. I understand that you have a system in connection with the Association of asking entrance-fees for admission to the Association?—There is a tariff for entrance-fees.

15. Can you tell me whether there has been a tariff for entrance-fees during the whole of the existence of the Association?—I am not aware if it were so from the foundation of the Association.

16. What I asked was whether there have not been, throughout the whole time of the existence of the Association, entrance-fees demanded?—I could not say that from the commencement, not having been on the directory or taken an interest in the management. I am of opinion that no entrance-fee could have been demanded of any person who was offered and took shares in the Association.

17. You mean at the beginning?—At the beginning. It was just the same as any other company in its initiation: a prospectus was sent round asking persons to form the company. The originators were not asked for any entrance-fee, because, practically, they were the promoters.

18. Then, as far as you know, no entrance-fees were asked of those who joined in the first place?—Not that I know of.

19. Can you state how long it was after the formation of the association that entrance-fees were demanded?—I cannot state that.

20. What was the date of the establishment of the Press Association?—From memory I would say that it was sixteen or seventeen years ago.

Mr. Atack: Towards the end of 1879.

21. *The Chairman.*] The first Act conferring copyright in connection with this country was "The Protection of Telegrams Act, 1882." Can you say whether any fee was demanded prior to the passing of the Act of 1882?—I am not in a position to say.

22. I believe that your association absorbed the other agency which was in existence?—I could not say of my own knowledge.

23. Do you not know, as a matter of fact, that the Press Agency conducted by Holt and McCarthy was absorbed by your Association?—I do not know the papers that went over to the Association, but I know that my paper received messages from the Holt and McCarthy combination, whatever it was, but I took very little interest in it. That is why, if you will excuse me for making a suggestion, that I should like Mr. Brett or some older member of the directory to come here and give evidence. It was only on the 4th September that we were made aware that you would hear us in connection with this matter. That was too short a time to get Mr. Brett here; but I learn that Mr. Brett has been ill for the last fortnight. Mr. Fenwick and Mr. Brett are the oldest members of the board of directors,

24. *Mr. Pinkerton.*] Could he come later on?—I cannot say; I only know this verbally.

25. *The Chairman.*] Now let us go back to the point we started from as to the date when these entrance-fees were first demanded?—I could not tell you.

26. Can you tell us whether or not the date of demanding entrance-fees was after the passing of the copyright clauses of this Act?—I could not tell you; Mr. Brett, being an older member of the board of directors, could tell you.

27. Seeing, as you have stated, that the object of the Association was not to make money but rather to make an efficient service, on what ground would you base the claim for these entrance-fees in connection with the service?—That, I take it, is a question which I am advised should not be asked.

28. Do you decline to answer?—If I decline to answer it is partly from ignorance and partly from a desire not to enter into the private business of the Association. I know nothing of the commencement of it; it must have been done before I was a member of the board of directors.

29. Are you aware whether there are any copyright clauses in any of the other Australian Colonies?—I believe there are, but this is simply from hearsay—I do not know positively. I know there was some attempt to alter it about a year and a half ago; so I take it there must have been one before that, for it was taken to extend the time of copyright so as to make it about thirty hours, or something about that.

30. Your Association is only one for supplying cables?—As an Association, yes.

31. Is there any other service of the kind in the colony?—I am not aware of any.

32. Is it not the fact that Reuter has been withdrawn?—I am not certain, but I should say it is so.

33. Is it a fact that you stipulate that those who take your cables are not allowed to take them from any one else?—That is another answer that I prefer not to give. You have the documents before you.

34. Is this a copy of an agreement into which you require your subscribers to enter?—I should like to have the original before me before answering the question, or something to compare it with—I could not say so, as I have nothing to compare it with.

35. You do not know enough of the agreement made with your Association to enable you to say whether this is a skeleton of one?—Since I signed the agreement I do not know that I have ever looked at it. I would be likely to forget, unless some point cropped up which would bring the matter out.

36. Have there been a good many applications on the part of persons starting newspapers for a statement as to the fees they would be required to pay if they joined your Association?—Not many.

37. Do you think that the existence of a schedule of entrance-fees in connection with a service, which you admit is the only one in the colony, is likely to increase the number of newspapers in New Zealand?—I should not think that it would be likely to increase them. We give no premium for any one starting a newspaper.

38. But you do not mind taking one?—We do not mind adhering to our rules.

39. Do you think that if the copyright clauses were repealed or never had existence your Association would be able to demand and obtain entrance-fees which we know have been paid to it throughout the colony by newspapers?—That is a matter of opinion.

40. I am asking your opinion: you are here as an expert?—Only to a certain extent. I am not a journalist, in the first place.

41. It seems to me there is a good deal of fencing?—I have no desire to fence.

42. I asked you, as an expert, whether you considered that a man wishing to start a newspaper in any part of the colony, and being asked for an entrance-fee of £500 before he can obtain a cable service—the only cable service that there is for the supply of news to papers—I ask whether that acts as an encouragement or a preventive to his starting a newspaper?—If one thing or the other must be said, it would, I think, be a preventive.

43. After people pay the entrance-fee they become members of the Association, but not shareholders? What right is conferred on them by becoming members of the Association?—They have their cable service, and the service of our staff; they have the benefit of the arrangement upon which we have entered, and for which we have to pay a heavy fee. We keep a staff in Sydney; we pay the cable and wire-charges to Wellington, New Zealand, and then we disseminate it throughout the colony.

44. Would they have any voice in connection with the election of directors, the appointment of officers, or in any other matter in connection with the Association?—No.

45. What is the total number of the papers connected with the Association?—

Mr. Atack: Fifty-four or fifty-five.

46. *Mr. Carncross.*] Is there any difficulty in becoming connected with the Association as a shareholder?—I would say that no person willing to become a subscriber has ever been prevented from becoming a shareholder; the share-list is practically open. If any one wishes to apply to become a shareholder his application would be received the same as in any other board of management.

47. This list shows that the total number of shareholders in connection with newspapers is twenty?—Yes; there are twenty shareholders, each one representing a newspaper.

48. How many directors are there?—Six.

49. Have you any objection to state their names?—Mr. Fenwick, of the *Otago Daily Times;* Mr. Wilkin, of the *Lyttelton Times;* Mr. L. Blundell, of *Evening Post*, Wellington; G. W. Knowles (myself), of the *Daily Telegraph*, Napier; Mr. Brett, of the *Evening Star*, Auckland; and Mr. J. L. Wilson, of the *New Zealand Herald*, Auckland.

50. Then, the directorate is confined to the four large centres, with one exception?—It is; it happens so just now. There is no rule on the subject, except that no one is eligible for a director who holds less than twenty shares.

51. In the event of any one wishing to obtain the full number of shares, in order to qualify, would his application have to be submitted to the existing directors and passed by them?—The same as in any other company.

52. Suppose a person holding five shares wants to qualify for a director, and he wishes to take up the other fifteen shares?—That question has not been raised at any time, according to my experience on the board.

53. Suppose any one owning five shares, and representing one of the small papers, wishes to qualify for a directorship by taking up the other fifteen other shares, would he be able, by handing in his money for fifteen shares, to get them—would his application be considered by the directors already owning twenty shares?—That is a part of the private business of the Association.

54. You decline to answer?—In the first place, the point has never been raised; nor has anything cropped up or happened which would enable me to give you an answer. It is from no desire to resist your question that I decline to answer; but, as I have stated, the point has never been raised during the time that I have been on the directorate; I have been only on the board about half the time as compared with the other directors.

55. Being a junior, I can only congratulate you on being raised to the chairmanship. Can you tell me what is the order of promotion?—There is no rule on the subject. Since the death of the Hon. Mr. Reeves the position has gone round in turn, and I was the last one to come to it.

56. Do I understand this: that every one who becomes a subscriber to the Association by paying the entrance-fee can, by applying to the association, become a shareholder, and as a shareholder be entitled to a voice in connection with the management?—The same answer applies to this as in the other case—it has to go before the board.

57. It has to go before the board?—Yes; all applications for transfer, as in any other company, would have to come before the board of directors to determine whether the person transferred to is suitable.

58. You have stated that any one who was a subscriber could become a shareholder?—Subject to the same limitations as in any other company—to the approval of the directors whether they approve of such a man taking up the shares.

59. Then, do I understand you that it is not a right, but merely a concession made by existing directors whether they will allow any one else to become a shareholder?—That I should say is private business of the association: but the matter has never cropped up in the board of directors.

60. Have you never heard of any newspaper proprietor that complained about that?—Since this inquiry was commenced Mr. George Jones, of Oamaru, has been requested to send in his application for shares by Mr. Atack himself. That is the only instance I know of.

61. You have spoken of there being a first- and second-class service?—That is so.

62. Is there any great difference in the amounts paid for a first- and second-class service?—There is.

63. I do not ask you for the amount, but only whether there is a great difference?—There is a great difference.

64. I suppose the reason for that is that the papers which receive the first-class service get a tremendous amount of commercial and other news that would be quite uninteresting to other newspapers?—No, it is not so. The reason for the larger papers paying more is that they in a measure carry the smaller papers on their backs.

65. You charge the big papers more?—A list is made out.

66. Does the question of circulation enter into it?—No.

67. Not the question of circulation?—No. I could take a first-class service if I could afford to pay for it. That is one of the features. The matter which the subscriber has to take into consideration is whether he can afford the annual contribution.

68. What he can afford?—What the directors consider he can afford.

69. Suppose this case: that in one city there was a strong paper; that in the same city there was a weak paper, which everybody knew to be weak: would not the annual fee for both for the same service be the same?—Yes, decidedly, so long as they took a first-class service.

70. Then, it is not a question of the strength of the paper, but of a particular locality?—Whether they can afford to take it.

71. In Oamaru, I am told, there is one paper that takes a first- and one which takes a second-class service?—That is a matter for their consideration in regard to the want of the district. Where I am, a second-class is all that I am warranted in taking.

72. If this entrance-fee were abolished, would you have a large increase of newspapers?—The members of the Committee would be able to judge of that as well as I could.

73. You cannot express an opinion on that?—I can only say what would likely be the case. We know there is a person who goes about the colony and starts newspapers and then sells them: if there is a large admission-fee I do not think he would do so much in that line.

74. But he plants his papers notwithstanding?—He has done so. I do not know whether this is the proper time for mentioning it.

75. Do you consider that the effect of the entrance-fee in preventing the starting of newspapers is likely to affect the telegraph revenue of the colony?—I do not think so.

76. You do not think so?—No.

77. Will you explain your answer?—In the first place, I do not think that if many more newspapers started they would last long; the revenue would be only temporarily augmented.

78. New Zealand, you think, is already over-papered?—Speaking from my own experience, I should say Yes. There are three daily newspapers in Napier.

79. What is the population of Napier?—Nine thousand.

80. What is the population of the surrounding district which the papers serve?—I could not say.

81. Do you think that the fact of having an entrance-fee would prevent the starting of newspapers that would take up an unpopular cause or representing particular phases of public opinion?—I think it is likely it would have that effect.

82. Do you think it a good or a bad thing that there should be the fullest possible and the free expression of opinion in the country?—I think the existing newspapers afford plenty of opportunity for that; it seems to me there are quite enough in the colony. I should state that, in answering these questions, I have no desire to be disrespectful to the Committee, or to give the impression that I am hostile to the questions put to me.

83. Your name has been mentioned in connection with the starting of a paper at Hastings. As a matter of fact, the Association demanded £500 as an entrance-fee?—That is so.

84. And these people agreed to pay it?—Yes. I am now speaking from Mr. Atack's report to me on the subject.

85. You know that they paid a cheque for £300?—Yes.

86. And they agreed to tender a bill for the balance?—The manner in which the business was done was this: He asked the amount, and was told £500. He said it was a big sum: "Would we accept by taking it in part cash and part by bill at three months?" The matter was reported to me, and I replied, "Yes; if the bill is 'suitably' indorsed." I took no objection to the postponement of payment if the bill was suitably indorsed. It was referred to me personally by Mr. Arnott. He came to me and said he had been referred to me in order to give me the name of the person who was to be the indorsee of the bill. The name he mentioned, I think, was Mary Cashion. I did not know such a person. He said, "It's all right; she lives at Masterton." I said I could not accept her, as I did not know her; I did not know anything about her. I was bound to believe she was all right, but not right enough to enable me to take her indorsement to a bill for £200, seeing that I was the executive officer of the Association. I said I could not call this a business transaction. I asked him if he could name some one whose name I could accept, such as Captain Russell or the Hon. Mr. Ormond or Mr. J. N. Williams, or any suitable man of business in the district. He then asked me if I would take a bank guarantee, and I said in reply to that that I only wanted a suitable indorsement, or a bank guarantee would do. He then went away. That was on a Tuesday. On the Friday following he came back. Having some other business on hand, I went to my front office, when he handed me a promissory note, signed "Mary Cashion," and on the back "W. D. Arnott," and, some distance down from that, something "Cashion." The application for the service had been made in the names of two persons—Arnott and Cashion. I told him I could not take this bill. He said, "Why?" I replied, "In the first place it is not your bill; when that bill becomes due it may be found that the maker has had no value for it; and in the next place it should be your own bill." He then said, "Will you take a bank guarantee?" I said, "Where is it?" He then said, "You can telephone to the Union Bank and get the guarantee." This seemed to me absurd, and I wrote on a slip of paper that what we wanted was the bill suitably indorsed or the guarantee of the Union Bank. He then said, "If I get this, will you guarantee that we get the service on next Monday?" I said he would if it were possible, for in the meantime it would be necessary to communicate with the agents throughout the colony. I told him if it were possible to do so it would be done, but that was a matter for Mr. Atack. He went out, giving me some impudence, which I did not quite understand——

87. *Mr. Carncross.*] Is not this private matter?—I wanted to give the Committee my version of the story of this "guaranteed bill." Something has been reported in *Hansard* about it. It was stated that I refused to take their bill guaranteed by the Union Bank. I refer to it because I would like to have my version before the Committee as well as what was stated in the House.

88. *The Chairman.*] You say you received no guarantee, but that he told you if you would ring up the Union Bank they would tell you the bill was a good one?—He did not say anything about the bill being good; he said, "If you ring up the Union Bank you can get the guarantee"; but it was too absurd for me to do anything of the kind.

89. Was your action in connection with this Hastings paper guided by any interest you had in your paper, or was it guided solely by the duty cast on you as an executive officer of the Association and in the same way as if this Hastings paper were a hundred and fifty miles away?—I need not have taken their bill at all, if I were guided by any such consideration as you suggest: I might have said that the terms must be cash. But such an idea was never entered into. There was no hostility shown to them. You will recognise that my position was simply that of chairman of the board of directors.

90. Have you said all you have to say about that?—I have stated this fearing it might go forth that I acted harshly to these young men; indeed, they stated in the first issue of their paper that I had refused the Union Bank guarantee. There was nothing of the kind. Knowing how untrue that was, I asked the manager if that information had come from him or from the bank. The manager in his answer told me that no such thing was ever applied for; that no guarantee would or could be given by telephone, and, further, that the bank was not connected with the telephone.

91. *Mr. Massey.*] I do not know whether Mr. Knowles knew that Mrs. Cashion was a partner in the firm of Arnott and Cashion?—I never heard anything about it until now.

92. You did not know that she was the person who was providing the money?—I never heard of that at all.

93. There is another point arising out of that, with regard to the value of the promissory note: If she was not a member of the firm, would the promissory note be of any value?—In answer to that I can only say that each member of the Committee has sufficient knowledge of business transactions in connection with promissory notes that they require no information from me; but, looking at this promissory note, it would appear as if they were endeavouring to make it as informal as they could.

The Chairman: The Committee, I think, is perfectly satisfied that this promissory note was not as had been agreed upon between these persons.

94. *Mr. Pinkerton.*] I was of that opinion. I should like you to refer to this £300 that had been received?—I came to Wellington myself on the subject, finding that the cheque for this money had been made payable in Wellington. The cheque was cashed; immediately the cheque was cashed an urgent telegram was sent. This is a copy of the telegram that was sent to Arnott and Cashion:—

"(Urgent telegram.) "Wellington, 30th April, 1896.

"WILL accept promissory note for £200 at three months, payable in Wellington, drawn by yourselves and indorsed by Mrs. Cashion. If you agree to this, reply sharp by wire, and confirm same by letter. I will then begin supplying to-morrow.

"W. D. Arnott, *Standard*, Hastings." "ATACK."

95. *The Chairman.*] The distinction, I understand, is this: that, instead of the promissory note being drawn by Arnott and Cashion, and indorsed by Mary Cashion, it is drawn by Mary Cashion and indorsed by Arnott and Cashion?—I was about to say that I took legal advice on this matter before I finally dealt with this promissory note, and I was informed by a solicitor in Wellington that this was a very informal promissory note.

96. If the name of Mary Cashion had been on the bill as indorsee, would you have supplied the news immediately?—I could have insisted that they should pay the £500, or whatever the sum might be, in cash; but, as soon as I found out that she was associated with them, I was prepared to accept her indorsement to the bill. That telegram was sent to them urgently immediately after their cheque was accepted. Then, again, it has been put forward that we took their £300 and gave them nothing for the money.

97. You still hold that £300?—We still hold the £300. It has gone to the credit of the Association. The Association is getting no interest upon it. It has been stated that he has no advantage from this £300; but I might state that from the first issue of his paper to the present time he gets equally with myself the same telegrams and the same cables.

98. Yours is an evening paper?—Yes.

99. The Hastings paper is also an evening paper?—Yes.

100. Do you mean that he gets them from the Association?—No; he has a representative in town. This I could not swear to; but the messages could not be got in any other way than by being taken from the other evening paper. It is a newspaper dodge, of course; but I believe they are taken from the *Evening News*, and telephoned to Hastings as soon as they arrive.

101. *Mr. Carncross.*] If he does that, does he not make himself liable to a prosecution for a breach of the copyright?—The answer to that question is that we have allowed this to go on and refused to prosecute because we recognise that we have some of his money. As to the source from which he gets supplied with the news—the same as we have—there was a special instance that came to our knowledge. That was the occasion when the cricket team at Home were all out for nineteen: the cable did not come until late, but he had the same as we had. He could not have got it in any other way than I have stated.

102. *Mr. Hogg.*] Would it not be better for you to give them to him than he should have to get them in that way?—No. In lieu of taking action under the copyright clauses—seeing the way in which the matter has been made public, and mentioned in the House—I have allowed it to go on.

103. *The Chairman.*] Do you mean that negotiations between you and these persons are pending?—We are waiting for him to send us the promissory note for £200, properly indorsed.

104. In the meantime you are taking no action, although you see that he is infringing the copyright law?—Yes.

105. The reason is that, having paid £300, you think it would be harsh to do so?—Yes.

106. What would happen if the negotiations were to come to an end—do you propose to return this £300?—From the beginning, the correspondence on this subject will show that he has been told that if he allows the matter to be held over until the next meeting of directors his case will be considered.

107. We have it in evidence from Mr. Galvin, the proprietor of a daily paper in Hawera, that the Association asked him for £250 for a cable service in Hawera for a daily paper. We have it stated that £500 was asked for Hastings. Will you tell us why double should be demanded in the case of Hastings?—The only answer I can make to that is that the tariff is arranged so, and I have to abide by that. This, it appears to me, is private business; but, seeing that Hastings is given as an instance by those who are hostile to the Association, I would like to give the Committee the experience I have in this matter. The town of Hastings is within twenty-five miles of Napier, which is the radius laid down within which no newspaper shall be started except at the Napier rate. If you were to start a newspaper within twenty-five miles of Wellington the same admission would be charged as at Wellington. The admission for Napier, or within twenty-five miles of Napier, is the same.

108. But Hastings is within twelve miles?—If Mr. Arnott came to start his paper in Napier the fee would be the same; if he went outside the radius the case would be specially considered.

109. I want to ask you this question: Are the entrance-fees that are paid to the Association used for the purpose of improving the service or reducing the annual charges?—No, sir; the fees were to establish a fund in case we were sued for libel, which we have been on two or three occasions, and had either to compound or pay demands.

110. I suppose that if the Association's agents sent out a telegram containing a libel to any of its subscribers, such telegram would be the ground for an action for libel, and the Association would have to pay the costs?—Yes, that is absolutely so. I may mention the case of Mr. Leitch, a theatrical who went to Fiji, I believe, and it was charged against him that he had not paid the papers for their advertisements, &c. The telegram was sent out by the agent in Auckland. The Association is held responsible for the acts of its servants. Mr. Leitch had gone away, and it was thought that we would see no more of him; but he came back from Fiji and took an action against the Association which cost about £400.

111. Against the Association?—Yes, it is the Association that is held responsible for the action of its agents and servants.

112. My impression was that it was the man who printed and published who would be responsible?—We take the responsibility.

113. That is to say, your Association accepts the full legal liability for all information it supplies to its customers?—Yes, decidedly. It was some one in the *Star* office in Auckland that sent this.

114. You relieve the printer and the publisher of all responsibility. How about criminal libel? In a civil action I can understand that, but in a criminal libel, on whom would it fall?—There was another case that might have cost us thousands of pounds. A cable came to the Association, and was sent through the whole colony. The National Bank had made some report, and it was stated that the report was anything but creditable. This message came out here, and as I said, was published throughout the colony. The next day came a cable which qualified the one of the preceding day. Naturally we expected that some action would be taken by the National Bank. We published the correction, and wrote to the manager of the bank that it had not been vindictively done. They accepted our explanation, but had they gone for us it would have been a serious case indeed; so you see there is something more than supplying messages for which we are responsible. This shows how careful we must be.

115. What do you think would be the effect of the repeal of the copyright clauses of the Act?—I am not prepared to answer that question. I have not even thought of it.

116. You have not considered?—No. It has been stated in *Hansard* that letters were received from the evening newspapers that the same rights were not given to the proprietors of evening newspapers. I do not know to what that refers at all. Mr. Seddon, in page 109, said that this bill was offered by the soundest financial persons in Hastings. That is not true.

117. Did Mr. Arnott suggest to you that he would get the indorsement of a person whom he named, and that you replied that you would not accept that gentleman, because you did not want to pry into his private affairs—or that it would involve your prying into his private affairs?—There was some one mentioned; I did not know the man. He asked me if I would accept him. I said, "Certainly not; I do not know him." I never saw the man. He said, "It is right enough." I replied, "That may be, but I do not know him; I could not accept the indorsement of a person I do not know." I did not know anything at all about him. It has been added in a speech made in the House that "this was a deliberate attempt to stop the establishment of an evening paper at Hastings." I leave it to the Committee to say whether my action has been other than would justify the executive officer of the association. If I had attempted to do anything of the kind—to stop the establishment of an evening paper—I would not have entertained that bill from the first; the amount would have had to be paid in cash. But it was not so. I would like to add, while giving my evidence in connection with the "cables" and "wires," that if there are more restrictions made than are now in existence the public will be the sufferers, as owners of newspapers cannot afford to pay more than they pay now. I am speaking for myself and of the morning paper in

Napier. If more cables were sent us and we were put to more expense we would have to reduce. Some one has stated that the Holt and McCarthy service was a cheaper service. One thing I want the Committee to know about; that is that £600 was paid by me for six months' cables. I told Holt and McCarthy they would have to reduce, because I could not afford it. So I cannot see how it can be spoken of as a better and cheaper service.

118. Is there, then, no comparison between the charges then and now?—It is said we are getting concessions; but we are paying for them—we are paying equally as much or more than any previous combination, but we give to the public a greater amount of matter. If we are getting concessions, as it is termed, we have as much to pay. It is the public that are getting the benefit, not the newspaper proprietors. We are getting a double quantity of stuff for the same money, and the Telegraph Department is getting the benefit, from the fact that double the quantity of matter is sent over their lines: that is, they get twice as much for sending it along to the different papers. If the public get double the quantity, we have the extra land charges to pay. Instead of a number of words coming through the cables there are three times as much, for which we have to pay the land charges. Mr. McKenzie has stated that I had published a pamphlet about him——

The Chairman: I do not think I can allow criticism on what a Minister has stated.

119. *Mr. Massey.*] We do not know anything about it, but I think this question might be asked: Has your attention been called to a statement made by the Hon. Mr. McKenzie in the House——

The Chairman: I do not think it would be proper to allow Mr. Knowles to initiate an inquiry into what the Minister may have said in the House.

120. *Mr. Massey.*] I will ask the question. Has your attention been called to a statement made in the House with regard to the chairman of the Press Association, as to publishing a pamphlet?—I know nothing of it.

121. *Mr. Carncross.*] Has your attention been called to it?—Yes. But it is a mistake on the part of Mr. McKenzie.

122. Is it true? Is it correct?—It is not true; I know nothing of it.

123. *Mr. Pinkerton.*] Was any such statement made or pamphlet published in your office?—Certainly not—unless it was done unknown to me.

124. Are you in a position to say that it was not done by the Press Association?—The Press Association has no office for printing.

125. *Mr. Massey.*] Was it done in your office?—I know nothing of it.

126. *The Chairman.*] Have you any notion what is referred to?

Mr. Atack: I know what he is referring to——

127. *Mr. Massey.*] In regard to Ivess, what was the trouble in connection with him?——

The Chairman: That is a matter of management; we can get that from Mr. Atack.

128. *Mr. Massey.*] Will you tell us how long you have been connected with the Association?—Since its inauguration—as a shareholder and a subscriber as well.

129. I am speaking more particularly to your position of chairman of directors?—Only since last October.

130. Were you a director previous to that?—Yes; I should say, five or six years previous.

131. Have entrance-fees been required from newspapers ever since your connection with it?—Yes.

132. Since you have been connected with it entrance-fees have been required?—Yes.

133. You have told us that the entrance-fees go to defending libel actions and such-like?—Yes.

134. If the cables were discontinued, would not each paper individually have to bear the responsibility of them?—If the cost were raised we would have to charge more to each paper, which would be determined each three years, when the terms are revised, and the sum required entered into, and an estimate of the probable expenses for the year is made. A list is made up: the large papers have to pay a certain sum, and the smaller ones proportionally—some of them as low as £25, and less.

135. So that if the cables are to be continued it would come to the same thing so far as the amount of money is concerned?—Yes; there must be a fund. If next year there should be a libel case, and we were mulcted in costs, it would have to go into expenses, and the amount be made up by subscription.

136. You have mentioned the difference between the first- and second-class services, but you have not told us what the system was in regard to the supply of news. What is the difference between the first- and second-class services?—I am rather in a difficulty in answering that question. I do not wish to resist answering any question you may put to me, but the fact is I do not know much of what the difference is.

137. *Mr. Hogg.*] Coming back now to the Hastings paper, you told us that the paper published at Hastings was supplied, or got its news, from the *Evening News?*—I would not say that positively; but that is the only way I can account for it.

138. What time is it published?—From 4 to half-past 4.

139. Does the Hastings paper get it from the people who publish the *Evening News?*—They do not get it from that paper. It does not leave Napier till twenty minutes past 4, and it arrives there about five minutes to 5. The paper will show that they have quite as much of cables as we have—both cables and telegrams. They state they are getting them from specials; but by whatever means they are getting the cables they are not paying the land charges for them.

140. That, I suppose, is a grievance the colony has to complain of. We are here to get all the information we can, Mr. Knowles. You have stated that this is not a close corporation, and that you have been connected with it since its commencement. Does the association keep books of account in the regular way?—That is a question which I think relates to its private affairs; but I think I may answer that it is a joint-stock company, and any shareholder is at liberty to inspect its books.

141. Is it a joint-stock company?—Yes; decidedly it is.

142. But not a public company?—I do not know what you call a public company.

143. *The Chairman.*] It is a company under the Companies Act?—Yes.

144. *Mr. Hogg.*] Have the shareholders access to the books?—Decidedly, the same as in any other company. No shareholder could be refused if he wished to inspect the books. He can compel inspection of the books.

145. You have received entrance-fees from time to time?—That, I think, goes into the private affairs of the Association.

146. Do you publish an annual balance-sheet?—Decidedly.

147. Is it printed?—Yes, it is printed; I have no doubt you could get one from a discontented shareholder.

148. Is it circulated among the shareholders?—Decidedly.

149. How often do they meet?—Once a year.

150. Do they meet in one particular place?—Well, they hold their meetings in Wellington at present.

151. Are the meetings universally held in Wellington?—For three or four years they have met in Wellington; prior to that they were held at other places in the colony. Many of the shareholders in different parts of the colony had to be considered.

152. When was the last meeting held?—In October last.

153. Where?—In the Press Association board-room.

154. Were you present?—Yes, I was present.

155. Could you give us an idea how many were present, as near as you can?—There must have been a certain number to form a quorum.

156. Do you think there were twelve?—About that; possibly over that. For the last few years there has been more interest taken in the Association, and more members attended.

157. Could you give us an idea of the largest number?—I should say, twelve or fifteen. In order to induce them to come they are paid their travelling-expenses.

158. Who, the shareholders or the directors?—The shareholders. That was initiated by myself. We had a difficulty in getting them together, and I thought that persons giving their time to the business of the Association should be paid their steamer and hotel expenses.

159. You do not remember more than fifteen attending?—No. It is not easy to get men to leave their business and go about anywhere they may be called without their expenses being paid.

160. The directors are elected every year?—Every year. There are three evening and three morning papers represented on the directorate; that has been for some years. Prior to that there had been a preponderance of morning papers on the directorate.

161. That is the rule, is it—three evening papers and three morning papers?—It is so now: it has been so for three or four years. About five years ago that was brought about by the proprietors of evening papers, who were anxious that the evening papers should have as much power on the board as the morning papers.

162. Have you rules?—Yes, decidedly; articles of association.

163. Any other rules?—None outside the articles of association.

164. Books?—Only the same as any other company would have—a minute-book and books of accounts.

165. Three evening papers and three morning papers, you say, are on the board?—That is in the articles of association.

166. That is not a recent rule?—It has been so for four or five years.

167. The articles, have they been altered?—They have been remodelled; only once.

168. You do not remember how the system of entrance-fees came to be established?—No, I do not remember.

169. Do you recollect when you joined the Association first whether you received a circular embodying the objects of the Association? Do you think that a copy of that is still procurable?—I do not know whether it might be in the hands of any shareholder. It is sixteen years ago. I have not one.

170. You do not know whether you have a copy among your own documents and papers?—No; I am sure I have not.

171. Do you remember when you joined the directorate there was a schedule of entrance-fees?—I do not remember anything of the sort.

172. Since you have been connected with the directorate, do you know whether the entrance-fees have been altered frequently?—Not frequently. "Revised" would be the proper term. Some places have grown, other places have gone back: that would be simply the groundwork of it.

173. Do you remember a paper established by Mr. Clayton at Hastings?—Yes.

174. Do you recollect what entrance-fee he paid?—No. That must be seven or eight years ago.

175. Can you say whether it was £150?—I could not say. Mr. Atack may be able to inform you.

176. Can you say when it was altered whether it had an upward or a downward tendency?—I should say, upwards. Take, for instance, the addition to population in many places. If the principle of the addition to population is to be acknowledged, would you not say that the Thames should pay a higher fee than it paid twenty or thirty years ago?

177. Are entrance-fees regulated by population?—I think you are now asking me about what is matter for the directors. As a director, I do not feel called on to discuss that.

178. You may answer all my questions in the negative if you please?—I do not wish to be thought hostile to the Committee. I have gone further in the way of explanation than perhaps you might have expected. I have been desirous to give you a fair statement of what has transpired.

179. Are you prepared to say what entrance-fees have been paid since the beginning of this year?—I do not think any.

180. Have you had any applications besides those you have referred to?—Not since one was made for Hawera, about a year ago.

181. You say that any newspaper-proprietor who is connected with the Association can take up shares——

The Chairman: Subject to the approval of the directors.

182. *Mr. Hogg.*] Subject to the approval of the directors?—The same as would be the case in any body of directors of a company. There is one thing I might state—that no person is allowed to hold shares after he ceases to be the proprietor of a newspaper.

183. Is that embodied in the articles?—Decidedly. If I ceased to be the proprietor of the *Telegraph* I could not hold shares. A proprietor might sell his right; or, if the paper were discontinued, he must not hold shares—he has to surrender them to a trustee. That is how Mr. Bell's name came to be mentioned: he is a trustee for several shares.

184. Then, the shares are appropriated to the newspaper, and not to the individual?—They are for the paper—that is, for the individual holding the newspaper; if he should cease to be the newspaper-proprietor he cannot hold them. That has been instanced in more than one case.

185. How much has been paid up?—2s. 6d.

186. You say they cannot be of any value, because you are not allowed to sell to anybody you please?—They are of value to the owner of a newspaper.

187. Suppose I were to apply for shares, on what terms would they be issued?—From memory I could not tell you; but you would be obliged to surrender them if you were not the proprietor of a newspaper.

188. Suppose he wished to re-purchase; how is it to be done?—By application.

189. At what price?—I could not tell you.

190. Would he get them at par value?—No, certainly not; but that is a point that has not been provided for by the directors. The applications have been so few that it has never cropped up.

191. You are not aware of any sales that have been effected?—Only bought in. Some one at the Thames who held shares thought he could hold the shares in case there were any dividends, but he was told there were none.

192. Have any dividends been declared?—There have been refunds on three or four different occasions, when the income has exceeded the expenditure, and these refunds were paid to all the subscribers equally with the shareholders.

193. How many occasions?—Four.

194. Not later?—For three years we have not had a surplus. Every newspaper man who takes his supply from the Association has the same advantage as every shareholder. This is one of the things that shows plainly that this is a co-operative association—it is a co-operative association carried on for supplying newspapers with news, and not for the benefit of the shareholders.

195. You say that the object of the entrance-fee was to provide a contingency fund?—That was what it was established for.

196. Have you any idea what the fund amounts to now?—I cannot tell you.

197. Whether it exceeds £4,000?—I cannot tell.

198. The object is not to prevent competition?—No; not that I know of.

199. Then, it is not kept up to handicap new newspapers?—You can form an opinion of that as well as I can.

200. You say the cheque has been cashed, but not used?—No; we are not using it.

201. *Mr. Pinkerton.*] It is lying to current account?—Yes.

202. *Mr. Hogg.*] Have you been asked to return it?—Yes.

203. And you refused?—It is a part of the contract entered into.

204. The contract is not completed?—That is not our fault.

205. Do you think it would be a proper thing for a merchant to do, to stick to this money and not give any value for it?—I think if the contract were on a par with this, where a person enters into an agreement and does not perform his part of the contract, there is a just claim against him.

206. *Mr. Pinkerton.*] When the company have fixed the number of shares, have the directors power to issue shares without adhering to that number?—I should say they would have the power.

207. The company was formed with so many shares?—Yes.

208. What was the number?—About five hundred have been taken up.

209. *The Chairman.*] Within the last two years has the schedule of entrance-fees been raised?—Not within two years, so far as my memory goes.

210. You have said the primary object of the entrance-fee was to establish a libel defence fund?—That was ostensibly what it was for.

211. You said a few minutes ago that, as the Thames goldfields had increased in population of recent years, it would not be right that they should only pay the same entrance-fee that was demanded from them a number of years ago?—I do not quite follow you.

212. In answer to a question put to you by Mr. Massey, you said, "Was it reasonable to suppose that the entrance-fee at the Thames should be the same now as when it had a large population"?—That would depend on what the applicant would take—whether it was first-, second-, or third-class service.

213. Do you think that the fact of a place having a larger population increases the risk of the Association in connection with libel?—No, except there would be a larger business correspondence, and which is a very material consideration.

214. Suppose the Press Association burst up as a company, would not the whole of these accrued funds which form your libel defence fund be divisible among the existing shareholders?—I suppose the funds of all companies, when they go into liquidation, presumably are divisible among the shareholders; but in this case all the surpluses would be divided among the subscribers, and not among the shareholders only.

215. Do you know the rate of refund?—10 per cent. on the amount paid during the year as subscription-fees.

216. On the annual fees?—Yes.

217. Those that paid £250?—Would get £25.

218. Do I understand that this is distributed among the subscribers?—Among subscribers.

219. That is not common?—You should remember there are such things as losses, and this has been the case since the last rebates were made.

220. Do the papers subscribing bear the losses?—Certainly not. We do not call on any subscriber to pay more than is set down for his annual subscription.

221. Will you tell us when the last rebate was made?—I think it was three or four years ago. There has been no surplus since; as a matter of fact, there have been losses for the last few years, except one year.

WEDNESDAY, 9TH SEPTEMBER, 1896.

Mr. E. W. KNOWLES's examination continued.

Mr. Knowles: I would like to add, by way of supplement to my evidence given yesterday, some matters which I did not answer, which in a measure I declined to answer; but I may state to the Committee that the reason I did not answer was from the fact that I was not acquainted with the subject. I was asked with regard to the stringent condition laid down in the agreement between the subscribers and the Association to the effect that they should not be allowed to take messages from any others than the Association——

1. *The Chairman.*] We have not that agreement in evidence?—I believe not.

2. Do you propose to put it in?—I have not got it here.

3. Or to explain it?—I have not my own copy to place before the Committee.

4. Do you wish to explain the clauses in the agreement?—Yes.

5. Will you give us an idea of the nature of the clause?—I was asked whether Reuter and other services were not excluded.

6. And whether the Press Association were not prevented from taking any other service?—That is so.

7. They are prohibited from taking service from any one else?—Yes, and I propose to give the reason why, for the information of the Committee. The Australian association, from which we get the cables at the other side, makes it a stringent condition that we shall not take messages of any kind from Reuter or any one else, or allow them, under the agreement, to take from us. When the Association entered on the cable service it was decided that the wealthy papers should not be able to get any other cables than those coming through the Association—or, rather, that no subscriber should have advantage over another. The sole object was that the larger papers should not get any advantage over the smaller ones, or the wealthy owners over the poorer, so that all should be put on the same footing—that all should be treated alike. I might instance a case by reference to the Wellington papers. The *New Zealand Times* has had the reputation of not being wealthy in the past; they have been always struggling. If the *Evening Post* had opportunity and the money at its back the stronger would have an advantage over the weaker one. This is a point I should like the Committee to understand. Therefore the *Post*, or any other wealthy paper, would not be allowed to take from any other service. Mr. Atack has a letter from Mr. Brett, saying that he is too unwell to come to Wellington to give evidence before this Committee, and had not been out of his house until the day he wrote. In the absence of Mr. Brett, Mr. Feldwick, who is a member of the Upper House, and who is a shareholder, although not a director, is willing to give evidence. I should like, if the Committee could see its way to ask him to give evidence, that he should be summoned to inform the Committee of the working of the Association. Being also a journalist of many years' standing, he would be able to give you the benefit of his experience. I do not know that I have anything further to add. It occurred to me that I might give you some information as regards the Association's agreement, which may appear to outsiders very drastic. But it is equally drastic for the Association and the Australian society from whom it gets its messages; so that we are not allowed to get them from any one else.

8. Do I understand you do not get your messages from Europe, but from an Australian association?—Yes; that is so.

9. Is that association, like the Press Association, co-operative, or is it that you pay them for services rendered?—We pay for services rendered.

10. They obtain the news from Europe, and you buy the right of publication from them?—We buy the right to copy their messages; we get them immediately they arrive at Sydney.

11. Is it an association of newspapers, or is it a limited liability company carrying on business for the supply of news, and easing the cost of the messages to themselves by supplying you, or, rather, selling to you?—By selling to us.

12. Do you receive the whole of the messages, or have you an agent who selects for you?—We have a staff in Sydney. We can take the whole if we wish; anything they consider interesting to New Zealand they forward to us.

13. Is it not the fact that you have two services—a special and an ordinary service?—Not now.

14. Have they been abolished?—Yes.

15. Why?—Because the association in Australia does not now get what made up this service. They discontinued an expensive service; they may have discontinued to save money; but, at all events, they are not able to supply us with what was in the past to be supplied.

16. It was not all newspapers in New Zealand that were in a position to take it?—No; it was only the wealthy that could pay for it.

17. If there were any papers prepared to pay you for these specials had they been continued, that would increase the annual fee for these specials?—Just so.

18. Then, when the specials were stopped all the papers that paid the annual fee would get a reduced amount?—They would get a rebate, the same as we get a rebate from the other side; it has been voted, but not yet paid.

19. Do I understand you to say that the entrance-fees proper are not put into the ordinary revenue of the Association for working the business?—I do not know whether I made that impression on the mind of the Committee, but it is not so.

20. What is not so?—That it is put into a special fund. It goes into the general revenue of the Association.

21. Are the entrance-fees which are received from papers joining the Association used by the Association as ordinary revenue in the same way as the annual fees are received and spent?—I believe that is so; of my own personal knowledge I could not say so; Mr. Atack will say whether he is justified in giving you information on that point.

22. Then, suppose two or three papers join and pay an entrance-fee, say, of £500 each: in the ordinary course the receipts for that year would leave a handsome profit?—Not necessarily so; for instance, we have received entrance-fees when at the end of the year there has been still a loss.

23. On what basis is the libel fund maintained?—When I said there was such a fund I must have been mistaken in saying that it was for that purpose.

24. The impression that I got, and which I believe the Committee got, was that the entrance-fees on being received were set aside to a fund that was kept for defending the Association against libel actions?—I do not think I said so. My intention was to convey this: that it would go towards making capital, as it were, for paying such as that.

25. Have you a special fund for protecting the Association?—We have a reserve fund.

26. From what is that set apart?—From the surpluses made in the early part of the Association's career.

27. Surpluses as between income and expenditure?—Just so.

28. And not from entrance-fees specially set apart?—I wish to withdraw that, if I left such an impression on the mind of the Committee.

WILLIAM HARRINGTON ATACK examined.

29. *The Chairman.*] What are you?—I am manager of the Press Association.

30. What were you before you became that?—I was sub-editor of the *Lyttleton Times* at Christchurch.

31. Were you connected with any other paper?—With one other paper under the same proprietary before that.

32. Have you lived in any other country than New Zealand?—I was in Australia for a period of a few months, but I could hardly call it living there.

33. Were you connected with the Press Association there?—Yes.

34. For the best part of six months?—Yes.

35. Locally?—I went there for the purpose of establishing the cable service.

36. What year was that?—Towards the end of 1887.

37. Have you any knowledge whether there are copyright clauses in the Australian Colonies connected with telegrams?—I am informed that they have some Act under which the papers there are regarded as having obtained a copyright of messages.

38. Not a special copyright?—I know very little about it, except that when negotiations were going on about the cable service I understood this: that we must come to terms with them, because, as they hinted, we could not get the cables by any other means.

39. Would the copyright law in Australia apply in the case of messages to New Zealand?—I think they have some special clause in the Act by which copyright messages could be prevented from being sent out of the country. I cannot say that that is now in existence under their present Act.

40. Is their copyright between one colony and another, or between different parts of the same colony?—They claim that it embraces not only one part of Australia, but the whole—between colony and colony.

41. Are you acquainted with the early history of the New Zealand Press Association?—Only so far as I have heard from others; my actual acquaintance with it dates back only eleven years.

42. Have you been manager for eleven years?—Just under eleven years.

43. Has there been a scale of entrance-fees throughout the whole of that eleven years that you have been connected with it?—There has been a scale of entrance-fees during that time.

44. The whole time?—During the whole time.

45. The general impression is that the entrance-fees are much higher now than they were eight or ten years ago?—I would rather be excused from answering that: I think that is private business.

46. Do you think that, had it not been for the existence of these copyright clauses of the Electric Lines Act, you would have been able to obtain the entrance-fees you have raised from some of the newspapers who have joined your Association?—I could not say of my own knowledge; so far as I know, the question of copyright has never entered into the question of entrance-fees. I do not remember having heard it mentioned in connection with entrance-fees.

47. I suppose there is no question but that your Association possesses the monopoly of supplying cables to the newspapers of this colony?—I am not at all disposed to admit that.

48. Is there any other service for the supply of cables?—I presume that any one could obtain them from Europe on the same terms as the Association gets them; there is no monopoly in the sense of preventing others getting them.

49. Does the agreement between the Australian papers and your Association prohibit them from supplying any other person in New Zealand with special-cable news?—Speaking from memory, I think it does.

50. It is really a mutual agreement?—Yes.

51. You agree to take from them, and they agree to supply no other association or person but yours?—If I might be allowed to make an explanation, it was owing to the dissatisfaction that was felt with Reuter, who at that time served all the colonial papers, that this Association arose. The papers in New Zealand were extremely dissatisfied with his service, for they knew that he was obtaining large sums above and beyond what was necessary for this purpose, and for which no return was made. The Australian papers saw they could not get any reduction in the charges from Reuter. He was asked over and over again to reduce, but he refused or neglected to do so. Then the Australian papers said, "We will get a service of our own." They offered to sell to us, and we bought the right of obtaining these cablegrams. They made it a stringent condition that we should not obtain telegrams from Reuter, who, finding that he was losing his customers, then went round among the newspapers offering messages at a nominal cost. We were also bound to prohibit any one taking our messages from dealing with Reuter. That was how it happened that the present arrangement came into existence. There was no idea of monopoly, or anything of that kind, about it. But I am inclined to think that if any association offered to supplement what we get, and the Australian association was agreeable, we would be likely to entertain such offer.

52. *Mr. Wilson.*] You would be disposed to accept an offer from any one outside this agreement who would supplement the news you already get?—I believe the Australian association would, and consequently ourselves. The position is this: They have a system of their own at present; suppose any other service made a reasonable offer to supplement what they already get, so far as I am aware, there would be no objection to entertain such an offer.

53. Is there any other cable service between Europe and Australia than this?—There used to be the Dalziel Agency. It started some years ago. I think it became bankrupt. I think it came to grief somehow—I forget how.

54. *The Chairman.*] As far as your evidence goes, it is this: There is a chain between England and New Zealand; that the association in Australia is the only association there; you form the end of the chain from England; the news is transmitted to them, and they transmit it to you?—Yes, that is so.

55. The position in former days was this: that the Press Agency supplied the inter-provincial news, and Reuter supplied the cables?—I do not know when Reuter began to supply the cables. I believe he supplied them during Holt and McCarthy's time; but after them there were two or three agencies—one of them was called the New Zealand Press Association. The rivalry was terribly expensive. Out of the competition between them the Press Association arose: it was found to be such a cut-throat game, and the expenses were so heavy, that they had to stop and form one combination. Then for a time Reuter kept on supplying cables.

56. And, finally, Reuter vacated the position because you mopped up his customers?—No, but because he overcharged.

57. I understood you to say that he offered to supply at so low a rate that the cost was nominal?—After refusing to abate his charges one jot. When the ground was cut from under him, and while endeavouring to retain his hold on the position, he did offer to supply cablegrams at a nominal cost, but the papers would not take them. There was one thing which showed absolutely that he was overcharging. The very next year after he had to vacate his position he was not able to pay a dividend. There could not be a better proof that a service had been imposed on New Zealand and Australia which was extortionate.

58. Can you give the Committee the relative charges of the Association as compared with Reuter?—They are a good deal lower taking them all round. I do not know the exact amounts Reuter charged; but when we entered upon the cable service we charged no more than he did. But it has been much less since, as the charges have been from time to time reduced, and we give three times as much news.

59. You say you give a larger service and charge no more?—Collectively, we charge much less. Mr. Knowles mentions that he paid £250, which is considerably more than we charge now, and they get three times as much news.

60. Your charge is £200?—No, it is not £200.

61. Not for a first-class paper?—No, it would not amount to that.

62. For the sake of argument, the *Otago Daily Times* receives the whole of the cables?—If it chooses to do so.

63. For a sum approaching £200?—Yes; and I should add that the Association had hoped to reduce the charges still further only on account of the peculiar conditions required by the Government.

64. That refers only to the cable news?—Yes.

65. Not to the inter-provincial?—No.

66. You are aware that the greatest dissatisfaction exists in regard to these entrance-fees. I want you to come to that point: Does it confer any right on the person that pays it? Has the person that pays it the right to receive the news only at your price? Does membership or ownership confer the right to receive anything else outside and beyond the right to receive the news which you supply?—I think, with due submission, I will not answer that question.

67. Very well, I will put it to you another way: Is it the fact that it confers no right outside the right to receive news?—I think I will give the same answer to that as to the previous question.

68. Do you think you would be able to obtain the heavy entrance-fees that have been demanded from papers starting in the colony had the copyright clauses of the Electric Lines Act not been in force?—I could not say.

69. Is the object of demanding those heavy entrance-fees to act as a deterrent to papers likely to be started which would come into competition with the newspapers that are already in connection with the Association?—That is a question which I could not, from my own knowledge, answer, for I really do not know. It is not that I decline to answer it, but that I do not know how to answer it.

70. Do you think that the demand of an entrance-fee of £500 would have the effect of acting as a deterrent to a man who proposed to start a paper in a village like Hastings?—I could only say that in this particular instance it did not, for he agreed to pay it.

71. Do you think that a demand of an entrance-fee of £250 from a man who wished the cable service for a township or village like Hawera is likely to deter him from joining your Association?—Well, I should say not, because one man was anxious to join at a fee something like that; so that I think I am justified in saying that it does not act as a deterrent.

72. Do I understand that you are of opinion that the entrance-fee demanded by the Association does not act in such a way as to deter men from investing capital in newspapers?—I could not say that, from my own experience, I have found it so.

73. I suppose you think highly enough of the quality of the service to say that a newspaper is not very much without a cable service—you think it is a great advantage to a paper?—Yes; it would be a great advantage.

74. Do you think that any large paper without a cable service would have the slightest chance of succeeding?—I should not think so.

75. I suppose, as a matter of fact, your experience shows that the "cable" is what the public looks for more than anything else?—Not going so far as that, I should certainly say they take great interest in it. I do not say they look for it before anything else, for I know some persons who read the shipping and commercial news before any other; but there is no doubt it is a great feature of a paper.

76. Do you think that the telegraph revenue would have been larger during the last few years if your Association had charged only an annual fee, not an entrance-fee?—So far as I know, there would be very little difference.

77. Can you tell me the number of papers in the colony?—That I could not say. It is a large number. In the list published by the Postal Guide there is a large number that are not looked upon as real newspapers. I do not know the number you could call legitimate newspapers.

78. *Mr. Wilson.*] How many take the news from you?—There are about fifty-five in the Association. I have an idea there are about eighty in the colony altogether. There might be some started since the mining boom.

79. You think you have about two-thirds of the commercial newspapers?—I should say, subject to correction, it is something like that. There is a large number of weekly newspapers. They are practically out of the reckoning. Of course, they have no need of telegrams.

80. When was the last prosecution you instituted against any one for pirating your news?—It was in 1889, I think.

81. Was that the Poverty Bay case?—That was the Poverty Bay case, but there was one before that.

82. What was the result?—The Court of Appeal upheld the authority of the Act.

83. Are you aware whether there is any considerable amount of piracy done by papers not connected with the Association?—We have received complaints.

84. What did you do when you received complaints?—We wrote to tell them not to do it again.

85. And if they did not desist, did you write again?—We wrote again warning them. We have had only one prosecution, and that was one forced upon us by the people concerned, who were offered very fair terms, but would not accept them.

86. Something was said about some dividends declared by the Association?—Do you mean the rebates?

87. That was the word used. From what source is the money divided received?—I could not say, for the money goes into a general fund—into the general fund of the Association. One year we somewhat overestimated what our revenue was likely to be from cable subscriptions, and the refund was due to this source on that particular occasion.

88. You speak of the "general fund" of the Association: In the evidence we have some reference to that in connection with the entrance-fees: Do you mean that you have one cash account, into which all moneys received are paid?—That is so.

89. I want to come back to this "libel fund." Is it the fact or not that into the general fund you pay all moneys? Do you transfer entrance-fees to special account, leaving the ordinary receipts to meet ordinary expenditure?—No; for shortness, we call it a "reserve fund," but it is not standing in the name of a reserve in our account. We find it convenient to keep a balance in hand to a fair amount. That is what Mr. Knowles called a "reserve." It is not like a "reserve" that a bank would have. We always endeavour to have a balance in hand.

90. Is it a credit balance, or a special amount invested—a special amount bearing interest?—Of course, we have some money on deposit in the bank. It is not invested in securities; it is simply on deposit. We endeavour to keep it the same amount as far as we can.

91. But it is always liquid?—It is always on deposit.

92. Do you receive any concession from the Telegraph Department for the Association?—That raises the whole question of concessions, as it is called, to the Association, so that perhaps, with your permission, I may be permitted to go into it somewhat fully. It was stated in the House during a

recent debate that the Association had all sorts of concessions from the Government. That is so clearly within the order of reference that it may be gone into rather fully. The first thing I will do is to put in a memorandum upon Mr. Gray's statement (dated 27th August, 1896). [See Exhibit E.] my memorandum is dated the 7th September:—

"United Press Association (Limited), Wellington, 7th September, 1896.

"*Memorandum upon Mr. Gray's Statement to the Committee.*

"Charges when opened by special request: This does not apply to cables, but to New Zealand telegrams. There is little difference in the two tariffs mentioned, and the whole amount involved is trivial.

"Midnight-cable service: Although Mr. Gray does not explicitly call the arrangement he describes a concession to the Association, it is evident, from the nature of his remarks, that he looks upon it in that light. In this he is in error. It is an arrangement made many years ago, not with the Association, but with and for the benefit of the morning papers of the colony. It was employed before the Association by Reuter and others. The Association merely found it in existence, and used it as others had done before them.

"In reality, so far from being a concession to the Association, the latter saves the Telegraph Department considerable trouble. If it were not for the existence of the Association, the department would have to collect the money mentioned by Mr. Gray from each paper individually. The Association practically collects it for the Government and hands it over in a lump-sum.

"If there were no Association, the papers would still continue to receive messages by this service, and the existence or non-existence of the Association would not, so far as we know, affect it in the least. It may be a convenient expression on Mr. Gray's part to call it a concession, or by force of collecting the money for a number of years from us he may have forgotten the origin of the system, and really imagine it is our special privilege; but in effect, as I have shown, it is no concession to the Association at all. The effect of the withdrawal of the Government subsidy would simply be that the papers would have to find £547 per annum more. The Association would neither gain nor lose.

"In further proof, if needed, I may mention that the Cable Company claim the right, and exercise it, to transmit any messages upon this service. Association cables have frequently been blocked through this. If the service were really a concession to the Association this could not take place, as we should have the power to stop such interference with our messages.

"W. H. Atack, Manager."

I do not think I need amplify on that, except to state, what has been already stated, that the "midnight" telegrams have nothing to do with the Association; they are no concession to the Association. That was arranged many years ago; I do not know by whom. We found it in existence, and we use it.

93. Is it the fact that of the deficiency mentioned here you pay one-half? The revenue is set down here at £377 15s., and the deficiency at £1,095?—The revenue there is not what the Association paid, it is revenue in transmitting telegrams from Wellington to newspapers paid by them; of the sum shown as deficiency we pay one-half.

94. *Mr. Hogg.*] You pay half the deficiency?—Yes.

95. To whom?—To the Government, I presume. There was a slight discussion about that the other night. The Premier explained it was to enable the morning papers to get the cables opened.

96. You do not regard it as an advantage to get the midnight cables at half-cost?—Not certainly in the sense of a concession. I do not think you can call that a concession which is open to every one.

97. Who pays the money to the Government?—The Association.

98. Does the Association again in turn collect this £500 specially from the papers that receive the midnight-cable news?—It is allowed for in our charges; it is taken into consideration in making up the subscriptions.

99. *The Chairman.*] It comes to this, then: that the £500 comes from the common fund of the Association?—We gain it in turn from the papers.

100. You charge a sum estimated over all the papers which take the cable news?—It is all thrown in alike; we do not select from this, that, or the other paper, for it was agreed that it should come out of the common fund.

101. Is there a uniform price for the supply of cables to two papers in Dunedin?—Yes.

102. Then, the evening paper which does not get any cable news pays exactly the same as the morning paper which does?—It gets exactly the same number of cables as the morning paper. This was the arrangement, which I have already told you of, between the morning and the evening papers. It was arranged that all should be treated alike; that each should get the same number of cables, and that the cost should be divided.

103. You say it is an arrangement made many years ago, not with the Association, but with the department, for the benefit of the morning papers of the colony?—Yes.

104. You now admit that the cost of the deficiency is paid not by the morning papers alone, but by the whole of the papers belonging to the Asssociation, and that the money comes out of a common fund?—That was the arrangement.

105. Are you the only persons using it for newspaper purposes?—No; the Australian papers also use it.

106. You mean for news between Australia and New Zealand?—Yes.

107. Who pays the deficiency?—So far as I know, we do. The Cable Company claims a right to send any message they choose on this service, and do so. If it were really a concession to us, we should be able to stop such a practice.

109. You make the whole of the papers in the Association pay £500: it is not a concession when they pay £500?—The morning papers would have to pay it, if we did not. As we took up the cable service when this arrangement was made, all these details were allowed for.

110. Does this vary, or is it the same from year to year?—It would vary according to the number of offices opened. One office would probably not make any great difference. It runs generally to about £50 a month.

111. You say if there were no Association the papers would still continue to receive the cables; that the existence or non-existence of the Association would not affect it. In other words, does the entire Press of the colony pay for the special benefit of the morning papers, who receive all the advantage?—The expenses are thrown into one common stock. The reason for that was, in the first place, that if there were no midnight service the morning papers could not get many messages. When the Association took over the cable service there was a great deal of jealousy between the morning and the evening papers, so it was agreed that every one should be on the same footing. The evening papers, under Reuter, obtained very much less news than the morning papers. It was then arranged that each should get an equal amount of news; that all charges—whatever they were—should be distributed over every body. That was an amicable arrangement come to by the representatives of both morning and evening papers. When it was known that this had to be paid, the morning and evening papers raised no objection to having a joint subsidy, the service to be paid for out of the common stock. It was entirely an amicable arrangement between the newspapers themselves.

112. It did not matter to the Association if the papers were compelled, individually, to pay for them?—The Association got no benefit out of it whatever.

113. As an effect of the withdrawal of the subsidy, would it have to pay £547 if it did not make some arrangement similar to this which they have with the Government?—The only other thing which I presume has been talked of as a concession is the cable-rate. References have been made to that several times, according to the reports in *Hansard*. It has been spoken of as a concession of a special rate enjoyed by the Association. There is no special rate for telegrams, so that is not open to any one to question. First, as to the New Zealand telegrams, the Association pays the same rate as any other person; there is a special rate that every one pays, but that is not a concession to the Association. With regard to the cable-rate, I believe it is looked on as a concession to the Association. There is also on the cable, as on the ordinary lines, a Press-rate as distinguished from a commercial rate. That is the case on all cables: it is used by everybody. After some time it was lowered, and eventually it was lowered to 3d. a word, paid to the Cable Company, in addition to which there were charges payable to the New Zealand Government and that of New South Wales, which, of course, increased the cost beyond 3d. a word. After this had gone on for some time, the rates between Australia and Europe were lowered, but no corresponding reduction was made in the rate between Australia and New Zealand. The Cable Company had promised that when the Government gave a guarantee the rate would be lowered. The Government did eventually give a guarantee, but then the Cable Company refused to lower the rate. We never could ascertain why it was; but a fruitless negotiation went on; they were urged to carry out their promise, but they refused to do so, and the rate remained as it was. Then Mr. Ward went to Brisbane, and suddenly it was announced that the rate had been reduced to 1d. a word for every one.

114. For Press purposes?—I am speaking of a Press-rate all through. Everybody thought that this was a very big concession, but when he came back we found that, when the condition was complied with, we should still have to expend not less than the same amount which we had to spend under the reduction to 3d. This condition was attached only, so far as I am aware, to Association telegrams, not to telegrams obtained by the Australian papers from New Zealand, and not attached to any cables that might be obtained by any individual papers. But at the same time the Association was practically made responsible for preventing any deficiency at all on the new rate. The result is that, although nominally it is 1d. a word, yet we have never gained any relief under it; that, while we are obliged to get a much larger number of messages, the Australian papers who have used the cable have never been called to give a guarantee, and they have the full benefit of the 1d. per word, and so far, I believe, they have not increased the number of their messages. So that, while it is made to appear that the Association messages are coming through at a cheap rate, we have never been able to reduce the subscription of individual papers, and, as a matter of fact—except one year—we have been landed in a loss of several hundred pounds.

115. How do you mean a loss?—Our Profit and Loss Account shows the loss; that we spent more than we received.

116. The receipts from the annual fees have not paid for the cable service?—There has been a deficiency, except for one year that I have spoken of, when there was a credit on account of entrance-fees. That was the reason we had any profit at all. Further than this, while it is true that a larger quantity of cable news is obtained, the papers, in consequence, have to pay the land charges on something like double the quantity of news, and the bulk of them say they cannot afford it. They are not complaining that they are not getting enough news, but rather that they are getting too much; so that really it is the public alone that have received any benefit, for it is clear the Association has not benefited; the newspapers have not benefited: the public have benefited, for they get a very much larger quantity of cable news. I have thought it fair to state exactly the whole of the circumstances, so that if the impression prevails, as I believe it does prevail, that concessions have been made to the Press Association, it may be removed. As a matter of fact, we are in a worse position than the Australian associations. We have to expend the same amount as if we were still under the 3d. rate; they get the full benefit of the reduction to 1d., and are in a position to give extra news. We still claim that we had a right to a fair proportion of the reduction of the rate between Australia and Europe without having to give any guarantre. If the Australian association gets the benefit of a reduction in Press-rates, we think that New Zealand

should share in that too. Generally speaking, there is no special rate in favour of the Association, which pays just the same rate in New Zealand and out of New Zealand as any one else would have to pay. In this instance we have to give a guarantee, which is not imposed on others. Mr. Knowles reminds me that the Government has benefited largely by the double quantity of cable news being distributed from one end of New Zealand to the other. The newspapers have contributed twice as much to the revenue, for the land charges remain just the same; clearly, therefore, the revenue of the colony has benefited.

117. Then, you suppose that Mr. Ward made a very smart move?—I did not say so.

118. What is the next point you wish to give evidence upon?—I wanted just to mention that I have, since I was here yesterday, looked up our share-register, and I find that the shares stand in the name of Messrs. H. D. Bell and H. Gully, not of Mr. Bell alone. They hold them as trustees; it is purely a technical holding.

119. They are held by them as your solicitors?—As our solicitors. I might perhaps be allowed to explain another matter. Mr. Knowles was asked a question yesterday, to which he was unable at the moment to give a reply, as to whether the Press Association succeeded the Press Agency of Messrs. Holt and McCarthy. The Association did not directly succeed Holt and McCarthy; there were two Associations in between—one, if I remember rightly, was called the New Zealand Press Agency; there was another. But what I want to point out is that the United Press Association did not succeed Holt and McCarthy directly. There were certainly one or two between. It was owing to the ruinous competition set up that the United Press Association had its rise. I understood that the Chairman wanted to ask me some questions about Hawera.

120. *The Chairman.*] The Committee would like to hear what you have to say as to the negotiations which took place between your Association and Mr. Ivess, which resulted in your ultimately paying back £138?—He stated what is not correct. He never negotiated with the Association at all. A gentleman named Stowell applied to the Association to be permitted to join. He was in so great a hurry that he forwarded the cheque without waiting to hear from us, and two quarters' subscription in addition. He wanted, however, to be supplied at Stratford for a paper which was published at Hawera. He wanted the telegrams and cables to be delivered in an office other than that of the paper at Hawera. Now, this paper, it came to our knowledge, and another paper close to it, was opened or influenced by Mr. Ivess, who, we had reason to believe, had three newspaper ventures which he was carrying on. The application was to deliver the telegrams and cables at one town for a paper published in another. When the directors came to look into the matter, they saw that if they were to deliver them at one town for a paper published in another they would be really handing them over to a paper which did not belong to the Association; so that they said they were willing to supply, but the telegrams and cables must be delivered to the paper for which the entrance-fee was paid—at the place where it was published.

121. You did supply?—No, nothing was ever supplied. You must see that it would have been absurd to supply to a paper that we knew nothing of.

122. Do you say it is not true that on the morning when the service was to start you did supply Stowell with cables, which were taken on to Stratford by special messenger?—I believe, now that I come to think of it, we did supply for one or two days at Hawera; speaking from memory, we started as soon as the entrance-fee was paid. We were to supply at once to Hawera, and then he wired that he wanted them sent to Stratford; but we told him that we could not send them to Stratford. He withdrew, and we sent his cheque back.

123. Why did you refund in his case?—I could not say what the particular reason was.

124. Did you not point out to him, as in the case of the Hastings man, that he paid this money in pursuance of a contract which you were prepared to carry out?—I do not think so; I think it was paid.

125. To whom paid?—To Stowell, not to Ivess; I never knew Ivess in the matter. I think I sent the cheque back myself without waiting.

126. Finding that you were in a tangle, you were glad to get rid of the whole thing?—There were a lot of telegrams going backwards and forwards. I told him why we objected to deliver them at another office than that in which the paper was published. I think he demurred, but eventually the result was that the money was given back to him.

127. *Mr. Hogg.*] You are in the habit of issuing a balance-sheet?—Yes.

128. Is it circulated by the annual meeting?—Yes; it is sent to the shareholders as soon as it is issued.

129. Is it circulated to others; *e.g.*, to the subscribers?—No, we act under the Joint Stock Companies Act—merely to the shareholders and auditors.

130. You say there has been no bonus or dividend for some years?—There has been no rebate paid to the subscribers for some years—not for some three or four years. I might perhaps tell the Committee the total amount that was given back in this way to the subscribers was £1,691 17s. 8d.

131. You never did distribute money among the shareholders?—We did once declare a dividend—that is a good many years ago. I think there was some objection made by the shareholders to the rebates, and to satisfy them a dividend was declared; but the directors are averse to it.

132. Is your subscription regulated from year to year?—No; we have to enter into contracts of three years for the cables. We have to make the subscriptions coincident with the number of years. Independently of that, the subscriptions are not pulled about or altered more than is absolutely necessary. Just now, the directors are about to revise the whole of the schedule to meet altered circumstances.

133. And the entrance-fee?—I think it is probable that the directors will take the entrance-fees into consideration.

134. You have formed an estimate of the revenue and expenditure over a period of years?—I do not know that I drew out the figures. We can tell approximately without that. If there is a loss all the shareholders agree to make it good.

135. Recently there has been a loss?—We have never paid income-tax but once.

136. When losses occur, is expenditure increased?—Generally, expenses have not increased. The principal amounts have been spent on cables.

137. That has increased?—Yes.

138. Has your revenue increased?—No. We have not increased the subscription; it has been lower.

139. It is less now than it was a few years ago?—It is a good deal less. When it first started the subscriptions were larger. We were new to the business, and we had to leave a good margin so as not to land in a considerable loss. After drawing up the scale of contributions, the directors thought they had not allowed enough, and they put £1,200 more on the large papers—they put that deliberately on the large papers; they did not increase the amount to the small papers. That £1,200 was never taken off for several years.

140. Then, has the number of subscribers increased?—I think there is a slight increase; but there was a number of papers which have died—the *Evening Press* here, the *Bell* in Auckland, the *Evening Herald* in Dunedin. These have reduced the number of subscribers, but others have come in, so that I do not think there is much difference in the list from what it was four or five years ago.

141. Have you had many "entrances" in that period?—I think three or four, speaking from memory. I was trying to recollect the exact number, but I cannot: three or four, at any rate.

142. Have the shares changed hands of late years? Have there been any applications for new shares?—I do not think there has been any application for new shares; but I cannot remember when the last application was made.

143. Have you sold some shares?—Do you mean "issued" or "sold"?

144. Only one-half the shares have been allotted. Have you had any applications, or have you issued shares?—Yes; since I have been manager shares have been issued to a number of people.

145. Will you tell us how long it is since the last one?—I could not say from memory. I think Mr. Feldwick was the last; I am not sure whether he or Mr. Northcroft. The last application, I think, was when Mr. Feldwick's shares were allotted to him.

146. If newspapers made an application now, would they get them?—Yes.

147. You think they would?—I think the directors would allot them shares. I think it would be the wish of the directors to issue them.

148. Do you know of what value the shares are?—The last, I think, were issued at 2s. 6d.; but, according to the articles of association, the transfer-value of a share would be perhaps £1.

149. How are the entrance-fees regulated: by the directors, by the shareholders, or by the subscribers?—I do not think I should answer that question.

150. You have told us that the reason your Association was started was through the dissatisfaction with Reuter?—That was the reason why the cable service was taken over.

151. Was the cause of the dissatisfaction because the cost was excessive?—Mainly that; but there were also complaints that Reuter would not supply sufficient news.

152. Was there any complaint that there was a strong political leaning?—I had heard something of it.

153. Did you not hear a complaint that there was a strong political leaning?—I could not say that I noticed it myself.

154. You say that if a new service were to arise the newspapers would entertain it?—What I said was that if a service offered the Australian association its messages, the association, I think, from the course of recent events, might possibly entertain such an offer; in which case we also would be open to do it. They could not do it without our aid. We might even take Reuter if he offered something good; but I do not think he can now.

155. Do the directors meet every year?—Yes.

156. Are the directors paid?—Yes.

157. Do they all attend?—Yes; there is generally a good attendance of shareholders, as they are also paid to attend.

158. You gave us some particulars of Reuter's charges: you said it was £250.

Mr. Knowles: It was only this morning I was looking over some old books, and I saw that the large papers were paying £250 for their annual subscription.

159. *Mr. Hogg.*] Do you remember, Mr. Atack, the paper started by Mr. Clayton at Hastings?—Yes.

160. That was about 1888?—About that time.

161. Do you remember how it was started, bi-weekly, or what?—To the best of my belief it was a daily.

162. Do you recollect the entrance-fee?—I do; but I do not think I can state it.

163. He first paid you £50 for a bi-weekly, subsequently he paid another £50, finally it was £100?—To the best of my recollection that statement is incorrect in details.

164. Do you think it was more than £100?—With due submission, I would rather not answer any question as to the amount of £100.

165. Can you say whether it was over that amount?—I could say, but I had rather not.

166. Assuming that it was £100, can you give any reason why, after a lapse of years, two young men wishing to establish a newspaper in the same township, where no newspaper is in existence, you should multiply the amount by "5"?—Yes, I will give you a reason. In the interval, owing to certain attempts made by Mr. Ivess, it was found necessary to make the entrance-fee include a radius round the larger towns; the district comes under the twenty-five-mile radius.

167. Then, it is Ivess's energy that is making the readers of newspapers suffer?—It was owing to his action that it had to be established.

168. Does that account for the jump from £100 to £500 in one place?—As I said before, it does not account for any jump; but it accounts for the fee in Hastings.

169. When was the regulation made?—I cannot tell you the precise year. It was since the time you mentioned; since Clayton started, speaking from recollection.

170. You received a cheque from Arnott and Cashion for £300?—Yes.

171. How long is that ago?—I think it was in April.

172. Has that been cashed?—It has been paid into our account.

173. Have you given any return in the shape of value for it?—We have not; but they have taken it themselves, to a certain extent.

174. From your knowledge of journalists and journalism, do you think that being deprived of such a sum would injure them? Do you think that the withdrawal of £300 from their business would injure two young journalists starting a newspaper?—I do not think so. They were prepared to pay the £500. The whole dispute is about this bill. They have an equivalent, for they take all they want; and, as they do not pay wire-charges, they get them cheap.

175. Would they not render themselves liable to a prosecution?—Yes; but I do not think, under the circumstances, the Association would be disposed to enter upon a prosecution against them. It was mentioned, but I, as manager, strongly objected to any such course being taken. Mr. Knowles, as chairman of directors, wished me to say that it was never pressed that they should be interfered with in any way; that he was against any such proceeding himself.

176. Are these men in receipt of telegrams now?—Mr. Knowles tells me they are—that they publish the cables and telegrams regularly.

177. What if they say you took their money and gave them nothing in return for it?—That is technically correct.

178. Would you call it a moral proceeding?—It is a peculiar position undoubtedly; but I might say this: that, to my knowledge, a suggestion was made to them which would, I believe, have brought the matter to a practical state. Furthermore, I have been informed that when the directors meet—they will meet next month—their claim to a reduction will receive favourable consideration. We have sent them notice to that effect.

179. Is the refusal to refund this money made in consequence of instructions from the directors?—You mean, did I do it myself, or without any right? In asking that question I think you are entering on private business. I do not think I ought to go into the relations between myself and the directors.

THURSDAY, 10TH SEPTEMBER, 1896.

Mr. W. H. ATACK'S examination continued.

1. *Mr. Wilson.*] I would like to know what would be the cost, or your idea of what would be the cost, of direct communication between Europe and New Zealand, supposing you had to establish a new agency altogether?—I could tell you approximately what it costs the news agencies. On the other hand, it would cost us a good deal more. The *Argus* reckoned it cost them for their service alone from £12,000 to £15,000 a year. For a service to New Zealand you would have to add the wire-charges between Australia and New Zealand, and also the cost of establishment in Australia for the purpose of collecting the Australian news.

2. That is the yearly cost. What would be the initiatory cost?—Of that I have not the least idea. We have never gone into it. There would be the establishment of an office in London to begin with.

3. By buying up the rights of the Australian association in this way that you have explained you very much decrease the cost of the newspapers in New Zealand?—Yes, very much.

4. I think you have made it quite clear that although that part of the cable service called a "midnight" service was actually a service for the benefit of the morning papers it was, by mutual agreement with the evening papers, arranged so that they should pay a share?—Up to the time the Association took over the cable service the evening papers used to get a much less amount of news than the morning papers. The representatives of the evening papers drew attention to this, and asked for an equal distribution. It was eventually agreed that, in consideration of this, the cost of messages sent on the midnight cables should be thrown into the common fund, together with other expenses.

5. It was from their point of view that the agreement was made and not from yours?—Practically, it did not matter to the Association, who were only acting as machinery.

6. It would seem, on the face of that, as if the morning papers only had the benefit?—It was agreed by the evening papers that they should pay their share; it would seem unfair if they had not.

7. It was a mutual agreement?—I should state that messages were and can still be sent for the evening papers on that service; that was part of the understanding.

8. During the time the Chairman was asking you questions, he was apparently of opinion that there was a monopoly on your part. I would like you to give us some information on that point?—There is no monopoly according to Mr. Gray's memorandum. I fail to see that there is any monopoly.

9. I do not think you were quite clear enough on that point. You get no concessions according to Mr. Gray's memorandum. You say any one could start another association, and have the same right to the cable service that you have?—Quite so.

10. There is nothing to prevent it?—I know of nothing to prevent it.

11. They would be in a very much better position than you are. For in order to get any cables you are obliged to spend a certain amount, and to take whatever is sent to you, at a charge which you say is equivalent to 3d. a word; while the other associations would be able to send an unlimited quantity of news for 1d. a word?—Apparently. If another association started it would make so much more revenue for the company. It would not, however, be quite fair to say that they would have more advantage by the amount by which we could decrease our messages.

12. I do not understand you: you must make clear that point. It appeared to me that in starting they could send any number of words, and they would be charged 1d. per word. In your case you say it would be different?—We are supposed to send a certain amount. I suppose it would come to this: We should say to the Cable Company, you are receiving a certain number; you ought to allow us to decrease out of that expansion. There would be no guarantee unless it was so.

13. Have you copyright under the agreement you are supposed to carry out?—The Cable Company says to the Government, if a certain number of words were sent through they would charge 1d. a word, but if their revenue fell short the Government and the Association would have to make it good.

14. So that under that agreement you are obliged for Press purposes to take a certain quantity?—There is no written agreement on the subject; it is a tacit understanding that "we" must send so much, or the penny rate will not be maintained.

15. You say "we," whom do you mean?—The Association.

16. The colony or the Association?—The Association.

17. If it is only a verbal agreement no information can be got about it?—It is a tacit understanding.

18. There was a certain pamphlet mentioned by Mr. Knowles in his evidence which the Minister of Lands understood was got up by the Association for the purpose of disseminating statements against him which were not true?—That was clearly a mistake on the part of the Hon. Mr. McKenzie. No such pamphlet was got up by the Association. There was a pamphlet issued by Mr. Gillon; that is what he was alluding to.

19. Was that done in his private capacity, or was it done as a member of the Association?—It had nothing whatever to do with the Association. The Association would not have countenanced any such thing being issued. He was not a member of the Association.

20. What is the alteration in the relations of the Press Association which you mentioned?—I think, Mr. Wilson, that was in Mr. Knowles's evidence. There was a tariff mentioned. There used to be two rival services in Australia. The "alteration of relations" referred to that. One obtained a number of papers in each of the large towns; the other a number of other papers. These two rival associations amalgamated suddenly, and we contracted with them to take all their telegrams. When they amalgamated it varied the contract altogether: there was only one association instead of two.

21. Was any concession made to you in connection with them?—We obtained a concession from them after some trouble: a certain amount was to be allowed for the loss of those messages which has to be paid to the papers that lost them.

22. Mr. Hogg seemed to think that if you restricted the number of shareholders there was no great advantage in becoming a shareholder seeing you have not paid a dividend?—There is no advantage; it is practically a co-operative association. It was found necessary to make it a joint-stock association for the purpose of enabling it to sue and be sued. Every one was invited to take up shares; only a small number responded. No one appeared to bother about them; but shares were always obtainable.

23. It gives no advantage to the shareholders?—None whatever; in fact, the shareholders are never considered in the matter.

24. What would be the effect of repealing the copyright clauses of the Electric Lines Act so far as the Association is concerned?—It is difficult to foretell what it would be exactly if the Act were repealed and nothing took its place. If there were no protection afforded for these expenses I think it probable the Association would say that the papers must make their own arrangements—that they would wash their hands of the whole thing, and that they must do as they did before.

25. How would that affect the public?—I think that the ultimate result would be that another company of some sort—either an association or a joint-stock company or some other combination—would have to be formed to get the cable messages; no one paper could get them for itself. I think it would be found that the larger and wealthier papers would form an association, and probably exclude the smaller and weaker papers. That is what I think would happen. The larger papers would probably say, "If we must get these messages, and are not protected, we will not allow the smaller papers to have them at all." That, of course, is only my own opinion.

26. *Mr. Carncross.*] You have stated in your evidence that when the Association was formed all the newspapers were invited to join?—I do not think I could have said that. I cannot say of my own knowledge that all the newspapers were asked to join. I do not think I could have said that.

27. *Mr. Hogg.*] Was there a circular sent round?—To the best of my belief a circular was sent round which invited them to become shareholders.

28. About when would that be?—About the end of 1879, or the beginning of 1880.

29. Do you know if entrance-fees were demanded at that time?—Yes, I believe they were.

30. *The Chairman.*] At the time of the starting the Association?—Yes. I know that some papers paid entrance-fees.

31. Mr. Knowles, I think, said that at this date there were no entrance-fees?—He was speaking from memory. We have discovered that a number of papers had paid the fee at that time.

32. You are under the impression that there was a fee?—I cannot say that all the papers, but I have discovered an old book which shows that a number of papers paid it.

33. Can newspaper proprietors join at the same fee?—I think that is on the same lines as the other questions which I could not answer.

34. Do you know that there has been a considerable increase in the entrance-fee?—That I could not say. I could only say that some of the papers referred to paid a considerable sum.

35. Well, your declining to answer my questions in this way does away with other questions that I wanted to ask you?—In stating that I cannot answer these questions it is simply that I am

instructed by the directors of the Association not to answer any questions relating to its private business, solely on the ground that they are under the belief that the Committee ought not to inquire into its private business. If the House had stated that these things were to be inquired into all information would have been supplied; it would have been frankly given. But, as at present, I cannot give you evidence on that. I would be glad to answer those questions which have been put to me if it were not that we have taken ground not to answer questions that relate to the private business of the Association.

36. You said there were fifty-four or fifty-five newspapers that were members of the Association. Are you aware of any papers declining to join owing to the amount of the entrance-fee?—Do you mean papers that have been asked for an entrance-fee and then refused, or merely declined to join? I could not say; I cannot recollect at present that they have given that as a specific reason for declining to join.

37. Has the Association a fixed schedule for daily, tri-weekly, and bi-weekly papers?—The schedule is a comparative schedule, according as the paper is daily, tri-weekly, or bi-weekly.

38. Is there a fixed schedule of entrance-fees?—Yes, to a very large extent; but it does not embrace every possible place where there might be a newspaper.

39. There might be a modification according to place?—The schedule does not name every town in the colony; it names many, but not all of them.

40. Is that schedule drawn up by the directors?—That is a private matter.

41. You said, in reply to a question by Mr. Wilson, that there is nothing to hinder a new Press association being established?—There is nothing in the shape of concession to the present Association that prevents any body doing so.

42. That is, if any one was enterprising enough he could establish such an association?—So far as I know he could.

43. Is it possible that he would be patronised by the newspapers in the Association?—There is nothing to prevent newspapers, if they are dissatisfied with the Association, saying, "We will have cable news of our own"—agreements to run out together.

44. If newspapers accepted cables from such a new association, would they not forfeit their right under your agreement to get messages from you?—No; they would still get the telegrams.

45. But the cables?—They would be still members of the Association, so far as the telegrams went. The Association was established primarily for telegrams. The cable service was an incident. The telegrams were first. The "cable" is an extra branch of the service that has since grown up.

46. If they accepted cables from a new association, or from another source than your own, prior to the expiry of the agreement, would they be liable to a penalty?—I forget whether there is any penalty stipulated; I cannot say that they would be liable to any penalty, but I think their action in that respect might be treated as a breach of agreement.

47. We were led to believe that if they did so they would forfeit their entrance-fee?—No, they would not forfeit their entrance-fee; there is nothing about "entrance-fee" in the agreement.

48. *Mr. Hogg.*] Have you a copy of it?—There is no stipulation of that kind. They would be liable as any one for a breach of contract would be; they would be liable to be called upon to pay until the expiry of their contract if it was enforced by the Association. There is no penalty so far as I remember.

49. There is no advantage to the shareholders in the way of guiding or controlling the management?—It is left to the directors to administer.

50. The directors are elected by the shareholders?—Yes.

50A. Then, it is not correct to say that they have no advantage?—When I said that I meant pecuniary advantage. They have the right to elect the directors; they meet once a year, but they never interfere.

51. Then, if they have an advantage, that is all it is?—The subscribers have practically the same advantage, for they are always at liberty to make suggestions or complaints, which are attended to; everything is recorded, and submitted to the directors.

52. *Mr. Pinkerton.*] You say you have a fixed scale of charges?—Yes.

53. Do you think that the scale of charges at present in force prevents a number of papers from becoming subscribers to the Association?—I was asked the same question yesterday, but I do not think I am at liberty to answer it.

54. You say that if the Association were burst up and nothing put in its place the smaller papers would suffer?—That is my opinion.

55. In what way?—At present they get their cable service at a very small rate.

56. What if the copyright clauses were repealed?—They would suffer to this extent: They now get their cables first hand. If a new association were formed and they were excluded they would have to wait until the papers were published.

57. The papers not connected with the Association do not get it first hand?—No; it would not make any difference to them—not to the papers outside of the Association.

58. Would it not be an advantage to the outside papers, because they would be able to publish outside telegrams or cablegrams?—To that extent it would be, undoubtedly; they would be able to use the news for which they do not pay. I was only thinking of papers that were within the Association.

59. Do you think, if legislation compelled it to have a fixed scale of charges, known to the public—suppose legislation were to take place, do you think that Parliament would be doing wrong in stipulating for a fixed scale of charges in return for the advantage given to it or to any other association of a similar kind—the stipulation to be that you shall not charge above a certain amount?—I think you say, "Considering the concessions granted to the Association, would it be a fair thing for the Government to fix a limit"? I say there is no concession granted, so that I could not answer your question based on that premise.

60. Is it a fact that the Government make up moneys of which the Association gets the advantage?—I am not aware of it.

61. There are certain moneys which come to the Government in connection with the newspapers, and your Association benefits by it?—Practically that does not affect the Association; it may affect the newspapers.

62. It affects them so far as they are members of the Association?—It would affect them whether they were members of the Association or not.

63. Do you not think that the Government should so frame its policy that all papers should have the advantage of cheap cables so far as it is possible?—That is a question I do not see my way to answer. I do not know that the directors would object to a scale being fixed, but it would depend on what scale was fixed.

64. *The Chairman.*] You say that the schedule of entrance-fees is a comparative one, dealing with daily, tri-weekly, and bi-weekly papers?—Yes.

65. Is the schedule of fees also based on locality?—I do not know that I should have any great objection to answer that. It is based on locality to a very large extent, at any rate.

66. My reason for asking you that question is that you say you do not think the whole of the towns are dealt with in the same way. I assume, therefore, that the schedule does not comprise the whole of the names of towns?—There is a small number of places not included in the list, which have to be dealt with on their merits.

67. Then, it is not a schedule rate for all daily papers, but only for papers in particular places—the heaviest rates for large centres, and decreasing according to size and importance of the district?—Generally speaking.

68. Will you tell me what was the amount of Ivess's cheque?—I had nothing to do with Ivess; it was Stowell that I had to deal with. I think the cheque in that case was £138.

69. For what service was that?—It was for the New Zealand telegram and cable service.

70. Daily?—I think it was tri-weekly.

71. How long ago was that?—It was two or three years ago; two years ago, I think, about this month of the year or the next, I forget which.

72. Is this your handwriting [Exhibit A]?—Yes.

73. You see that in June this year you notified that the entrance-fee would be £166 at Hawera for a tri-weekly, increasable to £250 if changed to daily. Can you say why Stowell was allowed to enter for a tri-weekly for £138, and that within two years the fee is raised to £166 according to your own letter?—That was before the schedule was revised; it was revised shortly after.

74. Was there a general revision of the fees for the whole colony?—I think I cannot answer that question.

75. Would the Committee be justified in inferring that, as the schedule was being revised, the £138 was revised, and that when it was revised there was a general rise in the entrance-fee for the whole colony?—I could not say there was a general rise throughout the colony on that occasion; I really do not remember.

76. In your reply to Mr. Wilson, you disputed the statement that there was any monopoly in connection with the cable service?—Undoubtedly, I dispute that.

77. Do you think that, in view of your evidence that the Australian papers have a combination for obtaining news, and that that combination is working in conjunction with the United Press Association in New Zealand, it is possible for another association to be started that could supply the news?—I think it is possible, and if any one outside were to outbid us he would be likely to get it.

78. Do you mean better terms?—I think it would be the result of competition. I do not think the Australian papers are actuated by any sentiment in this matter; they are always desirous of squeezing us more and more.

79. Do you think it probable, seeing that your Association contains all the principal papers in the colony, or that its directors represent the principal papers in the colony, that any other association could be started with any chance of success?—I think the present papers subscribing to the Association, if they are satisfied with it, would stick to it.

80. You say it costs the Association 1d. a word to get the cable news?—But there are terminal charges at the end in addition.

81. You do not mean to say that every word that appears in a cable message costs 1d.? Do they come in cypher?—No; they come in plain language, but they can be developed and enlarged by the newspapers themselves if they choose to put it in such a form as to make it more readable. It depends on the man who does it whether he enlarges more or less.

82. Are there not persons whose business it is to develop them?—Yes.

83. You get them in a condensed form, and you elaborate and extend them?—To a certain extent. I do not know whether you are under the impression that we greatly enlarge them. We cannot do that, for every word added by us would increase the wire charges; but the papers can elaborate them if they think proper to do so.

84. You would rather hail the starting of another service?—I do not know that. Do you mean personally?

85. You have stated that, if another service were started which, say, contributed £1,000 to the cables, you would consider that entitled you to send that much less stuff across the wires which now you could do without, and without affecting you?—It would only relieve us to a small extent. If such a thing happened, I think we could say to the Cable Company, "If your revenue is up to the mark as when the agreement was made, we ought to be allowed to reduce our messages." But I do not know that they would agree with us.

86. I think you said that only one-third of the papers which subscribed are shareholders?—Something like that; a little more than a third. There are about twenty shareholders.

87. And fifty-five papers connected with your Association?—Yes.

88. You say there is no advantage in being a shareholder?—None that I am aware of.

89. Do you think the management is so perfect in the interest of all the papers that, if the whole of the persons subscribing were to meet for the purpose, no improvement could be suggested that would be for the benefit of the Press of the colony?—I do not think it is likely; suggestions for improvements are constantly made now.

90. Do you not think that a man who pays, say, £500, and a proportionate sum in annual subscription, in connection with other papers, should on every ground have some share in the management, for you say this is a co-operative association. I also am of opinion that it is a co-operative society; but, where two-thirds of the subscribers have no voice in the management, do you not think that a person who pays entrance-fees and becomes a subscriber should, without any restriction, be entitled to a full share in the management of such an institution?—I have already said that although actually they have no vote, yet all suggestions and complaints are recorded and submitted to the directors, and in many cases acted on; but they do not have any enforcing power.

91. You say there is not only a system of entrance-fees, but annual subscriptions. Are these annual subscriptions fixed by the whole of the shareholders or by the directors?—That is on a line with the previous questions which I could not answer because relating to private business of the Association.

92. Would it be possible for the Association to raise its scale of annual fees upon the running-out of existing contracts with its subscribers?—It would if it were necessary—if the papers submitted to it; but they would have the choice.

93. Who would have the choice?—I take it that if any attempt were made to raise the subscription very good reason would have to be shown for it before the subscribers would submit to it. In my experience of the Association, I never knew of any attempt to raise the fee unless it was for a very good reason indeed.

94. Would it be possible for the annual fees to be raised to an amount, and under conditions, that would throw out a number of papers if it entered into the heads of your directors or shareholders?—I do not think that a society of business-men would be likely to do a thing of that kind. I have never heard of anything that would indicate such a possibility.

95. As the sole power of fixing the entrance-fees rests with the Association, the people who are now subscribers would, if such increase of entrance-fee were demanded, either have to pay an increased annual fee or to lose the service?—Undoubtedly, as far as I can see, if it entered into the minds of the manager or of the directors of the Association to enforce an unjust scale. They might possibly do it, but it could not be done without a great storm being raised. I do not think that such a thing would ever enter into the minds of any one having the least knowledge of his responsibility. The policy has been as far as possible to reduce all charges.

96. I understand that the larger papers, in the first place, constitute the Association, and that they take in the smaller papers as a separate class?—No, I think not. There were smaller papers in it from the first start.

97. Was there any combination to cheapen the cost of the services to themselves or get a better service?—There had been, as I have stated, two associations in New Zealand. The papers had to rely on these combinations, who were competing with each other at a ruinous cost. The Press Association arose out of this situation. The cost was so great that the system could not live, so that the two associations had to be amalgamated. In that way the United Press Association came into existence.

98. Can any paper take up a cable service only?—No.

99. An interprovincial service?—They may take up an interprovincial service without a cable service.

100. Is there a distinction made between the entrance-fee for an "interprovincial" or for the "interprovincial and the cable service" combined?—I do not know whether I could answer that question.

101. Do you mean that you do not know it of your own knowledge?—I do not think such a thing has ever cropped up. I think such a thing would be treated specially. I have never known a paper wanting to take one without the other. If they only wanted one service, I think it probable that would be considered on their entrance.

102. You told Mr. Pinkerton that the Association gets no concession from Parliament except the lowered cable rate. Do you consider the existence of the copyright clauses of the Electric Lines Act, in respect of which your Association is the only one supplying cable news, constitutes no concession?—All the previous questions were, in effect, as to whether we obtained concessions from the Government. I presume the existence of such an Act might be considered a concession to the newspapers of the colony.

103. Is it not the fact that this protection was carried through Parliament in order to protect the Association?—I do not know; I do not know the circumstances.

104. Have you not said that if the copyright clauses of the Act were repealed the condition of things following thereupon would be chaotic?—For a while.

105. Does it not follow that the existence of the copyright clauses of this Act constitutes a protection to your Association and the papers belonging to it?—I do not quite see that it is a protection to the Association; it is a protection to the newspapers. If there had been no copyright clauses the Association would not have bothered about the cables; if there were no Copyright Act, that would not affect the Association.

106. Would the business not be done then, as it is now, in Australia?—That would not affect the Association; we would simply go on without the cables, that is all. What I imagine would be done is that the Association would drop the cable business in its present form.

107. Do you think the newspapers would publish cables then?—The Association would perhaps drop it absolutely. It would go into some new form; but, as to the present, it would go out of the business in that respect.

108. Do you not think they would still combine or still compete?—I do not know how they might take it. They might say to themselves, "We will purchase no more cables for the benefit of others." I do not know what would happen.

109. You have two agreements, one relating to cables?—Yes.

110. And the other to inter-provincial telegrams?—Yes; but I could not say the document [Exhibit C-A] presented to me is a true copy without having the original to compare it with.

111. Have any questions been raised in your Association as to the transfer of the rights of those who receive the cables?—Yes; once or twice that question was raised.

112. Was there any case in connection with a paper in Dunedin which had paid £500, and was in danger, through stopping, of losing its rights, so that they printed a small sheet from day to day in order to maintain their right?—Yes.

113. Can you tell us what became of the entrance-fee?—The paper stopped. It was the *Herald*, I think; it was once called the *Globe*.

Mr. Pinkerton: The *Herald* it began with.

114. *The Chairman.*] Have you any opinion as to the basis on which the Association claims the right to charge entrance-fees?—They were instituted long before my experience. There may be a reason for it which I do not understand. There may be; I do not know.

115. Nobody acquires a vested interest by being a shareholder?—I do not think I can answer that question.

116. Does any one who pays entrance-fee become entitled, in possession or reversion, or acquire a legal estate beyond the right to receive telegrams for the papers?—Well, I would rather not answer that question.

117. Has any application been made to the Association to transfer rights to another part of the colony, including, of course, the cable rights?—Yes, once or twice that application was made.

118. Suppose any one starts a paper, let us say for the sake of illustration, in Oamaru, and he finds, after paying £500 entrance-fee, that the business is not a success, but he learns that there is a new district somewhere in the North Island to which he can transfer his plant and business, would the Association treat his venture as a new paper?—If it were published under the same name, I think we could not prevent it.

119. Suppose a man starts a paper in Oamaru called the *Evening Star*, and he desires to shift his plant and business to Hawera, where he publishes a paper called the *Evening Star*; then, under the agreement, would the Association be bound to send him the telegrams?—If he insisted on it, I thinkwe would have to send them to him.

119A. I am pleased to hear you say so?—That question has been submitted to the solicitor of the Association, and he has advised that we would have to send them.

120. Have the directors, since that opinion was given, decided that there should be a particular place named in each agreement for the publication of the paper?—They have not had a meeting.

121. Do you know a paper called *Truth*, published in Christchurch?—Yes.

122. Was there an entrance-fee charged for that?—I think not.

123. Was not that started by Mr. Evison?—It was nominally.

124. Will you tell the Committee why you did not charge in that case?—The directors found themselves likely to be involved in an expensive lawsuit, and they preferred to accept the position rather than proceed further.

125. As a matter of fact, the statement made by Evison was not correct?—It was only nominally that he was said to be the owner. The thing was done for a purpose.

126. The real proprietors were the Christchurch *Press* Company?—Yes.

127. Was the manager of the Christchurch *Press* one of the directors of the Association?—He was, but he took no part in the discussion at the board meeting.

128. Did the Association continue to supply *Truth* with the cable news? And did your Association decline to put in its claim for an entrance-fee for the cable and telegrams in its colums, although published by new men?—We continued to do so because we did not feel inclined to go into a lawsuit.

129. And not because the Christchurch *Press* was a powerful member of the Association?—No. There was considerable argument over the matter; great care was taken in discussing it by the directors. The conclusion they came to was that it was not good enough to face a lawsuit upon, as it was possible the matter might be decided against them. Whether there was or was not sufficient evidence from their point of view I could not say. But the matter was wholly new. At all events, there was not sufficient evidence to make it quite sure that they would succeed; and rather than be involved in a lawsuit they proceeded no further in the business.

130. Did you instruct your solicitor to search the newspaper register to see who was the registered proprietor?—I do not remember. I believe—or we were given to understand—that Corlett and Evison were the proprietors.

131. If a man wanted to start a paper in Wellington, say, and you found on the newspaper register the declaration which he made as printer and proprietor, and you were told the paper belonged to Messrs. Blundell Brothers, of the *Evening Post*, would you not take the registration for your legal basis as to the proprietorship, and insist on the entrance-fee being paid?—I think if it were clearly established that it was a new paper they should be asked to pay the entrance-fee. You have been assuming that it was clearly proved as fact that it was a new paper; whereas from the point of view of the directors of the Association they could not, by the evidence they had, establish that.

132. Suppose that it was done for a purpose, and that these ostensible owners were backed by the big paper: which was the real proprietor?—I really cannot give you any reason. The Association would not treat a transfer of name or owner as constituting a new paper where the change was properly effected.

133. If it happened that there was a new paper, with a new title and new proprietors, would you not regard that as a "new paper"?—Not necessarily; this might happen. The paper could

change its title. That could be done, and it could be sold to a new proprietor, but it would still be the same paper. That is what it was claimed was practically done in respect of the *Telegraph*, which was incorporated with *Truth*. We were confronted with a difficulty. We found that it would be idle to persist, because we might get the worst of it.

134. Then, it is a fact that the question was raised as to whether this paper should or should not pay entrance-fee?—Yes.

The Chairman: The position was this: The Christchurch *Press* published an evening paper called the *Telegraph*. In the place of that, a paper was established called *Truth*; this *Truth* appeared under the management of two men who were employés of the Christchurch *Press*, Corlett and Evison. These men declared *Truth* to be independent and unconnected with the *Press*. The question was whether a paper started under these circumstances should pay entrance-fee. After awhile the relations of the parties were broken off, the mask was dropped, and it appeared again as a paper owned by the *Press*.

135. *Mr. Massey.*] You say that the *Telegraph* ceased to exist. What period of time elapsed between the *Telegraph* having ceased to exist and the time of the other paper coming into existence?—The *Telegraph* stopped on a Saturday, and *Truth* came out on the following Monday.

136. *Mr. Hogg.*] Is there a scale of contributions fixed—of yearly subscriptions?—The yearly subscription is fixed.

137. You are not prepared to say whether it is fixed by the shareholders, the subscribers, or the directors?—No, I am not prepared to say that; but I will say, so far as the cables are concerned—the subscriptions for which alone affect this Committee—that they were based on those charges by Reuter, but that they are now very much lower, and they were never higher.

138. You are not prepared to say whether the scale of contributions and subscriptions is fixed by the shareholders, the subscribers, or by the directors; by each without reference to the others?—In the absence of the chairman of the Association, I am not.

139. Do you know whether the scale is discussed at the annual meeting of the shareholders?—Not unless some one brings some question forward affecting it; then they would be at liberty to do so.

140. Is there a basis upon which town papers pay a larger sum than others?—A number of papers in the towns pay a larger sum than the smaller ones.

141. Do you mean that every paper in a town pays the same rate?—No; a paper in Wellington would pay more than a paper in Palmerston.

142. Suppose we take Palmerston, Hawera, and Masterton: are the rates uniform in these country towns?—They were originally pretty uniform. The lapse of time has altered their proportion in some places. The fact is, the scale in this respect has got somewhat out of gear; the rates are going to be revised. It is not because this Committee is sitting; but it was stated at the last meeting that it was desirable to make them more uniform.

143. Can you tell us the basis on which the rates are differentiated? Is it on the basis of population or suitability?—The population is the main basis.

144. Is this scale or list printed or kept in your books?—We have it recorded, of course.

145. Would it be available to a newspaper man if he wished to ascertain the rates in different localities?—I do not know. I could not say whether the directors would allow any one to see it. I could not do so without their authority.

146. Suppose a newspaper-proprietor felt aggrieved because he thought he was paying too much; could I find out what my neighbour was paying?—In the same town?

147. No; in different parts of the colony?—No, I would not feel at liberty to give you any information, unless with the consent of the directors, on your own application.

148. All that information is kept private?—Yes.

149. You would have to apply to the directors?—Yes.

150. Would it be available to the shareholders individually?—I think the directors would give it to the shareholders. I do not know whether the shareholders would have a right to ask for it; but it would be a matter entirely for the directors. If the shareholders had no right to it, it would be a matter for the directors to consider whether they would furnish such information.

151. Is the schedule of entrance-fees liable to be altered at each meeting of the directors?—I cannot answer that question.

152. Do you remember any occasion when application was made for consulting the directors without convening a meeting of directors?—I do not think I can answer that question; it appears to me to relate to the sort of evidence which has been laid down by the chairman of the Association that I should not answer.

153. Can an entrance-fee be fixed, altered, or modified without convening the directors?—I will say this: that it could not be done without the consent of the directors.

154. When the schedule of fees is altered, or modified, is it communicated to the Press subscribers?—That is another question I could not answer.

155. Is it kept a profound secret?—It cannot be, because any one applying for the purpose of starting a newspaper would get it.

156. If I called on you, and applied to see it, would you show me the schedule?—Certainly I would not show it to you without the consent of the directors.

157. You said that cables are amplified?—To a certain extent. They come here in an abbreviated form; owing to the cost of them from England to Australia, they have to be sent in as condensed a form as possible.

158. Mr. Wilson asked you just now whether a new association starting would not obtain a great advantage from the cable service, on account of the existence of your Association. I understood that the terms on which you now get the cables are these: that a certain revenue has to be assured to the Postal Department?—To the Cable Company.

159. A certain revenue has to be assured to them?—Yes.

160. You are allowed to obtain messages at 1d. a word, provided you take sufficient to insure them that revenue?—Yes.

161. Then, would not a new association be an advantage to your Association by relieving it under that pressure?—It would, of course, to a certain extent. But a new association would be in this position: that it could get as much or little, as it pleases without any guarantee; whereas we would, under our tacit agreement, be obliged to keep up the supply of revenue, and we could not know what the other pays.

162. *Mr. Wilson.*] There were a good many questions asked about the entrance-fee. It was stated in evidence that there was an impression abroad that the entrance-fee you charged was too high. You are not prepared to answer that question in regard to the paper at Hastings, where you refused to take less than £500. One of the witnesses stated he considered it was because the new paper to be started was so close to a Napier newspaper in existence that so high an entrance-fee was demanded. This witness was desirous of showing that your Association, through its directors, used their advantage for the purpose of crushing out a newspaper about to start in opposition to yours. Are you prepared to answer this question, or do you consider the question should not be asked: Whether you have, within your knowledge, ever known the directors to take that into consideration?—No. In this particular instance it was fixed by scale, and the chairman could not have interfered with it if he wanted to.

163. No case has ever cropped up, according to your knowledge or within your memory, in which it was considered that, in order to stop the starting of a newspaper in a district, your entrance-fee was charged higher than it was previously?—I never knew of such a thing. I never heard of the fee being charged higher in order to stop a newspaper being established.

164. Suppose a newspaper which pays £500 for entrance-fee: you stated in your evidence that it would not have the right to become a shareholder for that amount—I mean, the entrance-fee would not carry with it any share?—No, not *per se*.

164A. No objection would be made on the part of other shareholders, if the proprietor of this newspaper should buy a number of shares and become a shareholder, to his discussing this or any other business in connection with the Association?—Any one can apply for shares; and I have the best reason for saying that, if applied for, shares would have been allotted to him. Shares, after all, are a mere nominal thing.

165. You have never known of shares being refused to any one who wished to get them?—I have never known of any application for shares being refused.

166. In your own belief, you do not think there would be any likelihood of any person who had paid the entrance-fee being refused the right of discussion in connection with the affairs of the company?—I do not think so; in fact, the whole policy of the directors is to get people to attend the meeting of shareholders and take part in their proceedings. I do not think it is likely they would throw any obstacle in the way. At one time the shareholders never bothered about attending meetings. The directors thought they would try and get the shareholders to attend. Ever since, the shareholders have been paid to attend the meetings.

167. Then, for the mere trouble of making the application any one, without regard to payment of entrance-fee, could become a shareholder?—Yes.

168. You stated that the annual subscriptions were now lower, and that they were never higher, than those charged by Reuter?—I do not know from memory that all are lower, but a great many are.

169. For that annual subscription they get a greater amount of news than they used to get?—I think, twice or three times as much; but the bulk of the papers in New Zealand do not use all they get—even the Wellington papers do not use all that is supplied.

170. If the entrance-fee were abolished, or reduced, would you require to raise your annual fee? If you were obliged—suppose legislation to take place which would have the effect of abolishing the entrance-fee, or reducing your fixed scale—would that not entail your raising the annual fee in order to make up the deficiency caused by your having to fix the scale lower than it is at present?—I do not know that I can give you an answer to that, for papers are not often established. Even suppose no entrance-fee were levied, there are not many papers established. I do not know that the entrance-fee would make up the loss we undergo now.

171. Do I understand that the fund you have in the bank, if often drawn upon and there should be a deficiency, you would not be able to meet that deficiency unless some increased charge were made?—Something would have to be done to replace it. The subscription would have to be raised in that case.

172. *Mr. Carncross.*] Would there be a considerable increase in the subscriptions if you reduced the entrance-fee?—I cannot see, myself, that there would be any considerable increase. I do not see any ground on which to assume that there would be any considerable number of new papers started.

173. I do not mean by new papers starting; but there is a number of persons who are not regular subscribers who might take the telegrams from you?—Pretty well all the papers not now belonging to the Association have been in existence a great many years. They have never bothered or attempted to join, whether the entrance-fee was high or low; it made very little difference to them.

174. You do not think the entrance-fee is the means of keeping the papers from patronising the service?—I do not see that I am in a position to give an answer to that.

175. I understood you to say that it was the intention of the directors to meet and revise the scale?—They will be obliged to do so at the next meeting.

176. Are you prepared to give an opinion as to whether the effect will be downward or upward?—I do not think they are likely to increase the fees as a whole; but I think that in cases where decrease of population has taken place, and they are asked to reduce, something may be taken off

on account of that decrease of population—that is, something may be taken off and put on places that have increased in population. I do not think the gross bulk of the fees will be increased.

177. Then, it is not going to take the form of inducing other papers to come in—this revision is not going to take anything off the annual fee?—They do not certainly want to raise them. I do not see how we can lower them when we are losing money under this guarantee.

178. *Mr. Pinkerton.*] I want to ask you if you have known whether it varied from that fixed by schedule, by the manager or the chairman acting independently of the other directors?—No, I do not remember any case of the kind.

179. *The Chairman.*] A deficiency of £1,000 in connection with the cable service has to be paid to the Cable Company?—I do not remember saying anything about a deficiency of £1,000.

180. That is the deficiency that is mentioned in Mr. Gray's memorandum in connection with the midnight service. Is that deficiency owing to the New Zealand Government or to the Cable Company?—Partly owing to the Cable Company refusing to open the cable without a subsidy.

181. To whom is the money paid?—Some of it goes to the service; some to the Cable Company, who get a charge on all cables going over their wire as well.

182. *Mr. Wilson.*] The Government get the revenue?—Yes; the Government get the revenue on the New Zealand lines.

183. *The Chairman.*] What is the qualification of a director?—I think it is that he must hold twenty shares.

184. Would you allow any one who asks for shares to take up twenty shares, so as to qualify for a director?—I think the directors would probably sooner reduce the qualification than issue twenty shares now. I do not know, as a matter of fact, that twenty shares can be got now; but any one could take up twenty shares at the commencement.

185. Does it surprise you to have a lot of papers only holding five shares—in some cases less—when by taking up twenty they could qualify for a directorship?—I should say it was strange that they did not take the full number when they could get them; but I know of some who wanted only one or two just to make them shareholders. The Wellington *Press* applied for two shares; they only wanted these two shares so that they could be shareholders.

186. *Mr. Hogg.*] Are we to understand that the shareholders cannot now increase their number of shares in order to qualify for a director?—I do not think so; for the shares are not purchasable. This matter has never cropped up. There is no traffic in the shares. They could not do it, for they are registered in the name of the papers.

187. What is the object of this entrance-fee?—I cannot answer that question. Mr. Feldwick n discuss that with you better than I can.

FRIDAY, 11TH SEPTEMBER, 1896.

Hon. H. FELDWICK, M.L.C., examined.

1. *The Chairman.*] You understand, Mr. Feldwick, that the object of this Committee is to consider the present working of the Electric Lines Act so far as the said Act refers to copyright telegrams. The Committee would be very much obliged if you would make a statement?—I do not think I can do anything but answer questions.

2. You would prefer us to put the questions to you?—Yes.

3. You are one of the proprietors of the *Southland Daily News*, and a journalist of many years' standing?—Yes, about thirty-five years.

4. Does your paper receive the Press Association service?—Yes; both the cable and the other. The fees are £192 per annum for the cable, and £44 per annum for the interprovincial. The other paper down there, the *Southland Times*, pays the same.

5. The other paper is also a daily?—Ours is a daily evening and theirs a daily morning.

6. Do they receive the midnight cable service for that paper?—I cannot speak about the other paper.

7. There are some cables which come through at 2 o'clock in the morning?—I could not give any definite information about them.

8. Have you been in the Association ever since it started?—We were only a subscriber originally.

9. That is, at the inception of the Association?—Yes.

10. Were you at the time the Association started asked to become shareholders of the company?—Yes; we could have become shareholders if we had liked.

11. You did not think it was worth while?—I think the reason was, we did not care to run the risk.

12. How could you run any risk seeing you could only incur a liability to the amount of the uncalled capital of your shares?—It is such a long time ago that I cannot tell you how we eventually became shareholders.

13. You consider the service a satisfactory one?—It serves us well.

14. Do you consider any waste is caused in connection with the superfluity of telegrams sent. Occasionally you must take bundles you do not use?—That does not often happen; but we are often more liable than the morning paper. The evening papers are obliged to take them straight from other evening-paper offices.

15. You mean, during the daytime the messages are forwarded direct from the agents, and in the evening they come direct from the central office?—These agents require supervision from Wellington to prevent them from sending too much.

16. Do you act as agent for the Association in Invercargill?—One of my staff acts.

17. Is your office paid for the work you do?—They allow £10 a year, I think, but of course larger payments are made to agents in the principal cities.

18. Do you alternate the duty with the other office?—The other office has its own man.

19. You get an allowance of £10 a year?—The amount goes to the reporter from the Association.

20. Has there ever been a movement to establish another paper in Invercargill?—No; there is a little weekly paper that has been established there for the last two or three years.

21. That would not require any telegraphic news?—No.

22. Have there been any new papers established in the Southland District within the last two years?—Two in Wyndham.

23. Do the Wyndham papers take Press Association messages?—I do not think they do.

24. Do the Gore papers belong to the Association?—I do not know.

25. Have you ever heard any statement as to entrance-fees being demanded of the Wyndham or Gore papers?—No.

26. What size place is Gore—a town of some 3,000 people, is it not?—I should not think it is so much as that; it might be 2,000.

27. It is comparatively a new town, is it not? It has sprung up into importance?—Yes; it has always improved.

28. Do you think that the principle of the Association in demanding entrance-fees—leaving out the question of the amount altogether—is a sound one?—I think it is a reasonable one. For one thing, there is always a certain amount of risk, and that which has been refunded has come from surplus subscriptions.

29. That is, by economy in the working-expenditure?—Yes.

30. You say you are a shareholder, and have five shares?—Yes.

31. Do you know what is done with the entrance-fees?—They are, I believe, reserved as a fund against any contingencies, such as libel actions.

32. In what sense is the Press Association responsible for a libel?—It has been sued, and has paid damages.

33. The Association, or the paper that published the libel?—The Association. It has been threatened with actions, and it has been in peril through cablegrams sent from England, over which it could have no control.

34. Did you pay an entrance-fee?—No.

34A. Do you think, then, it is a sound principle that persons desiring to have the benefit of the cable service should be compelled to provide a reserve fund to protect all the papers belonging to the Association from actions for libel which they themselves had nothing to do with?—The Press Association is more likely to be sued than the papers.

35. Do you know that the paid-up capital of the Press Association is less than £42?—I have heard that in the lobby.

36. Do you know also that its uncalled capital is less than another £300?—I do not know that.

37. As a journalist, you know that there are two parties that can be prosecuted in an action for libel, one the man who wrote it and the other who published it?—Yes.

38. As a rule, I suppose, in actions for libel the man who has been libelled goes for the one who has most money?—He is pretty sure to do so.

39. Therefore, if the Press Association happens to be a very weak company financially is it not probable any man who had been libelled, instead of going for a weak company, would be likely to go for one of the papers that published the libel?—I am pretty certain the Press Association could and would pay a pretty good sum for damages if sued successfully for libel.

40. If you wished to start a paper in some other portion of the colony where you thought there was a demand for one, would you be quite willing to pay an entrance-fee of £500?—I would have no objection to pay a moderate sum, according to the circulation.

41. Would you consider £500 in a town like Hastings was a moderate sum to pay?—I consider it a large sum.

42. Do you consider £250, an entrance-fee for a daily paper in Hawera, is a moderate sum?—I do not know anything about Hawera.

43. I believe it is a town with a population of less than 2,000?—I cannot express an opinion.

44. Do you think, in the event of a man paying £500 for an entrance-fee, and his venture failing, he should be entitled to transfer his paper and plant to any place and start another paper?—I do not think it would be fair to the other papers in the new locality.

45. Do you consider the payment of £500 or any other sum should entitle a man to a voice in the management of the Association, independent of his taking up a few shares?—That is almost a legal point to answer.

46. You say you have not sufficient shares for qualifying as a director?—I only have five.

47. Have you any objection to state why you did not take up twenty, which would have qualified you as a director?—I only wanted five.

48. Have you expressed any desire or sought at any time to have a larger number of shares than five?—No.

49. Then you simply have a voice as a shareholder, and are satisfied?—Mr. Atack will tell you all that.

50. But we want to know from you. Do you think, without the existence of these copyright clauses on the statute-book, the Press Association would be able to demand these heavy entrance-fees—£500, and so on?—I could not say that. I passed that Act myself—the Protection of Telegrams Act—in 1882. The object of the Bill was to prevent the stealing of telegrams by people who did not pay for them. We never suffered from this at Invercargill, but at Christchurch and Wellington boys were out after the first copy of the evening papers, after getting which they used to run to their offices, where the staff used the scissors and sent these messages to the compositors, so that they were got out very nearly as quickly as the telegrams of the journal which paid for them.

51. When you introduced this Bill, did you contemplate that the whole cable service of the country would fall into such an Association as this?—It always has been in the hands of an Association. Originally there was a competing service; then Reuter's service—it was very unsatisfactory as well as expensive. Then the Association took it up.

52. Did you ever contemplate that by the passing of the Protection of Telegrams Act it would be in the power of a combination of newspapers to demand an entrance-fee of £500, without paying which a man would not be able to start a paper?—I never thought of anything of the sort.

53. Has the Protection of Telegrams Act operated very much further than you ever contemplated?—I do not think so.

54. Seeing your paper did not pay any entrance-fee for the Press Association's messages and cables—only an annual fee—why should any one else choosing to start another paper in Invercargill have an embargo of £500 placed on him to prevent him starting an opposition paper?—I do not think they would have an embargo of £500 placed on them.

55. Well, never mind the amount; take any other amount?—My brother and I are partners in the *Southland News*. I do not see why any gentleman who chooses to come and say he would take a third share in the business should be able to do so without paying for it.

56. Do you charge an entrance-fee to any one before allowing them to put a column advertisement in your paper?—That is a different matter.

57. You charge a man for the value you give him—for the right to put an advertisement in your paper?—We charge him for putting an advertisement in and the rent for the space occupied while it is there.

58. You do not charge him an entrance-fee for putting the advertisement in?—I do not say that we charge him for that; but we do charge extra for a first insertion, on account of the composition.

59. What I am anxious to get at is the principle upon which you, as a journalist, think the Association is right in demanding fees?—I should like to ask Mr. Atack whether we did pay an entrance-fee; but I fancy the original papers did not pay an entrance-fee.

The Chairman: There is no objection to that.

60. Do you think, Mr. Feldwick, the entrance-fees charged will have the effect of limiting the telegraphic revenue?—I cannot see how it can touch the revenue.

61. Do not you think, if a number of papers are prevented from taking the Press Association news, that those papers will not be such good customers to the Telegraph Department?—They would be little papers, that would not take many telegrams.

62. We have the case of one paper, the *Hastings Standard*, which would have been taking the Press Association telegrams for months, but which has been in the habit of doing without them, and being informed by telephone from Napier. Do you think the Press Association would have the effect of limiting papers in the country?—There is a gentleman called the "rag-planter," who goes about and starts "cock-robin offices" with a lot of boys who half-learn their trade, and are then turned loose in Wellington and elsewhere. There are very few papers in New Zealand that are very payable. Company papers, as a rule, are not payable, though some of them are. Good offices, with good wages paid to men, are a great deal better than a number of small ones.

63. Do I understand you are of opinion that there are as many papers in New Zealand as there ought to be?—Yes, I believe there are. Of course, there will be an exception here and there.

64. Do you not think, as new centres are constantly being started, it is desirable they should have organs of their own?—Oh, yes. With regard to entrance-fees, I may say this entrance-fee is no novelty. In Auckland there is a Stockbrokers' Association where the entrance-fee is £500.

65. Could you give the Committee any idea of what the wire-charges are per annum for a paper like yours?—No, I do not think I could.

66. I suppose, speaking in round terms, it would not be less than £72 per year?—It would be more than that. It was £15 in one week; but that was an extra week, when a wreck had occurred.

67. If one was to assume it would be £100 a year one would not be above the mark?—He would be considerably below it.

68. Say £200 a year?—I cannot answer that question definitely. You can, if you will, by communicating with the Telegraph Department, ascertain what all the papers pay.

69. If a third paper were started in Invercargill the telegraphic revenue would be increased to exactly the same amount as you two other papers are paying?—One of the other papers might go under. To put a third paper in Invercargill would be overdoing it.

70. You spoke just now of the danger of too many papers being started, and said some man, known as a "rag-planter," had been going about the country starting papers: can you give the Committee the number of papers that man has started?—I do not know.

71. Do you know whether the papers he has started have lived, speaking generally?—I am told some of them have not lived.

72. Speaking generally, the papers he starts continue to exist?—I could not say.

73. *Mr. Pinkerton.*] With regard to the entrance-fee, you know Gore, Mr. Feldwick?—Yes.

74. Supposing a paper were to start there, would you consider £500 a fair entrance-fee?—It would be a very big entrance-fee.

75. Would it not prevent a paper from starting there?—There are two there already.

76. If one paper was to start, would you think £500 a fair entrance-fee to start for that paper?—I do not suppose they would ask that.

77. We have evidence of a place—Hawera—where £250 was asked, I think. Would you consider £500 a fair entrance-fee for a town like Invercargill?—I always understood the fee for the Town of Invercargill was £300.

78. You considered that sufficient for Invercargill?—Yes. And here I would say I heard the Press Association was quite willing to reduce these fees all round.

79. *The Chairman.*] You say the cables are not used in Wyndham, but are taken from the daily papers?—The bi-weekly papers take the telegrams as soon as the copyright is off them. For instance, a cable that comes and is published in my paper one afternoon can be copied within eighteen hours' time by them.

80. You think the cable service works much more in the interests of the daily papers in the big centres than in the interests of the smaller papers?—The smaller papers could not afford to take the cables. We pay £192 a year besides our own wirage.

81. *Mr. Massey.*] You told us, Mr. Feldwick, you were a shareholder in the Press Association: have you ever received any profit or dividend from your shares?—No.

82. Is it a partly profitable investment?—No.

83. You told us surpluses had been divided amongst the subscribers?—I think the refunds have been made out of overcharges on the annual payments. We pay about £240, but at times some has been refunded.

84. You mean that the surplus over what is sufficient to carry on the work of the Association is refunded?—Yes.

85. You told us you introduced the Copyright Bill: what was the object of its introduction?—To prevent the piracy of the telegrams.

86. Was it intended to benefit the Association?—No, not that I am aware of.

87. Was the Association in existence then?—Yes.

88. Were you a shareholder then?—No.

89. Would it be possible for papers to get their cables and telegrams without the existence of an association?—I do not see how you can do without an association.

90. How does this Association compare with former associations so far as annual and entrance fees are concerned?—I do not think there is any difference.

91. How does it compare with former associations as regards efficiency and quantity?—The Association takes much more than former associations. In order to assist the revenue it takes every Saturday a "brevier" column of Australian news more.

92. Are you satisfied the present Association compares favourably with former associations?—Yes.

93. You think the present Association gives satisfaction to the bulk of the newspapers connected with it?—Yes. The central officials are not responsible for errors. It is the occasional stupidity of agents. You might get an account of a little race-meeting sent from the North all the way to Invercargill, which you have to pay for, which is of no account, and which you do not publish.

94. You stated it was not desirable to increase the number of newspapers?—Yes.

95. How would the increase of newspapers affect the labour question as far as journalists are concerned?—I did not mean the literary staffs; I meant, it would affect the compositors and machinists.

96. Is it a fact that many of the newspapers of the colony are run by boy-labour?—Yes.

97. Does this account for the fact that there are always a large number of printers and compositors among the unemployed?—It must be so.

98. With regard to the increase of papers and telegraphic revenue, do you think the increase would be temporary or permanent?—Most of these small papers, I fancy, do not take telegrams. Where daily papers could exist the localities are supplied now.

99. You do not think there would be a large increase of telegraphic revenue consequent upon the increase of newspapers?—No.

100. *Mr. Carncross.*] You introduced this Protection of Telegrams Bill, Mr. Feldwick?—Yes.

101. Can you say at whose instigation that Bill was promoted?—I think by the Press Association, because it was the central body acting for the whole.

102. Mr. Gillon was a prominent member of the Association then?—Yes.

103. It was at the instigation of the Press Association this Bill was framed?—They complained that their telegrams were being pirated. Besides, the messages were put on the wires and sent all over the country without having been paid for at all. That was very much the case in Otago and Auckland.

104. You say it was the case in Otago: do you refer to the city papers?—Yes; their cablegrams were telegraphed to the country papers.

105. The main object of the Bill was to prevent piracy?—Yes.

106. Has it been effectual in that respect?—Yes.

107. Do you remember what sort of a House there was when that Bill was passed?—I could not say; but it took about sixteen hours to pass the Bill through all its stages.

108. Have you any idea what are the entrance-fees charged for tri-weekly and daily papers?—I do not know.

109. Seeing the leading papers of New Zealand are subscribing to the Association, do you think there is the slightest chance of anybody running a successful opposition association?—I do not think another could be run.

110. In introducing the Copyright of Telegrams Bill, you said all papers in New Zealand had the privilege of getting Reuter telegrams if they were willing to pay the necessary fees, which you knew from your personal knowledge were very moderate?—Yes.

111. Do you know what these fees were?—No.

112. Do you think there has been any increase since then?—No.

113. Do you think the fees you referred to there were annual fees?—Yes. The present system is an annual one. It is my impression there was no entrance-fee to obtain telegrams from Reuter.

114. When you were told of the high fee charged—£500—to get the use of the Association for the Hastings paper, did you not account for that by saying the place is close to Napier?—I only guessed that.

115. *The Chairman.*] Hastings is almost a suburb of Napier: do you think it likely that a paper published in Hastings would be likely to interfere with business done by papers in Napier?—It might to some extent, in the advertising business.

116. Has not your experience been the other way—that city papers clash with papers that are run a few miles out?—Yes.

117. It is far more probable a Napier paper would crush out a Hastings paper than the Hastings paper would interfere with the business of the Napier paper?—The town papers are generally larger and more readable.

118. As a matter of fact, if any protection is needed it should be given to the paper some miles away from a city: it is this class of paper that has to feel the competition?—The paper in Hastings would take away business from the papers in Napier. Most advertisers devote a certain amount of money per year to advertising, and if the Hastings paper got some of the Napier business, then the city papers would suffer.

119. *Mr. Carncross.*] There is a paper published at Petone. Do you think it has the slightest effect upon the Wellington papers?—No.

120. Do you think this £500 fee actually protects the city papers from opposition?—There is no doubt that the entrance-fee has a protective effect.

121. You made reference to moderate fees: do you consider £500 a moderate fee nowadays for a paper establishing at Hastings?—It seems very stiff indeed; but I understand the directors are quite willing to moderate their demands in respect to entrance-fee.

122. Do you think the establishing of more papers in New Zealand would tend to create too many printers?—Yes.

123. Are you aware there are a good many printers out of employment?—Yes, all over the colony.

124. Do you think the establishing of more papers would absorb that labour?—No, I do not think it would. They would take one man here and there, and take the rest boys.

125. You do not think it would do much towards absorbing labour?—No, not beyond boys.

126. Are you aware whether this fee, £500, was in existence before the passing of this Copyright Bill?—No.

127. *The Chairman.*] How many refunds have been made to subscribers to the Association?—Either two or three.

128. What percentage do they represent upon your annual fees?—I think one was £20—about 10 per cent. We pay nearly £240.

129. Do you look upon your investment of five shares in the Association as a profitable one? Have you any objection to say what capital your firm has invested in the Press Association? Is it 2s. 6d. per share?—I think it is that.

Mr. James Henry Clayton examined.

130. *The Chairman.*] What are you, Mr. Clayton?—Journalist, and proprietor of the *Egmont Post*, published at Stratford.

131. How long have you been connected with the Press of the colony?—Twenty-six years.

132. Does your paper, the *Egmont Post*, receive the cable service?—No.

133. Have you ever been connected with papers that did obtain the cable service?—Yes.

134. What papers were they?—The *Patea Mail, Ashburton Mail, Hastings Star, Bush Advocate*, and the *Marlborough Daily Times*.

135. The object of this Committee is to consider the present working of the Electric Lines Act so far as the said Act refers to the copyright of telegrams. You are aware that news received from other countries is protected for a certain period by law?—Yes.

136. Will you tell the Committee whether, in your opinion, the copyright of cables acts as a benefit in the interests of the papers themselves, to the telegraphic revenue, and to the public generally?—So far as the papers themselves are concerned it is all right. There they are protected virtually for twenty-four hours instead of eighteen, and no paper can use those telegrams till that time has expired. As regards the public, there is the inability to get these telegrams. A fee is demanded from the country papers before they can get them, and it is quite out of the power of some of these papers to go into the present Association without paying entrance-charges. I have recently leased my present paper, and I am not prepared to give £150 for cable news. I was told that was the price for entrance-fee by the previous proprietor, and also know that they (the Association) asked £150 from the *Woodville Examiner*—although I am not quite certain about the amount.

137. What is your paper, a tri-weekly?—Yes.

138. Do you consider that they would be able to enforce these heavy entrance-fees if the copyright clauses of this Act were not in existence?—No, I do not.

139. Have you ever, yourself, paid an entrance-fee into the Association?—Yes, two.

140. For what papers?—I started the *Hastings Star* in 1886. I started it as a bi-weekly paper, and they charged me £50. After running it eight months I decided to make it a daily, and had to pay another £50.

141. You paid virtually £100 as an entrance-fee for a daily paper at Hastings?—Yes.

142. Is Hastings very much larger now than in those days?—Yes, about double its size.

143. Would you be surprised now if the fee was £500 for a daily at Hastings?—I am surprised.

144. Do you think there is anything in the growth of Hastings to warrant the fee being raised to £500?—No.

145. When you gave up your venture at Hastings did you try to get a transfer for your next paper?—They would not do that—I had to pay another £50: I got them to take £10 off it, however. I believe the fee has been raised to £150 there.

146. Was there any annual fee payable in addition to the entrance-fee?—We used to pay £24 a year for the cables, and something like £20 a year for the Association's New Zealand telegrams.

147. These were annual fees?—Yes.

148. Were these amounts increased when you became a daily?—I think the inter-provincial service was increased. I cannot recollect about the cables.

149. Did you ever hear as to what was done with the money you paid for entrance?—No. I tried at one time to get some shares in the Association, and could not do so. I wrote to the manager, but he said they were not going to let any more shares go. I considered that all country papers had a right to have a voice in the working of the Association. In applying for the shares I merely wished as a country newspaper proprietor to be enabled to attend the shareholders' meetings, but I could not get the shares.

150. The manager told you the company would not let you take up shares?—Yes.

151. How long ago?—Ten years ago.

152. Have you ever been informed by the Press Association while one of its subscribers as to what was done with the entrance-fees you paid?—No.

153. They have never told you that what you paid was put into a fund for the purpose of protecting you, other subscribers, and the Association, from any libel that might be inadvertently committed by members of the Association forwarding libellous communications?—I never heard of such a thing.

154. Is there anything in any agreement you have signed with the Association by which the Association was bound to protect you if you published any libellous message which they had forwarded and for which you were sued?—No, none whatever.

155. I suppose that if a libellous message was sent by the Association, and you saw it was libellous and refused to publish it, you would hardly like to have funds that you had subscribed used to protect another paper which had not exercised the same precaution as you had done?—I should not like it.

155A. When you became a subscriber to the Association were you asked to act as contributor in your district to the Association?—Yes.

156. Did you get paid for it?—No.

157. Did you get any voice in the management by paying your entrance-fees?—None whatever.

158. Is it a fact that by the starting of country newspapers the market of unemployed printers in the cities is seriously effected?—No; that is ridiculous.

159. It has been said here the effect of the multiplying of papers in country districts is that numbers of half-trained boys are turned out of these offices, and come into the cities, and flood the market here?—The difficulty is to get employés yourself. I may say that with most country papers it is an absolute impossibility to pay £3 a week to every man—the business does not warrant it—and you have to fall back on local men. I have been fortunate in keeping hands with me. I have had boys for twelve years. But the difficulty is to keep the boys when you have them.

160. You do not object to the annual fees charged by the Association?—No.

161. Do you think they are fair, and the service a good one?—Yes.

162. Do you think, then, if the entrance-fees were abolished or reduced to a minimum—say, not exceeding the reasonable sum of £50—the effect would be that a larger number of papers now out of the Association would at once enter it?—I think every paper would try to get in.

163. Do you think the effect of the abolition of these entrance-fees would be to increase the telegraphic revenue?—Yes.

164. Can you give the Committee any idea as to what the wire-charges for a paper such as yours would be?—That depends to some extent upon the proprietors; but for any ordinary newspaper the wire-charges would average from £1 to £1 10s. per week.

165. You would not think you were having an unnecessary amount put through for a tri-weekly paper if you paid £1?—I would think I would be getting very good value.

166. *Mr. Pinkerton.*] Do you think the very high entrance charges have the effect of creating a monopoly amongst the papers already in the Association?—It is in that direction.

167. *Mr. Massey.*] You are proprietor of the *Egmont Post*?—Yes.

168. Is this the paper about which there was trouble between Mr. Ivess and the Press Association? Do you know anything of the trouble?—No.

169. Did you purchase it from Mr. Ivess?—No; I obtained it from Mr. McKenzie.

170. You said it would not be possible to enforce the demand of the entrance-fees were it not for the copyright clause of the Electric Lines Act?—It is possible for the Association to say, "We will not supply unless you pay the entrance-fees." Were it not for the twenty-four hours' protection the Association would not be in a position to do this. It would take away their power to a great extent.

171. Do you think if it were not for the copyright clause in the Act other outside papers would be able to use the telegrams of the Association? Would you be able to use them on their appearing in another paper of the Association?—That is what it amounts to.

172. Do you think that would be a proper thing to do?—Under the circumstances of a prohibitory entrance-fee I think it would.

173. Do you think the end justifies the means?—If I had a correspondent in Wellington who telegraphed matter appearing in the *New Zealand Times*, which was published in my paper in the evening, it could do no harm to any one.

TUESDAY, 15TH SEPTEMBER, 1896.

Hon. Major STEWARD examined.

1. *The Chairman.*] I believe you have been for many years connected with the Press of the colony?—Since the year 1867. I have edited a newspaper for most of the time.

2. The object of the Committee is to consider the working of the Electric Lines Act in reference to copyright telegrams. Will you give us your opinion of the working of the Act?—There are two

sides to this question, as to every other. I understand that the reason this Committee has been set up is principally that there is a feeling that the Press Association charges too high an entrance-fee to persons who wish to establish newspapers and secure the benefit of the Association. I may say that ten years ago—nearly eleven—I purchased in Ashburton the *Ashburton Mail* from one Joseph Ivess. I gave him £2,675 for the paper—freehold, copyright, and plant. I estimated that the value of the freehold was really about £700, the value of the plant, which was second-hand, was £700 more, showing I gave between £1,200 and £1,300 for what is called the copyright of the paper. Mr. Ivess was bound down by his agreement not to start or be connected with any paper in Ashburton, or within fifty miles of it, for ten years. He came down before half that time had expired, or thereabouts, to see if he could drive a coach and horses through the agreement, and was advised he could not. And he has often told me he would come down and start in opposition. Now, the population of the town is something under two thousand, and we publish two newspapers —the *Mail*, which is a tri-weekly with a country circulation, and the *Guardian*, which is a daily evening and has a town circulation. If any member of the Committee cares to look at the papers he will see that, for the population, as good an evening is published as could possibly be required or expected in a town of that size. There is absolutely no room for the establishment of another paper; notwithstanding this, Mr. Ivess comes down, and is about to start another paper, and is about to become a candidate for Ashburton. The only possible pull I have against him is that he will have to pay a considerable entrance-fee to join the Association. Now, if that were removed, this is what is going to happen: the paper will not last very long, or I shall be asked to buy out Mr. Ivess in order to prevent competition. So I think the Committee will see that there are two sides to this question of an entrance-fee. Further, I may say I have paid within the last five or ten years £150 a year. I have paid to the Association besides, a small entrance-fee when the *Mail* joined it. I think that was £25. What the fee of the *Guardian* was I do not recollect, because it joined before it passed into my hands, and I have not the data. I do not know that I need say more than that. As regards the management of the Association, I may say that the contributing members have not an equal share and voice—not the share and voice that I think they ought to have. The management seems to be confined to a few leading newspapers, and we have nothing to say. I mean by "we" those that are regarded as second-class papers. We have nothing effectively to say as to the rates we are charged, or should be charged. We have either to continue in the Association and pay the fee which the Association fixes, or we have to go outside and arrange for our own telegrams and cablegrams, which is impracticable for any small paper to do. I do not know that this Committee, or that Parliament itself, has any special right to interfere with an organization which is a voluntary one, entered into by certain newspaper-proprietors. I do not think that any special concessions are given to the members of the Association that would not equally be given to any association that might start; and there is nothing to prevent as many associations being formed as newspaper-proprietors may wish. I do not know whether I can say more about the matter unless I were to enter upon what might be called "semi-private" matters affecting another witness, and that I do not think I will do. All I wish to say I have said; and I wished to appear before the Committee in order that the Committee might see that there are circumstances to be taken into account other than those which have previously been brought under their view.

3. Then, you consider that the existence of the copyright clauses of the Act is valuable and useful, as it is a means of preventing newspapers from being started where they are going unfairly into competition with other papers?—Yes; preventing newspaper-proprietors from being blackmailed.

4. Does the Association in estimating its entrance-fees inquire into the circumstances of a district, as to whether any newspaper is a necessity or not?—I do not know that they institute any special inquiry, but, as you know, the members of the Association are old newspaper-men, and the facts are absolutely patent and well known to them all.

5. Is it not a fact that the Association have a schedule of entrance-fees, and that any one who is prepared to pay the entrance-fee they demand can receive the cable news without any consideration whatever as to how it will affect existing interests?—I believe so.

6. Then, if this is the position, does it not follow that the existence of the entrance-fees is a matter which the Association considers rather from its own point of view as a company than from the point of view of any newspaper that may be adversely affected?—Probably so.

7. Do you think that if the copyright clauses of the Act did not exist it would be possible for the Press Association to obtain the heavy entrance-fees that are demanded?—No, because the whole thing would break down.

8. Do you think that a charge of £500 for an entrance-fee for a daily paper in the Town of Hastings, in Hawkes Bay, is a fair charge to make?—It depends upon whether the place is sufficiently papered.

9. Who is to judge, the Association or the man who is prepared to invest his capital?—From my point of view, the Association has to fix the fee they have to charge.

10. Do you think an entrance-fee of £250 for a daily paper at a small town like Hawera is a fair entrance-fee to charge?—It is prohibitory, I have no doubt.

11. Then, we may assume, under ordinary circumstances, that if the Association would ask for £500 for Hastings they would probably also ask for £500 for Ashburton?—I do not know. I have not made any representation, or made any inquiry—not a single word.

12. Can you conceive a state of things like this: We will assume that the papers in Ashburton are well conducted, which I think they are, and the district is well served; but can you conceive a state of things in which a district might be very inefficiently served, and, in fact, the newspaper services of the district might be so incapable and incompetent that there might be room for another paper which would be an organ of a different class of public opinion to that which was current in the newspapers at the time?—Certainly that is quite possible.

13. One might conceive a case in which party feeling might run very high in the district, and the local organ might be in the hands of one of the political parties of the colony. The bulk of the people might be opposed to the opinions of the paper, and might wish to start a paper to give vent to their opinions. Do you think it right, under those circumstances, that the Press Association should be able to fix what you think a prohibitory fee to prevent another paper starting?—The case which you put is exceedingly rare, and it is impossible to legislate to meet exceptions. If you will allow me to say so, I think that the provision for the protection of telegrams which are obtained and paid for by a certain organization is only common justice; and it is necessary, because there is, unfortunately, a class of individuals who have no strict feelings of right, and who otherwise would take advantage of other people's expenditure and steal their telegrams and publish them. It is absolutely necessary that that should be prevented. I admit that there may be defects in regard to the working of the Association, that there is not enough control exercised by the whole of the contributing newspapers; and I also admit that there may be possible cases in which members of the Association have an advantage and are protected. It may be that the views of such a proprietor may be opposed to the feeling of the place, and there may, in such a case, be room for another paper.

14. You say there is nothing to prevent other associations from being started. Is it not a fact that the Press Association has, by its agreement with its subscribers, virtually bound them to it, and that it has such a monopoly that there would be no chance of a rival association starting?—No; I would hardly say that. I think it would be possible to form another association now. I think there are a sufficient number of newspapers outside which, if they chose to unite together, could form another association.

15. Can you mention a single daily paper in the colony which is not a subscriber to the Association?—No, not a daily that I know of; there may be.

16. You say that you paid an entrance-fee of £25 for the *Ashburton Mail*, and have been contributing £150 as an annual fee since?—Yes.

17. Have you gained any voice in the management of the Association?—I have not asked for it. It would be inconvenient to go to Wellington.

18. Do you know whether or not the Press Association is a limited liability company, consisting of shareholders?—I believe it is so.

19. The payment of an entrance-fee does not make you a shareholder?—No.

20. Then, you only obtain the right to receive the news?—That is so.

21. Do you know whether, in the event of his paper dying within a few months, a subscriber could transfer any right that he got by the £500, or would his £500 die with him?—It would die with him. The new paper would have no relation to him; but if you lease or sell your paper the rights go with it.

22. Then, if the Press Association consists of merely twenty persons or newspapers who have received large sums of money in the way of entrance-fees, presumably those funds all belong to the company?—Yes. But this is what happens: Almost every year there is a refund to the papers of a small sum. I think I received a refund of £10 on the last occasion out of £150. They make a profit, and that profit is paid back.

23. Do you know how many times you have received refunds?—Speaking from memory, I think five to six times in ten years. It is a general thing, amounting, I think, to about 10 per cent. of what I pay.

24. I suppose if the position were altered, and you were proposing to start a paper in some place where there was a paper already, you would consider that an entrance-fee of £500 was rather a heavy handicap?—Of course, I should; but, as a business-man, I should only start a paper where I thought there was an opening for it. And I should not start without capital at all, and for the mere object of making the best market I could out of somebody else.

25. Do you know of any case where a man in any other business is handicapped in the same way?—No; because there are not the same conditions affecting any other business. Any grocer can go and buy his tea and sugar in the open market at the same rates as any other grocer; but the individual newspaper-man cannot go and buy his news, and cannot afford to keep a correspondent here, there, and everywhere. Hence the necessity of organization; in fact, the business can only be carried out by co-operation.

26. Is not the whole cost of the Association from year to year provided by the annual fee of £150, independent altogether of the entrance-fee?—I do not know, and therefore cannot say.

26A. I presume all the money coming in, whether from entrance-fees or subscriptions, goes to one side of the account and the expenses to the other?—I suppose so, and there seems to be annual balance to credit.

27. So, supposing an entrance-fee was to come in in the course of a year, that would go into the general account?—I suppose so; and, if so, it would practically be to the benefit of all the contributing newspapers. They would get a refund.

28. Have you ever been informed that entrance-fees have been paid to a special fund—to a reserve fund—which is used to protect the Association in case of libel?—I have not been so informed.

29. Is there any more reason that an entrance-fee should be demanded for a newspaper than that the printing businesses should combine and charge an entrance-fee to prevent others starting opposition in jobbing?—The difference is clear. A jobbing printer is on the same footing as a grocer, or any other tradesman. His stock or plant can be obtained readily in the open market, but the news of the world cannot be obtained without enormous expense. You can form some idea from the immense expenditure of the London *Times*. The two things are not on all fours, in my opinion.

30. Your impression, then, is that an entrance-fee from a paper is necessary to maintain the service?—I think it is fair—essentially fair.

31. We have it on record that there were very few entrance-fees paid during the last few years. Have the Association, in consequence of the very few entrance-fees, increased the rates you have to pay?—Not that I am aware of. I think I am paying the same now that I was paying years ago.

32. Do you look upon the management of the Association as satisfactory, speaking from the point of view of the proprietor of a country paper?—Well, there are matters in which it could be very largely improved, especially in connection with New Zealand telegrams. For instance, some reporters of newspapers—and these are generally the local agents—telegraph all sorts of things, which are of no use whatever. And their messages are often sent after you go to press, and you have to pay for them all the same, though you cannot use them. In this respect the management could be very largely improved.

33. Do you think the management would be likely to be improved if papers like yours had a more direct voice in the management?—I think so.

34. *Mr. Pinkerton.*] You say that the high fee is justified on the ground that it is to protect papers already in existence, and preventing other papers coming in without justification, and protecting papers already established?—Yes.

35. The Chairman pointed out that there are cases in which a paper may be justified in starting?—Yes.

36. And do you think that is fair?—I say the case which the Chairman put is exceedingly exceptional, and that you cannot legislate for exceptions. If you break down the broad rule you land yourself in far worse difficulties.

37. Do you think the persons holding papers now are the best judges of whether a paper should or should not be started, or should the public decide?—I do not know how you are going to get the people to decide.

38. If you started a paper the people would decide; but, if you give the paper an opportunity of starting, you give them the privilege of entering upon the labours of other men?—Very likely.

39. A person who wishes to start a paper will necessarily have some capital?—No. A man can start without capital. It is done, I believe, by arrangement with some firm, which supplies machinery, and type, and they take the risk.

40. The people starting do not do it with the object of throwing away the machinery and type. They expect to gain by it. And why should they be prevented from starting?—It depends whether they expect to make a profit from the business itself, or in another way. By "another way," I mean by compelling the other people to buy them out.

41. They might both live, and what reason is there to serve others differently? Do you not think contributing papers should have a voice in the management?—I think so.

42. And not only the principal shareholders?—I think so. I think that that would be fair.

43. In regard to the money contributed, we have it on record that money has been refunded from the entrance-fees. Are the entrance-fees, in your opinion, merely for the purpose of maintaining a monopoly?—I have not seen a balance-sheet of the Association. I cannot tell you what they do with these moneys.

44. We have it that the entrance-fees must go to a sinking fund to keep up what is practically a monopoly?—I do not know anything about it.

45. You justified the monopoly to protect existing papers?—Yes.

46. *Mr. Hogg.*] Are you a shareholder in this Association?—No.

47. *Mr. Pinkerton.*] Do you think a charge of £250 now, instead of £25, would be justifiable?—Yes.

48. That is, when you paid the £25 the Association were justified in charging it?—When I joined the Association I did not go into competition with other people. The Association would be quite justified in charging a second paper £250 if the other paper had been paying £150 a year for fees.

49. *Mr. Hogg.*] You have been for eleven years a subscriber. Have you attended any meetings?—No.

50. Have you had any balance-sheet furnished?—I do not think so.

51. Any report from the directors?—No.

52. Then, you have paid your money in blind faith; you do not know how your money was distributed, and you never inquired?—No.

53. Have you ever seen the scale of entrance-fees?—Well, I really cannot say positively. I have a sort of a notion I did see something of the kind.

54. You understand there is a scale?—I believe there is.

55. Have you heard if that scale has been altered?—No.

56. You have never been consulted in regard to any alteration?—No.

57. You have been asked questions about the present entrance-fee: do you think the fees should be reduced?—I do not know what they are.

58. Do you think £800 or £1,000 in Wellington is a fair charge?—I think it ought to be less proportionately in cities than in country districts, because there is room in cities for newspapers ventilating different phases of opinion. Relatively, the rate ought, I think, to be higher to protect the country proprietor than the city one.

59. You think there ought to be plenty of competition in the large centres?—In the large cities there is less necessity for protection than in the country. In the country competition may spell ruin to both parties.

60. You consider in the big centres there are always one or two journals that can hold their own?—I think so.

61. You say, so far as you are aware, the only object of an entrance-fee is to prevent illegitimate competition?—Yes.

62. And would you put the question of saying whether newspapers should be established or not in the hands of an Association?—The whole Committee is working round from one point of view. I simply repeat what I said: If you attempt to break the present arrangement down, you will, I think, land yourself in worse evils than the one you are seeking to cure.

63. *Mr. Massey.*] Would you repeat that?—The whole argument has been from one point of view.

64. *Mr. Hogg.*] What is the other point of view?—What I stated in my evidence in chief. If a number of newspaper-proprietors join themselves together for the purpose of getting telegrams, it is a private and voluntary organization. There is nothing to prevent similar organizations being started, and I do not think it is anybody's business to interfere.

65. *Mr. Carncross.*] The newspaper-proprietors do not fix the fee?—Practically they do.

66. *Mr. Hogg.*] The news-collecting organization is different from a storekeeper or merchant?—I say so distinctly.

67. You do not assume that newspapers buy the whole news of the world?—I assume they buy and pay for that which they publish. "The whole news of the world" is a very wide term. A great deal of news we never hear of.

68. The sub-editor is at liberty to clip from any paper?—But that newspaper has been published for so many days or hours, and he cannot clip till after the newspaper reaches him.

69. But do not you think a newspaper should be in a position to buy its telegrams?—I believe every newspaper is.

70. Without an entrance-fee?—No, I do not think so.

71. Then, the whole object of the entrance-fee is to restrict competition?—I think it is to some extent, but I would not say the whole object, but to recoup the Association for the expense it has been to. I presume it is a protection.

72. Have you heard that the entrance-fees, owing to the large amounts charged, are preventing the establishment of papers?—It may be so; but, as a fact, New Zealand is already over-papered.

73. Do not you think, if a paper is in operation, a rival has a perfect right to compete?—Of course, anybody can compete. If you pay your entrance-fee you can compete as soon as you like.

74. Do you think this Association should have the power to levy any fee it thinks proper?—I think it can be trusted to charge a reasonable fee.

75. I do not suppose you would care to leave the question completely in the hands of a ring whether newspapers are to be established or not?—Well, I do not think that is a possible thing at all. I do not think you can even now prevent a newspaper being established.

76. But you admit certain fees are prohibitive?—I think so.

77. Then, if the fees are prohibitive, is not that preventing newspapers from being established?—In a sense it is.

78. Is not a question whether papers should be started one that the public should decide?—The same question I have been asked a dozen times. I cannot tell you how the public are going to decide it, except by a *plébiscite*.

79. The ordinary law of evolution would carry it—the survival of the fittest?—I ask the Committee to remember that the organization is a voluntary one. We have a perfect right to manage our own business. The contributing papers in some respects do not get the treatment they ought, but I do not think there is any ground for parliamentary interference. That is my opinion.

80. Then, any organization of printers, or an association of drapers, or grocers, or tobacconists might do the same thing?—Yes; and they do it.

81. *Mr. Carncross.*] Do you think, Major Steward, that subscribers to this Association should have no voice in the management?—I have already said they ought to have.

82. You have said this is a voluntary Association, and you have no voice in the management?—I have said that two or three times.

83. Looking at it from the point of view of the man who wishes to start a paper, do you think the Association should demand such an enormous fee?—It depends upon what the paper is, and the locality. I should think £500 would not be too large a fee in some cases. In other cases £200 would be quite sufficient.

84. You do not think that has the effect of preventing men from going into newspapers?—I should think it has.

85. You pay for the services of the Association; you pay for the services they render you in addition to the entrance-fee?—Yes, I have done so.

86. You quite approve of that?—Of course, I have to pay my share of the annual expense of management.

87. And you have no voice in the management?—No; I say there is a weak point there.

88. Do you never see a balance-sheet?—No.

89. You do not know what their profits are?—No.

90. Then, the whole thing is kept secret, even the admission-fees. You have a paper. Do I understand you are threatened with competition?—I said so. I said I gave the man who is to start against me nearly £3,000 for a paper, and that nevertheless he is opposing me; but I do not care to enter into semi-private matters.

91. *Mr. Massey.*] When the Chairman was questioning you he referred to a very high entrance-fee at Hastings. Are you aware that the high entrance-fee asked for Hastings is due to the proximity of Hastings to Napier?—Very likely.

92. Are you a subscriber or shareholder?—A subscriber only.

93. You are not a shareholder, and, not being so, you have not a share in the management of the Association?—No.

94. Is there anything to prevent the subscribers from withdrawing from it? What is the form?—There is a form of agreement which I think runs for two years, and you have to pay all the same if you leave during that time. You cannot give notice to leave, I think.

95. I was under the impression that there was an annual agreement. Did you say that the profit made was refunded to the subscribers?—I will not say that the whole of it is, but I have got a refund for four or five years, I think.

96. The Press Association has been referred to as a monopoly by several members: do you consider it a monopoly?—No. There is nothing to prevent another association starting—nothing whatever. There is nothing in law to prevent it, and it is a question of law.

97. Does the Press Association enjoy any privileges which would not be conceded to another association?—None whatever, I believe.

98. You said the Committee was arguing from one point of view only?—Until it came to Mr. Massey. I could not help seeing that the same questions were directed to me by almost every member of the Committee. For example, it was put interrogatively—"Did not I think that such-and-such a thing would be unfair as affecting a grocer?" My reply is that there is another point of view from which the matter should be regarded.

99. As a newspaper-proprietor, would you recommend that the copyright clauses of the Electric Lines Act be repealed?—Certainly not.

100. *The Chairman.*] If you proposed starting a newspaper, what would be your opinion if asked for a £500 entrance-fee?—I would hold the same opinion that I now do.

101. In reply to one member you said you thought newspapers in large cities should not have the same protection that the country newspapers should have?—I said that, relatively to the population, I did not think they required so much.

102. The fees need not be so high?—I do not mean to say absolutely not so high, but relatively to their income. A smaller fee would protect them.

103. Then, do you think a fee for Ashburton of £500 would be reasonable?—I did not say that. But, if the fee was £250 all round, I do not think it would be out of the way for a daily paper, whether in a small or large place. A fee of £250 everywhere would, I think, be reasonable.

104. To refer to the question of Hastings: you do not say a fee should be charged for Hastings simply because it it is near Napier?—I say again £250 would be a reasonable thing, irrespective of a large or small place.

105. Do you think a paper in Hastings would be likely to do the Napier papers any harm?—No; except by interfering with their circulation in Hastings.

106. Then, the only way it would damage the papers at Napier would be by taking away their Hastings subscribers?—Yes, probably so.

107. Does it not follow that a heavy entrance-fee for a town like Hastings is a damage to the district in preventing them having an organ of their own?—I think a local paper in a place like Hastings is a necessity. I do not think an entrance-fee should shut out the possibility of a local paper.

108. *Mr. Pinkerton.*] I asked Major Steward if he thought it was fair that because a paper some years ago paid £25 entrance-fee it was right that a paper starting in the same place should pay £250 now because he had paid for a number of years an annual fee. Do you consider you got value for the annual fee paid in that time?—Well, I have not got as good value as I should like to have got, because the selection of telegraphic news has been often injudicious. I think I have got value for the money in the sense that if I had had to appoint my own agents it would have cost more.

109. Then, do you think that a paper should now pay £250 for what you paid £25 for?—Yes, under the circumstances.

110. *The Chairman.*] Do you consider that the payment of your annual fee for a number of years gives you a vested interest, which entitles the Association for your benefit to try and shut out an opponent from starting?—I do.

111. *Mr. Hogg.*] You know the position of Hastings: has the relative position of Hastings to the Town of Napier altered in any way during the last seven or eight years?—No.

112. Then, if the position is not altered, do you think it reasonable that seven years ago an entrance-fee of £100 was demanded and accepted for a local paper (the paper has since died), and, now that the field is still clear, four months ago £500 should be demanded?—No; I think that is an exceptional case. I think Hastings is entitled to a local organ, and that such a paper would not injure the metropolitan papers.

113. *Mr. Carncross.*] I understand you to say you have got an annual refund the last four or five years?—Yes.

114. I think it has only been the case for three years?—Perhaps my memory is at fault as to the number of years, but I have received refunds.

WEDNESDAY, 16TH SEPTEMBER, 1896.

Hon. WILLIAM T. JENNINGS, M.L.C., examined.

1. *The Chairman.*] You have a practical acquaintance with the printing trade extending over twenty-five years?—Yes.

2. As a journalist?—Both as a journalist and printer.

3. And you have been connected with newspapers in different parts of the colony that have been receiving cable services?—That is so. I have been on the *Otago Guardian, Lyttelton Times, Wellington Independent, New Zealand Herald, Auckland Star,* and *Oamaru Mail.*

4. The object of the Committe, as defined by the order of reference, is to consider the present working of the Electric Lines Act, in so far as it refers to copyright telegrams. Of course, you are well acquainted with the fact that there are certain copyright clauses which prohibit the publication of cable news within certain periods?—I am.

5. The Committee would be glad to know your opinion as to how these copyright clauses act in reference, first of all, to newspapers themselves; then in reference to the telegraph revenue; and, lastly, how they affect the starting of new papers?—The question is rather important and comprehensive as you put it.

6. Would you rather prefer me to put them singly? Would you rather be questioned or make a statement?—In my opinion, you would get at things better and matters would be made clearer by your putting questions to me.

7. Well, then, you know that the Press Association charges heavy entrance-fees?—That is so.

8. You know also that the Press Association has virtually a monopoly of the supply of cable news to the papers of the colony?—Yes, it is considered by many that the Association has a monopoly.

9. Do you think the Press Association would be able to exact these heavy entrance-fees from papers that wished to make a start if the copyright clauses of the Electric Lines Act were not in existence?—No; they could not do so.

10. Did you take any interest in the matter when the Protection of Telegrams Act was passed in 1882?—No; I did not take much interest in it at that time, but subsequently I heard expressions of disapproval. The main objection that I have heard urged against the Press Association is as to the entrance-fee charged. Beyond that I do not think that any persons conversant with the subject have raised much objection; but the entrance-fee charged has militated, in my opinion, against the establishment of newspapers. In fact, I know of two instances where it has stopped the publication of newspapers owing to the entrance-fee being so large.

11. Could you let the Committee know what these cases were, and what were the fees that were demanded?—One was an instance of my own, where I wanted to start a paper, and wished to come under the Press Association rights. I was told there was no fixed scale. It was left entirely with the directors. It might be £100, or it might be £250. But it appeared to me that it was a case of "kissing goes by favour." I also know of another case on the Auckland goldfields, where a small company started to float a paper and would not go on owing to the entrance-fee demanded.

12. Was it this: that if your starting a paper would affect the interests of some powerful member of the Association the fee was likely to be raised higher than if it happened that you came into conflict with some newspaper or interest that was not represented on the Association?—Well, it requires a good deal of consideration in answering that. My own view, based on over twenty-five years' practical experience, is this: that papers established in what I might term the big centres have really not a great deal to fear from opposition. I might emphasize it thus: that once a paper is fairly established in one of these large centres it is a very difficult matter for a new paper entering into competition with it to in any way affect it. I do not think that the majority of proprietors in the big cities care very much about opposition, knowing they are so secure in their established position. I might illustrate that by referring to a paper that was started in Melbourne called the Melbourne *Standard*. Over £100,000 was put into it to run it against an evening paper. The best machinery was procured, and some of the best journalistic talent in the colony obtained, but the paper did not succeed. On the other hand, in reply to the second part of your question, if any person were starting a paper that might run against the interests of those connected with the Press Association, such as members of the committee, they might possibly raise barriers which would prevent the paper starting. That is within the bounds of possibility.

13. You said just now, in the case of a venture of your own, that it was a matter of caprice?—My opinion is that it would go by favour.

14. *Mr. Massey.*] By an officer of the Association?—One connected with it.

15. What do you mean by connected with it? Do you mean a director?—A proprietor of a newspaper.

16. *The Chairman.*] I want to go back a bit. Do you know anything of the principle upon which entrance-fees are demanded?—I understand that there is a committee which meets annually in Wellington, at which they elect their president or chairman and a sort of sub-committee, who deal with all applications that come before them for the purpose of receiving Press Association rights.

17. But I understand you to say that you think the papers in the large centres have less to fear from opposition than papers in small centres?—That is my personal opinion.

18. Do you think, under these circumstances, that it is reasonable that the entrance-fees to the Press Association in the large centres should be very much more than they are for the smaller places?—No, I do not. I cannot see why they do make it such a high rate.

19. Do you think that, in the ordinary course, the demand for an entrance-fee of from £500 to £1,000 is just, for starting a paper in Wellington, say?—I do not think so, for one or two reasons. One reason is that the telegraphic service of the colony allows the Press Association certain rights in getting messages, and therefore there ought to be no embargo on people starting papers. I do not think, under such circumstances, they are justified in levying such entrance-charges.

20. Do you know Hastings?—Yes.

21. Do you think it a reasonable thing that they should charge £500 for an entrance-fee there?—No; it is a high rate.

22. Do you think the business a Hastings paper would take would be chiefly business at Hastings, and not Napier?—I do not think there would be any great connection.

23. Do you think a paper established at Hastings would merely damage a Napier paper by doing the Hastings business, and therefore taking some of its customers away?—When you say business, I suppose you mean newspaper business and not jobbing?

24. Yes?—No, I do not think it would affect it to any great extent. Napier people would prefer their local organs.

25. Do you think an entrance-fee of £250 for a daily paper at Hawera is reasonable?—Hawera is a big district. In my opinion the charge is excessive.

26. Do you know of any similar case of any interest protected by law using that law as a means of extorting a large sum from persons who wished to start in opposition?—No. I might answer the question also in another way: that there are certain patent rights that monopolies have, and that this is based on the same consideration.

27. Are you aware that in addition to paying the entrance-fee an annual fee is charged, which is supposed to represent the cost of the services rendered?—Yes; that in itself is, in my opinion, a

sufficient handicap to people starting papers. They have to pay for telegrams, and also in addition to that there is the entrance-fee.

28. Do you think, then, that from time to time there would be new organs of public opinion which, with the aid of the cable news, would be able to get established, but which are now prevented from being established by means of these heavy entrance-fees?—Well, of course, I cannot altogether say that such is the case from practical experience. It is not a question really in the big centres. If people in the centres are inclined to start a newspaper they will not stop because of £500 or £1,000. You will invariably find a capital of, perhaps, £20,000 will be put up. Therefore, as a rule, they would not stick at £500 in such a case to get cable rights. I am talking now of big centres or syndicates who would be disposed to start a paper to run some idea of their own.

29. But suppose, for instance, the supporters of the single-tax movement in Auckland wish, in order to get their movement discussed, to add on to the single-tax organ a cable service, so as to obtain the advantages of a daily paper—I am not speaking of strong things, but weak things—would, in a case like that, an entrance-fee of £500 or £1,000 prevent its being started?—I must again answer that my own opinon is strongly adverse to the charges that are made at the present time by the Press Association.

30. Do you think the effect of these entrance-fees is to prevent a considerable number of country organs being made successful or being established?—Well, if you were to take from here up to New Plymouth, for instance, and note the number of ventures that have been started without the Press Association rights in the majority of cases, one would say that the Press Association rights have not stopped them from starting. But their not having the telegrams would, of course, militate against their success.

31. Are there any appreciable number of papers between here and New Plymouth that do not get the cable service, to your knowledge?—I should think there are quite six papers.

32. From your knowledge of the district, do you think that these papers would be likely to take the cable service if there were no entrance-fees, but merely a moderate annual subscription?—Yes, I think most of them would.

33. How would that effect the telegraph revenue?—I think it would increase it under those circumstances.

34. Now, I suppose you have a pretty good knowledge of the labour question from the point of view of the printers and compositors?—I think so. It is a matter of opinion, though.

35. Can you give the Committee any idea of this: Whether it is desirable that the number of country newspapers should be restricted in order to prevent imperfectly-trained compositors from pouring into the cities and upsetting the labour-market of compositors?—It is a big contract to answer that question. There are one or two principles involved in it.

36. We do not want to discuss principles, so let me put it in another way: Do you find that any large number of badly-trained compositors come into the large cities from the country newspaper offices?—As far as Auckland is concerned—with which place I have been most intimately associated during the past ten years—that difficulty is not so great, from the fact that there are very few country papers in the Auckland Province. But I have heard it asserted here in Wellington, particularly by members of the Typographical Association, that they do suffer to a very great extent here from people coming from the country districts who are imperfectly taught their trade. They are merely what is termed "type-setters"—that is, they have only learnt one branch of the business.

37. Then, so far as your experience goes, it does not support the assertion?—As far as Auckland is concerned it does not.

38. Do you know if any considerable number of the compositors who flood the market in New Zealand are men from Australia?—Yes; my own experience, so far as Otago was concerned, when the public-works policy was first inaugurated, in 1873 and 1874, was that a great number of compositors came from Australia—a very great number indeed. As far as the Government Printing Office is concerned, many men come over during the session time from Australia to get work.

39. And are these men put on in the Government Printing Office?—In some cases. Some are New-Zealanders, who have been here before.

40. Then, I suppose you would not be disposed to say that we ought to keep the copyright clauses in existence in order to prevent country newspapers starting, so that those offices should not flood the labour-market?—No; I should hesitate to express so decided an opinion.

41. Do you think any great harm would follow if the copyright clauses were repealed?—I think newspaper-proprietors should have certain rights allowed them; but my views go in this direction: that making an entrance-fee, such as is done at present, will ultimately lead to the clauses being repealed.

42. In other words, you think everybody should be entitled to have the service if they are willing to pay annual fees?—Certainly.

43. *Mr. Massey.*] What would be the effect of repealing these copyright clauses?—That anybody who would publish a newspaper, say, for instance, the morning paper here, if they published cablegrams and paid for them at their own cost (supposing this Press Association was not established), and the *Evening Post* cared about copying them, it could do so. That would be one effect.

44. Do you think that would be right?—No, I do not.

45. You are not in favour of repealing the copyright clauses?—No; there should be some protection.

46. You told us something about the election of the chairman of the Press Association. Do you know there is an annual meeting of the shareholders of the Association held in Wellington?—Yes; there is an annual meeting held.

47. Do you know that it is a limited liability company?—It is a company, I understand.

48. Do you know there is a fixed scale of fees? You told us just now it was a matter of caprice, or something of that sort?—Yes; in my opinion it was this: that if you were very well

acquainted with various people who were, perhaps, directors, and so forth, you might get a favourable entrance-fee.

49. You are not aware that they have a fixed scale of both annual and entrance-fees?—No; I am not aware of that.

50. Because we have evidence to that effect. You said the Press Association were allowed certain rights by the department. What do you mean by rights? Do you mean privileges?—Well, for instance, morning papers can have telegrams sent through at the rate, I think, of 100 words for 1s. Evening papers also have certain privileges given them. I forget the exact price they have to pay; but they are allowed also to get telegrams at a reduced rate as compared with what the general public would have to pay.

51. Do you mean by the general public newspapers outside the Association?—Newspapers as well as individuals outside.

52. You mean that the Press Association get their telegrams at a cheaper rate than newspapers outside the Association?—I mean both. Newspapers outside the Association would have to pay full rates as well as ordinary individuals. For instance, if a paper outside the Association wanted to get a telegraphic message of 100 words through they would have to pay the same rates as an ordinary individual. The rights are not allowed for them.

53. I think we are getting away from the point. Do you understand that the Press Association get their telegrams through at a cheaper rate than newspapers not belonging to the Association?—Yes; I believe such is the case.

The Chairman: Mr. Jennings is wrong there. The department say, "No concessions in Press rights are granted the United Press Association which are not enjoyed by newspapers not members of the Association, except in respect of telegrams forwarded from offices specially re-opened at night for Press purposes."

Witness: Is that from the department?

The Chairman: Yes.

Witness: I suppose, then, it must be taken as correct. I would venture to say that if a paper outside the Press Association Company wanted a message sent through in the daytime they would not get that message at the same rates as would be paid for papers that belong to the Press Association. That is my opinion.

The Chairman: You are not right there.

54. *Mr. Massey.*] Referring to the annual fee charged by the Press Association, do you know it has been customary with the Press Association to refund part of the annual fee if there was a surplus after paying expenses?—The annual fee for telegrams?

55. Yes?—I understood that if there was any surplus or funds left over it was kept as a fund in the case of libel actions, &c.

56. I am referring to the annual fee itself?—I am not aware what is done with that.

57. Have you ever had any direct personal business dealings with the Press Association? Have you ever come in contact with them yourself as a newspaper-proprietor?—No.

58. *Mr. Hogg.*] You were identified with the Press, I think, long before the Copyright Act came into force?—Yes.

59. You can still, I presume, vividly recollect the condition of the newspapers at that time?—Yes, as far back as 1873.

60. In what part of the colony were you connected with the Press about that time—about 1873?—Otago, Canterbury, and Auckland.

61. At that time were cablegrams or telegrams in any way protected?—Do you mean as far back as 1873?

62. Yes, before 1882, before the Copyright Act was passed, are you aware of any protection being extended for cablegrams?—Well, you see, the cablegram columns of newspapers have only within the past ten years assumed very great importance. Before that, as far back as 1873, very few cablegrams came through.

63. Take a later date, up to, say, 1880, two years before the Copyright Act was passed, when Reuter's agencies supplied the cables?—The same system obtained then. That is, they had certain rights for their cables—Holt and McCarthy, and Reuter.

64. They supplied the cables to subscribing newspapers?—That was the case.

65. And other newspapers that chose to pay for them had a right to obtain these cables?—I am not altogether clear as to what the conditions were in those days.

66. I want to know your opinion of the effect of this Copyright Act. Do you think that since that Act was passed the newspapers of the colony generally with which you are acquainted have materially improved or deteriorated?—That is a matter of opinion.

67. Do you think, apart from the cablegrams, that the newspapers now are more ably written and conducted better in every sense of the term than they were before that Act was passed?—I think in some cases the papers have wonderfully improved, and that they have improved generally in the big centres. Of course, I do not wish to point out distinctions where I think some are better than others; but, speaking generally, I think the newspapers of the colony in the big centres have improved during the last ten years.

68. Do you think this improvement is in any way the effect of the Copyright Act?—No; I think it is just the sort of evolution that newspaper-proprietors themselves are to be credited with.

69. Have you ever seen any balance-sheet issued by this Association?—No, I have not seen a balance-sheet, not a public balance-sheet of the Association.

70. Nor any report of the directors?—No; I have heard various things, but I know nothing beyond what is merely hearsay evidence with regard to the balance-sheet and the conduct of their affairs.

71. Do you know on what terms shareholders are admitted?—I do no know any definite terms on which they are admitted. I might state that each annual meeting of the shareholders is held in Wellington, and the names of those present are published, with a few small details.

72. If you were starting a paper in a country district, would you consider it almost imperative to join the Association?—No; I should work on my own lines. I might amplify this in this way: There is such a sameness about telegrams that are sent all round now to the same papers—for instance, if you land at New Plymouth, pick up a paper there, then go along to Stratford, Hawera, Marton, and other places, and buy other papers, till you get right down here, you will find that every paper will contain pretty well the same information.

73. The telegrams are of comparatively small importance. What about the cable news?—I do not know that that could be very much altered. I speak about telegrams as being local news throughout New Zealand; but cablegrams, of course, are dealt with in other parts of the world.

74. But would you consider it necessary to get these cables at first hand?—Generally speaking, yes. Of course, you must know, as I do, and any one associated with newspapers, that there are a lot of cable messages sent through that one would sometimes put into the waste-paper basket. I think the public like to see cablegrams.

75. And you consider it would add very materially to the value of a paper if you got the cables as early as possible?—I am sure of it.

FRIDAY, 18TH SEPTEMBER, 1896.

Mr. W. GRAY, Secretary to the Post and Telegraph Department, examined.

1. *The Chairman.*] First of all, with regard to paragraph 7 of your letter [Exhibit F] of the 14th September: you say the net cost to the department for handling Press telegrams for the year ending 31st March, 1895, was £26,120, while the receipts amounted to £9,586. Does that paragraph mean the gross cost is £26,000?—That is the net cost to the department, after taking into account the receipts from Press telegrams.

2. Is the Committee to understand from that that, from a departmental point of view, you consider the colony is really paying £26,120 a year for the Press service of the country?—Yes, that is really the loss to the colony.

3. Would you mind explaining to the Committee as fully as you can how you arrive at that calculation of £26,000?—The total number of words in all codes is ascertained, and the value of each message in each code calculated. As the total number of words in Press messages is to the total number of words in all codes, so is the proportion of the cost of handling them.

4. Are the departmental charges included in the estimate?—Everything has been taken into account but interest on the cost of construction of telegraph-lines.

5. Do you think that the revenue of £9,586 received from the Press of the colony represents the maximum that might reasonably be expected by the department for the service it gives to the Press generally?—Well, you should expect something more, but, as I stated in my letter, I think it would be scarcely appreciable. I understand that the Association's entrance-fee has been the means of preventing several papers from coming in; but the Association has practically all the principal commercial papers in the colony on its list. The majority of newspapers not served by the Association are bi-weekly, tri-weekly, weekly, or monthly—many of which do not come within the definition of commercial papers, but are published for social or similar purposes.

6. Do you not think the New Zealand Press telegrams and cable news are quite as essential to the bi-weekly and tri-weekly papers of the country districts?—Yes, and they make use of them; but there is no need to have all the news telegraphed, as the receipt of the daily exchanges by post to a great extent meets requirements, except for news of the date prior to, or on the day of, publication, when telegrams are necessary.

7. The Press Association has given us information that they have about fifty or sixty papers taking their news?—I believe that is correct.

8. The return you have supplied us, reading it in a cursory way, shows that there are somewhere about a hundred and twenty of what one would call ordinary newspapers in the colony?—Yes.

9. That number, of course, includes bi-weekly and tri-weekly papers?—Yes.

10. Do you think, if the heavy entrance-fees asked by the Press Association were abolished, that the annual revenue of your department would be appreciably increased?—I do not think it would. I understand that many newspapers outside the Association, even if the entrance-fee were reduced, would continue to take telegrams in the way they now obtain them, and from special correspondents, who would telegraph on the day prior to, or on that of, publication. Other Press news is extracted from the files received by post. But I am not prepared to say that certain papers would not join the Association were the entrance-fee less.

11. Do you mean that a number of the papers that do not belong to the Association do use the telegraph service, although not receiving news from the Association?—Yes; that is what I intended to convey.

12. I see that, according to this return which you have handed in this morning [Exhibit H], the increase in Press messages since the reduction of the cable charges to 1d. per word has amounted to 23,343 messages?—Yes; but this is not to be regarded as referring to cable messages only. The increase of inland Press traffic is also included.

13. Does this return apply to one year, or to the whole period?—The period from the 1st April, 1893, to the 31st March, 1896—not to each year.

14. Then, really, in three years the whole increase has only been £1,445?—Yes. Although the Press messages were more in number last year as compared with the messages of the previous year, the receipts were somewhat less. The value of the Press messages has been about stationary during the last two years. There has not been an increase in the value of Press messages at all corresponding with that of ordinary messages.

15. I must explain a little. It was stated by an official of the Press Association that although the charge by the Cable Company was reduced, yet they were compelled to take an amount of matter

across the cable which would make the revenue that they paid to the Cable Company come to practically the same amount as it had been before the reduction?—That is not so, and it is a matter of complaint by the Cable Company. That the Press Association has largely increased the number of their cable messages is undeniable, but it should be remembered that the reduction in the cable-rate from 3d. to 1d. per word was a very material drop. The effect will be seen by reference to the table in the last annual report of the department giving the Press cable business for the past five year. Here is the table:—

TABLE showing the New Zealand forwarded and received Cable Press Business for the past Five Years.

Year.	Forwarded.			Received.		
	Number of		Value.	Number of		Value.
	Messages.	Words.		Messages.	Words.	
			£ s. d.			£ s. d.
1891	837	45,285	932 15 8	2,828	198,935	2,739 6 0
1892	791	44,263	898 3 9	2,884	197,477	2,796 9 4
1893	796	57,390	504 9 9	2,883	202,170	1,540 17 10
1894	994	103,366	899 4 9	3,033	203,326	1,179 13 7
1895	1,168	68,682	433 13 0	3,926	314,136	1,782 13 5

NOTE.—The intercolonial cable Press rate was reduced from 3d. to 1d. per word on the 1st April, 1893.

Dealing with the received messages, as they only affect the Association, it will be observed that in 1892 the received Press cable messages numbered 2,884, of the value of £2,796, and in 1895 the number increased to 3,926, but the value dropped to £1,782. It will also be seen that, while the Press Association has taken an increased quantity of cable news since the reduction of the cable-rate, the value has not come up to the expectations of the Cable Company.

16. What is the amount of the difference, then, in the receipts between the year before the reduction was made and now?—It was less by over £1,000 last year.

17. The Committe will bear me out that what I have stated is correct—that the Press Association took this position: that the Cable Company having required that matter should come across their cables equal in value, although at the reduced rate to what had been paid before the reduction, the colony had gained in the New Zealand wire-charges by the reduction that had been made by the Cable Company, and thus the Association had gained no benefit, but the colony had?—The figures really affect the Cable Company. The understanding was not as between the Govenment and the Press Association, but as between the Association and the Cable Company—that the value of the Press cable messages would be maintained. But there is no doubt that the number of Press cable messages and Press telegrams have increased since the reduction in the cable-rate.

18. At any rate, it is only £1,445 15s. 4d. in three years?—That is so, but not in respect to the cable messages alone, but to the whole Press traffic.

19. This represents the total increase?—Yes, on the total Press traffic.

20. And consequently the increase caused by the extra number of cables would be only part of it?—Yes, only part.

21. I suppose that if there were another paper started, we will say in each of the large centres, the department would expect to increase its revenue?—Yes; more particularly were the news collected and distributed by one agency.

22. But you have very little doubt that the fact of another paper starting and taking Press messages from the Association would represent an increase, say, in Dunedin, of half the present amount paid by the papers there?—Yes, probably about half.

23. Then, I suppose, from a departmental point of view, you would consider that it was not in the interest of the department that there should be an entrance-fee demanded such as is likely to prevent newspapers being established in the various centres?—I would look at it in this way: that if the entrance-fee prevented new papers being established in places where there were newspapers already served by the Association it would be against the revenue, as the one transmission by wire would serve the new newspapers as well as the old.

24. *Mr. Hogg.*] I do not understand exactly from what you said how the cost of the Press telegrams is computed?—We take the total number of words in all codes, and as the number of words in each code is to the total number of words in all codes, so is the proportion of expenditure in respect to Press telegrams.

25. Am I to understand from that that Press messages and private messages are all lumped together?—Yes, as regards the total number of words in all codes, but each code is also calculated separately.

26. You say there is a considerable loss on the Press telegrams?—Yes.

27. Would an increase of telegrams diminish that loss, or have the contrary effect?—The contrary effect at present rates, unless the additional Press telegrams were for places already served by the telegraph Press service. As I mentioned just now, if a new paper were established, say, in Dunedin, it would cost no more to transmit Press Association news to the new paper than it now does to the present two.

28. Like killing two birds with one stone?—Yes.

29. But, under ordinary circumstances, if a greater number of newspapers in different parts of the colony obtained Press Association telegrams than do at present it would involve considerable additional expense to the colony?—You mean to places not at present served by the Association?

30. Yes?—That would involve additional cost.

31. Press telegrams, I understand, can be forwarded by any one?—Yes.

32. And not necessarily through the Association?—No, not necessarily.

33. *Mr. Massey.*] Can you make any suggestion as to how this loss of £26,000 per annum should be made up?—I would scarcely care to make any definite suggestion. Probably the way to do so would be either to raise the rates or reduce the number of words now forwarded at the minimum rate; more particularly during the day. The present day minimum, although high, is perhaps, when all the circumstances are taken into consideration, not unreasonable, notwithstanding that at times the commercial work is interfered with. I am, of course, referring to the Press news sent to evening papers in the daytime. From about 11 a.m. till about 3 p.m. Press messages for evening newspapers, in order that they may be delivered in time for publication, are to a great extent given precedence on the wires.

34. The raising of rates would, of course, mean increase of expense to the newspapers affected?—Yes; and would probably also diminish the number of messages and words.

35. *The Chairman.*] If you diminish the number of words, would you be able to reduce the staff?—Yes, it would be possible to reduce the staff. There is even more serious trouble at Home in connection with Press telegrams than we have in New Zealand. They lose about £300,000 a year.

36. The Imperial Government?—Yes.

37. *Mr. Massey.*] In reply to a question put by Mr. Hogg just now, I understood you to say that if the number of Press messages were increased it would mean increased loss to the department?—Yes, unless the Press messages were sent to places already served. If they were distributed over the country to offices not now receiving Press news it would probably mean additional cost.

38. You mean by that, of course, if Press messages were from the Association?—Yes, and from others; but our real trouble is the number of special correspondents, especially during the session.

39. Can you say how the Press Association would be affected as to revenue by the copyright clauses being repealed?—If the copyright clauses were repealed the Association might probably lose some of their newspapers, and the number of our customers might be increased.

40. Would it be an increased loss or an increased profit?—Unless there was a distributing agency it would mean increased cost.

41. Do the Press Association get any privileges which are not allowed to newspapers not connected with the Association?—None but what I have already mentioned in my letter of 27th August [Exhibit E], and they are immaterial, I think.

42. *Mr. Wilson.*] As the loss on the Press telegrams is something like £26,000 a year, can you give us any idea what proportion of that loss comes from the Press Association business?—It might be given, but it has not been worked out.

43. We really have no right to ask you as to that point?—Scarcely.

44. You said something about telegrams to evening papers. How do you compute the cost of telegrams to an evening paper?—An evening paper is limited to, say, 1,500 words during the day at the minimum rate. The total number of messages lodged during one day is treated as one message. If a message contained, say, thirty words, another fifty, and another twenty, they would be charged for as one message of a hundred words.

45. Is not that an enormous special benefit to the evening papers?—No doubt it is. But it is to be remembered that when an evening paper receives during the day news in excess of its maximum allowance at the minimum rate it has to pay ½d. a word for the extra number of words. A morning paper may receive any quantity of Press news, telegraphed at night, at the minimum rate; but each message is treated and paid for as a separate one.

46. Take the races, for instance. Supposing races were going on during the day and telegrams came in as each race is over, that cost, if you are sending a boy and interrupting your ordinary messages, must be a serious matter; and yet you are allowing the evening papers the right of getting practically a dozen or two dozen telegrams for 6d.?—That is so.

47. Does it not strike you that the evening papers get a considerable advantage there?—That may be. It was, however, settled in 1880 to treat the whole of the messages lodged during any one day for an evening newspaper as one message.

48. What about this agreement with the Cable Company? Can you give us a copy of it, or have you got it?—You mean the one covering the reduction of the Press cable-rate? No, I have not got it.

49. I understand in Mr. Atack's evidence there were mentioned some other charges which, although they were stated to have been incurred by the company, were not shown?—I do not know what may have been referred to. There are the land-line charges in Australia, and our own inland charges as well, which have to be paid. There was some understanding between the Cable Company and the Association that, if a reduction were made in the cable-rate for Press messages, the Association would see that the value of their cable messages would equal what it was prior to the reduction.

50. But the Cable Company do not get that?—No, they do not; but the Association seem to be doing as much as it can. The increase in the number of words in cable messages has been very great, yet the value last year was about £1,000 less than it was the year before the reduction.

51. Mr. Atack, in his evidence, said they were very much astonished that the rate was reduced to 1d. per word, and I do not recollect him saying there was any agreement?—The understanding, I believe, was that the Cable Company's revenue from Press messages would be maintained—that the Association would do their best to keep the revenue up to what it was before the reduction.

52. Have the Cable Company made any objections to you?—Only unofficially. There has been no official complaint to us.

53. *The Chairman.*] How do the Press rates in New Zealand compare with the Press rates in the other colonies?—They are exceedingly low.

54. Could you give the Committee a statement as to what the Press rates are in New Zealand, as compared with what they are in New South Wales and Victoria?—Yes, I have the Press rates of the Australian Colonies and Cape Colony with me, which I will read to the Committee, if desired.

The Chairman: The Committee would like them read.

Witness: The following are the rates for Press messages in Victoria:—Transmitted between 8.30 a.m. and 7.30 p.m.: 10 words and under, 6d.; extra words, up to 34, each ½d.; over 34 words and under 100, 1s. 6d.; each additional 50 words or under, 6d. After 7.30 p.m. until midnight: 100 words or under, 1s. 6d.; each additional 50 words or under, 6d. After midnight and until 8.30 a.m.: 100 words or under, 4s.; each additional 50 words or under, 9d. *Sundays.*—After 8.30 a.m. until 9.30 p.m.: 100 words or under, 2s.; each additional 50 words or under, 9d. After 9.30 p.m. until 8.30 a.m.: 100 words or under, 4s.; each additional 50 words or under, 9d.

In New South Wales the Press rates are as follows:—Between all stations in New South Wales: 10 words and under, 6d.; every additional word up to 34 words, ½d.; over 34 words and up to 100 words, 1s. 6d.; every additional 50 words or portion thereof, 6d. And it is provided that no person shall be entitled to send telegrams at Press rates to any proprietor, publisher, or agent of a newspaper in any one day between the hours of 9 a.m. and 6 p.m. containing more than 500 words in the aggregate. If, however, during these hours the line is clear and unoccupied, Press telegrams of any length may be sent, provided they may be stopped from time to time to allow of the transmission of any private or business telegrams requiring to be sent. Between 6 p.m. and 9 a.m. Press telegrams will be sent to the extent of 500 words at a time in rotation, and no such telegram shall be allowed to occupy the line beyond this limit if there are any other telegrams awaiting transmission.

The Press rates in South Australia are:—Local Press telegrams, between Adelaide or any suburban station, or between any two suburban stations: First 10 words, 6d.; 11 words, 7d.; 12 words, 8d.; 13 words, 9d.; 14 words, 10d.; 15 words, 11d.; 16 and not exceeding 50 words, 1s.; every 50 words additional, 1s. On local Press telegrams between other stations the charge is—First 50 words or under, 1s.; every additional 50 words or fraction thereof, 1s. These rates do not apply to the Port Darwin line.

In Queensland the charges are:—Press messages within the colony intended for publication are charged the following rates: Not exceeding 24 words, including address and signature, 1s.; each additional 4 words or fraction thereof, 1d.

In Tasmania: 100 words or under, 1s. 6d.; each additional 50 words, 6d.; urgent Press, 50 words or under, 1s.

In Cape Colony Press telegrams will be transmitted for one-fourth of the ordinary rates, the minimum charge for any Press telegram being, however, 1s., and fractions of a penny counting as 1d. The rates for ordinary telegrams are—1s. for 10 words, and 6d. for every additional 5 or part of 5 words.

55. *The Chairman.*] Will you mention the limit of the number of words allowed in New Zealand?—To evening newspapers, between 8 a.m. and 5 p.m., 1,000 words during the recess, and 1,500 during the sitting of Parliament are allowed at the minimum rate. Evening papers may also receive Press messages at night without any limit. There is no limit to the number of words which may be sent at night to morning newspapers. The Committee may like to know the result of the Press telegraph business in Great Britain.

The Chairman.] I would be glad if you would give the Committee any information you may have.

Witness: The following is extracted from the Post Office Report of the Postmaster-General of the United Kingdom for the year ended March, 1893: "This stagnation of business, viewed in connection with an increased cost in working-expenses, is a matter for serious consideration, and necessarily directs attention to that portion of the business which is conducted at a loss. The number of telegrams transmitted at very low rates for newspapers, clubs, &c., was 5,590,160, showing an increase of 7·9 per cent. upon the business of the previous year. The total receipts from this source amounted to only £120,300; and when it is remembered that Press telegrams are sent at the rate of 75 words a shilling during the day, and 100 words for a shilling at night, with a charge of 2d. for each additional copy of the telegram for any part of the United Kingdom, it will be seen that a heavy burden is imposed on the taxpayer." And in the report for the year ended March, 1895, is the following: "A still more serious burden is caused by the loss on Press telegrams. The charge specified in the Telegraph Act of 1868 for Press telegrams is 1s. for 75 words during the day, or for 100 words at night. But a proviso was added that for copies the charge was to be only 2d. per 75 or 100 words, and no condition was laid down as to the copy being for the same town as the original. The newspapers accordingly combined to receive, from the news associations, messages in identical terms, and by dividing the cost they are enabled to get the benefit of a rate which comes nearer 2d. than 1s., the average charge being, in fact, about 4½d. per 100 words. Notwithstanding the economical arrangements which have been made for transmission of the telegrams (5,400,000 in number, containing 650,000,000 words), the loss incurred by the Post Office in dealing with them is estimated to amount to £300,000 per annum."

56. How does the proportion of £300,000 a year loss in Great Britain compare relatively to the turnover of the department in New Zealand for Press telegrams?—The estimated loss on each Press message in Great Britain is 1s. 1·33d., as compared with 2s. 7·15d. in New Zealand.

57. Do you know whether there is any copyright law in existence in connection with telegrams in any of the other colonies?—I believe not.

58. Have you made any inquiries?—I made inquiries about ten days ago. I only inquired of one colony, but the telegram was so worded as to apply to all the colonies. The reply was that it was believed there was no such copyright law.

59. *Mr. Wilson.*] You did not specially inquire about cables?—No.

Mr. Hogg: It means cables and telegrams and everything.

60. *Mr. Wilson.*] About this midnight cable subsidy: You say in your letter of the 27th August that the deficiency for the twelve months ended 31st March, 1896, was £1,095 7s. 8d.?—Yes.

61. Is that deficiency in any way represented by the difference between the 3d. per word and the 1d. per word?—No; that does not come in at all. The 1d. per word goes to the Cable Company.

62. *The Chairman.*] Then, who receives this £1,095 7s. 8d.? To whom is it paid?—Half is paid to us by the Association, and the department bears the other half of the loss. The deficiency includes the subsidy to the Cable Company, the cost of re-opening the offices for the midnight cables, and other expenses, less the receipts from inland wire charges, as shown in the return.

63. Then, the Association only pays you half of the deficiency?—Yes.

64. So that, as a matter of fact, the department paid £547 towards the cost of enabling the morning papers to get this midnight service?—Yes.

65. I suppose the bulk of the Press telegrams of the colony which are sent through at night go to the papers in the big centres?—Yes.

66. And consequently it would be right to say that the papers in the large centres receive the chief benefit of this £26,000 of the loss?—I would not say that that was altogether the case. It would not be entirely the larger centres. There are such places as Westport, Blenheim, Nelson, and New Plymouth, where the telegraph-offices are kept open till 11 p.m. for Press news. Press cables come through for the Association up to the usual hour for closing the cable—namely, 9.30 p.m.—and newspapers at the towns I have mentioned get these, but they do not receive the midnight cables. There are between twenty and thirty offices that we keep open after 8 o'clock for Press purposes.

67. How many stations do you require to keep open for the midnight service?—About fourteen or fifteen, I think.

68. You said the department would not make any profit if papers were established in fresh places?—No, there would be no profit with present rates.

69. Supposing a daily newspaper were established at Hastings, could not your present staff there do the Press work that was required for sending the average quantity of telegrams to an evening paper without putting on an extra hand?—Yes, probably it could; but at other offices it might not be possible to overtake such Press work without increased staff.

70. Is it not a fact that the greater bulk of the Press telegrams are sent to the four large places?—Do you mean generally, or through the Press Association?

71. Generally?—I think so, because the papers at the four larger centres have special correspondents as well, who make very considerable use of the wires.

72. I suppose the bulk of the revenue comes from the four large centres?—I should say so.

73. This loss of £26,000 a year can be looked upon to some extent, I suppose, as a subsidy which the colony pays to the papers in the large centres?—Yes; but only relatively.

74. But manifestly the proportion of loss on the traffic of those who take the largest quantity of messages will be greater than on that of those that take the smaller quantity?—Yes.

75. Is there any other information you can give the Committee that will help us in connection with this question?—No, I think not.

76. The position is that the Committee look upon the copyright clauses from three points of view: First of all, as the copyright clauses affect papers that are established; secondly, as they affect the revenue of your department; and, thirdly, as they affect the starting of new papers. If you have prepared anything that will throw light on the subject we shall be glad?—No, I have not, because I did not know the trend of the questions. But I think I have in my evidence answered the points you mention.

77. *Mr. Massey.*] Supposing there was no Association, what would be the effect, so far as the department is concerned? Would there be increased revenue, increased profit, or what?—Well, it is difficult to say; but I do not think there would be a profit. It is economy to us in one way to have the news distributed through the Association, or any agent supplying a number of papers with the same Press news. If the papers were to be supplied by separate agents every newspaper might have a message of its own.

78. That would mean increased cost?—Yes.

79. So it is to your advantage to have the Association?—Yes, or some such agency.

The Hon. G. Jones, M.L.C., Newspaper Proprietor and Journalist, examined.

80. *The Chairman.*] The object of this Committee is to inquire into the working of the copyright clauses of the Electric Lines Act of 1884. Does your paper belong to the Press Association?—It does.

81. How long have you been a member of it?—That is a question I could not answer you. Ever since the Association started.

82. Are you a shareholder of the Association?—No.

83. Merely a subscriber?—Yes; I have never been asked to become a shareholder.

84. Have you ever sought to become one?—I did not know till within the last year that there were any shareholders in connection with the Association.

85. When your paper joined it, did you pay an entrance-fee?—No.

86. You are aware, I suppose, that the principal objection to the existence of the copyright clauses is that under them the Press Association demands heavy entrance-fees?—Yes. Of course, I will not say that the entrance-fees are heavy—that might be a matter of opinion. But I know they do demand them.

87. Were you in the House at the time that the Protection of Telegrams Act was passed in 1882?—No; I left in 1881.

88. I suppose, being a newspaper-proprietor, you took an active interest in connection with the copyright of telegrams?—No; none whatever.

89. Do you know if it was ever contemplated that the effect of giving protection to newspapers from piracy would be to enable a monopoly to be established, under which an entrance-fee of £500 could be asked for from a paper in a township like Hastings?—If you would put that question in two sections I think I could understand it better. There are two subjects dealt with there.

90. Well, do you approve of the principle of the copyrighting of cable news?—I do.

91. You think it is only right that a newspaper should be protected from the piracy of cable news?— I do not happen to be in a position in which my copyright could be pirated to my disadvantage. It is only for the protection of others that I speak.

92. You take it on the broad principle?—Yes.

93. You quite approve, of course, of an annual fee being paid for the service of telegrams?—I do not see how the service could be provided without.

94. Do you approve of the Association demanding a heavy entrance-fee from any person wishing to start a paper and obtain its service?—If you put it as "an entrance-fee," then I could answer the question.

95. Answer it anyhow you like?—Of course, the question as to whether the entrance-fee is a heavy one or not is a matter of opinion. I approve of an entrance-fee, because the Association has got together a large fund, amounting to several thousands of pounds, which is useful for the purposes of the Association. For instance, if a libel action should arise through the conduct of any members of the Association this fund would be available to pay legal expenses. I have heard it said that a man should be allowed to start a newspaper just as a man should be allowed to start any other enterprise. But I do not see that the cases are quite analogous. Of course, there is nothing to prevent a man starting a newspaper under any circumstances, but he cannot get the advantages which arise from becoming a member of the Association unless he complies with the Association's rules. I take it that the position is somewhat like this: Supposing that a tea merchant in Ceylon were to say to a number of grocers in New Zealand, "I am prepared, if you will take my tea, to supply you with it, and you only, on certain terms." These are advantageous terms to the grocers, but it would be to the merchant's advantage also to know that he had got a sure market for the tea he had grown. Under those circumstances, nobody could get the tea unless they made arrangements with the grocers who had made arrangements with the tea merchant. I think that presents a case just exactly analogous to that occupied by the Press Association.

96. Do you think, then, in the case of the tea business, supposing the merchant has arranged with five people that they are to have the right of retailing his tea, it would be a fair thing for him to say to another man, "I will let you become one of my customers also if you will pay me an entrance-fee"?—He does not say it at all. It is the business of those who buy the right to sell this tea to allow other persons to come in and share the privilege by paying an entrance-fee.

97. Do you know of any other case similar to that of the Press Association where people are required to pay an entrance-fee to acquire the rights of the association?—No instance occurs to my mind just now.

98. You have stated you believe the Press Asssociation has a large fund in existence, amounting to thousands of pounds?—That is so, but I have no proof of it. I have never seen the balance-sheet, and I am not allowed to do so. I pay the money, and look pleasant, if I can.

99. Do you understand this fund to be provided from the entrance-fees?—Yes, partly.

100. Are your annual contributions supposed to cover the cost of the services received?—More—the contributions provide also for a reserve fund.

101. Are you not aware that the Press Association, when they find they have a surplus, hand back to their subscribers a rebate?—Sometimes they do. I have received as much as £30.

102. Do they always hand over the surplus?—Yes, but not more than a certain amount of it. Their reserve fund, so far as I know, keeps on increasing.

103. Are you not aware that this reserve fund consists entirely of entrance-fees which are being paid by papers to join the Association?—No, I do not think that is so.

104. You are not a shareholder?—I am not.

105. But you have been in the Association ever since it started?—Yes.

106. You have no voice in its management?—None whatever.

107. For how long a period are your agreements made with the Association?—Three years, as a rule.

108. Is there anything in that agreement which binds the Association at the close of the triennial period to continue the service to you at the same rate?—None whatever, so far as I know.

109. Would it be possible, then, for the Association at the end of these three years to ask you to pay a bonus or entrance-fee before they would continue the service to you?—I would have to do what the Association requested me, or lose the service, so far as I know.

110. Then, the payment of the annual fee gives you no right whatever beyond the exact terms of the contract you have entered into with the Association?—Just so. I am entirely at the mercy of the directors of the Association, in whose election I have no say whatever. It is an autocracy.

111. I suppose you consider this: that if the Association is a co-operative one, as is alleged, then every subscriber to it should have a voice in its management?—That is so.

112. In the election of the directorate?—Certainly.

113. And a decision as to what should be done with the funds?—Yes.

114. You say a fund of some thousands of pounds exists?—I believe so.

115. If the Association were to break up, would you have any claim to a dividend from this fund?—None whatever.

116. You have said that the object of this fund is to protect subscribers from a libel action. You mean, I suppose, only in the case of a libel action for which the Association was responsible,

as being the originator of the supposed libel?—I mean that, if any member of this mutual Association committed a libel in any telegram which might be sent under the Association's name to the papers of the colony, then that man would be entitled to have his expenses paid by the Association, and so would any other person who might suffer through publishing the telegram. That is my idea; I may be wrong.

117. Supposing, say, I own a paper, and am a member of the Association, and I publish a libel. I then forward that libel to the Association, and the Association papers publish it. Do you think that in a case like that the Press Association should protect me from the libel, or only the papers which had published the libel I had forwarded?—You would have no protection whatever in that case; it would be only the telegrams you sent which would involve the Association in a libel.

118. Not what I publish myself, but what I forward as an agent to the Association?—Just so.

119. Is it not a fact that every newspaper-proprietor has to take considerable responsibility in connection with the law of libel?—That is so.

120. Not only on account of telegrams, but of reports, letters, and so on?—Yes.

121. Do you think it is necessary there should be a fund held by the Press Association for this purpose?—I do.

122. Do you think a fund of that kind should be subscribed to equally by all the members and subscribers of the Association?—If you have a mutual association, certainly I do; but this is not a mutual association. I think that under the existing circumstances the Association is, as I said before, an autocracy; and if we are to contribute to a fund which would defray the expenses of a libel which may arise from the operations of the Association, we ought to have some voice in the management of the institution.

123. Have you ever, during the fifteen years you have been a member of the Association, been asked to contribute to any fund for the purpose of establishing a libel protection fund?—Never.

124. Are you aware that the directors have a meeting every year?—Yes; I believe it is every year.

125. Are you aware that the whole of the travelling and other expenses of the directors are paid out of the funds of the Association when they attend this annual picnic?—I assume that is so. I would not care to say whether it is an annual picnic or not.

126. Are you aware the Association offers to pay the travelling-expenses not only of directors but of shareholders if they choose to attend the annual meeting?—I am not aware of that. I should say that if that is done it is very wrong.

127. We have that in evidence?—It is very improper.

128. Are you aware that the total paid-up capital of the Press Association is £41 17s. 6d.?—I would not be astonished to learn it.

129. And that the uncalled capital is £293 2s. 6d?—I was not aware of it.

130. If an expensive libel action were brought against the Press Association as a company, would they be able out of their called and uncalled capital to pay damages if they were cast in as defendants, in view of the statement I have read you?—They would not rely upon that. They would rely upon the special reserve fund, not upon the share capital.

131. Does it, then, follow that any one bringing a libel action for the publication of a Press message would be almost necessarily compelled to act against the individual paper which published the libel, and not against the Press Association which had originated it?—For what reason?

132. Because they could get nothing out of an Association that had not got above £200 or £300?—Oh! but they have several thousand pounds, so I have been informed.

133. I suppose, then, the position is this: that a newspaper can be sued for publishing a libel, can it not?—Yes.

134. So also can the person who originated the libel which the paper published?—Quite so.

135. Then, a man who had been libelled would be most likely to sue the person who had the most money and from whom he could get the most damages, would he not?—Yes.

136. I understand that your contention is that this libel reserve fund is necessary, so that, if an individual newspaper is sued for the insertion of a telegram which contains a libel, then the Press Association can pay the money and save the newspaper-proprietor?—I take it to be so.

137. Do you know of any other ground on which it is right that a heavy entrance-fee should be demanded?—From a newspaper-man's point of view I should say that it would be a disadvantage to everybody concerned to encourage the starting of small papers all over the colony by persons who may be mere adventurers.

138. Do you think this Press Association entrance-fee prevents that?—I am sure of it.

139. Then, you are of opinion the entrance-fee prevents a number of papers being started and joining the Association?—I believe, if these papers were started, they would be no good to anybody, and they would cause the use of boy-labour to a very large extent.

140. Do you think it would be right if all papers were allowed the right of taking the cable news from the Press Association if they agreed to pay the annual fee?—I have never had anything to do with this matter. My manager has done everything of that sort for me. I attend merely to the literary department of the paper, and I have never had occasion to think these things out.

141. Put it this way: Would a fair annual fee such as is now charged by the Press Association act as an efficient preventive against these unnecessary papers being started?—I do not think it would, because when small papers are started the fee they have to pay is very small indeed. Of course, the Association could protect itself by saying, "You cannot have cablegrams unless you pay us a certain price for them," and they could state, as they have done in my case, any price they liked. They need not have any premium for starting papers. If you say a paper starting in a third-rate or fourth-rate town should be charged a fixed price, then I should say a premium would be necessary under the circumstances, because I believe that where the Association has started, and

has a fund which would be useful to its members, a person should not be allowed to come in and participate in all the advantages which the other members have gained through belonging to it for years.

142. Do you think, if the copyright clauses were amended in this direction, so as to provide that the copyright should not apply to any Association unless it allowed every paper which became a subscriber a voice in the management, and, in the second place, unless it allowed every paper starting or in existence to have its cables at the same annual fee as was paid by other papers of a similar class—do you think that would be fair and equitable to papers throughout the colony?—Without an entrance-fee?

143. Yes—abolish the entrance-fee, and allow every paper subscribing a voice in the management?—On the face of it, that seems a liberal and rational thing; but you cannot expect newspaper-men who have contributed to this institution for fifteen or sixteen years to take that view of the matter. I would have long ago had a paper established against me with £200 or £300 capital, or perhaps no capital at all, with a mere printing-press and a few types, had it not been for the entrance-fee. That insisted on a man having some capital. I say this: that it is necessary a man should have £4,000 or £5,000 capital to start a paper, say, in Oamaru; and therefore the paying of £500 or £600 more ought not to interfere with his going on with it.

144. Do you think it fair to require that whatever entrance-fee was paid should stand against the annual contributions until the account had been squared?—It all depends on what is going to be done with this fund. I, as a contributor of £225 a year to that institution for a number of years, would deem it right, if the Association should ever discontinue its operations, that I should have a share of that money. I should think it wrong that any person coming in now should be placed in the same position as myself. I expect, as a matter of right, that I should get a portion of that money, because it has been accumulated partly out of my contributions.

145. If none of your money had been put into the Association, and it had been made up entirely of entrance-fees, would you still claim any right to it?—I do not think I would.

146. *Mr. Hogg.*] You have referred to a reserve fund to defend actions for libel. Have you ever known the Association to defend any action of the kind?—No. I believe they have been threatened with an action for libel once or twice, but I do not think it ever came to a head.

147. They have never had to spend any money?—No, not so far as I know.

148. How do you know there is such a fund?—Only from hearsay. As I said before, they ignore those who are not shareholders, apparently.

149. And you cannot tell the amount—whether it is £100, or £1,000, or £5,000?—I do not know. I understand it is some £3,000 or £4,000.

150. Have you seen any balance-sheet to show the amount?—No.

151. Merely what you heard?—Yes.

152. Is the Association under any obligation to reimburse you in the case of a libel action that may be caused through their operations?—In what way do you mean?

153. Is there any written agreement, understanding, or obligation on the part of the Association? Supposing you were prosecuted for libel in connection with a telegram received from the Association, and had to defend that action?—Oh! I understand. There is no understanding whatever.

154. Could you call on the Association to help you?—If an individual paper were to be prosecuted for a libel which had been caused through a telegram sent by one of the Press Association's correspondents, that newspaper-proprietor would have to pay, and there is no guarantee that he would be recouped.

155. So you have virtually no claim on the Association?—No claim.

156. Supposing it were made a criminal action, and you were sent to gaol?—No claim, so far as I know. I take it the Association might do nothing in the matter.

157. You say you approve of these copyright provisions?—I think they are only right. It would be a very wrong thing if we had to pay the expense of getting cables, and other persons were allowed to copy them. Such a principle is recognised everywhere. It is recognised in literature and in art, and I do not see why it should not be recognised with regard to newspaper cablegrams.

158. What is your opinion with regard to telegrams? Do you not think they should be protected in a similar way?—Certainly they should be protected.

159. But they are not?—Not so far as I know; only cablegrams. I think they should be protected, because I pay a fee for the privilege of getting them.

160. We will go a little further. With regard to news for which you have to pay?—What kind of news?

161. Local news. Do you not think that ought to be protected?—No; I think that would be going a little too far. I do not see why any other kind of matter should be protected. We do not pay specially for it.

162. But if a member of your staff wrote a splendid descriptive article on something of a local nature, do you think that should be pirated without acknowledgment?—No; but I think it is quite a sufficient recompense to me for any expense I may have gone to to get that article written that it should be acknowledged, as it would be an advertisement for my paper.

163. But supposing it were simply stolen, and not acknowledged?—That is very seldom done, I am glad to say, in New Zealand.

163A. And you consider it is the duty of the Association to keep out interlopers?—I think it is the duty of the Association to take care no persons shall participate in any advantage it may have to offer without payment of an entrance-fee—that is, supposing that the accumulated fund is deemed to be the property of the members of the Association.

164. I think, from the tenor of your remarks all through, you consider the Association is an exclusive concern, and ought to be so?—In what way do you mean exclusive?

165. That it will not supply its news to newspaper-proprietors until they have complied with certain conditions, such as the payment of any entrance-fees that may be enforced?—That is so. So far as the entrance-fee is concerned, I approve of it. On many grounds I approve of it.

166. Have you seen any scale of entrance-fees?—I have not.

167. Or of subscriptions?—No; I do not know what the subscriptions are. I only know this: that I pay £225 a year in all to the Association, and that my contemporary—a morning paper of the same size as my own—pays £92, or thereabouts. This I did not know until I came to Wellington the other day and asked Mr. Atack, the manager. But there is this to be taken into consideration: I get the "specials," and I pay extra for "specials." What I ought to pay extra I do not know.

168. *The Chairman.*] Do you still get the "specials"?—No; they are discontinued.

169. But you still pay the £225?—Yes; and the morning paper pays £92. And I have been supposed to be competing with it on level terms.

170. *Mr. Hogg.*] Is the telegraph-office kept open at the same hours for them as for you?—Yes, they have the same privileges. They are supposed to pay more to the Association for their telegrams than I do; but, notwithstanding that fact, they have paid during all these years £92, while I have paid £225. Of course, as I said, I have been getting the special cables, but what I have been charged for them extra I don't know—I suppose about £30.

171. But, apart from the special cables, they have been receiving the same benefits from the Association as you have?—Yes. I reckon I have been robbed by the Association of about £100 a year during all these years.

172. *The Chairman.*] For how long did that special cable service exist?—About six or seven years, perhaps more.

173. What were your annual fees before you started the special cable service?—I have forgotten that.

174. How long has the special cable service been dropped?—Since the beginning of last year. But we have the Australian summary, which is supposed to take the place, in some measure, of the special cables.

175. *Mr. Hogg.*] Over how many years do you think this robbery of £100 a year has extended?—I do not know; I imagine it has been going on ever since the Association started. I have, I suppose, a moral claim of about £1,000 against them.

176. *Mr. Massey.*] Did you ask Mr. Atack for an explanation of this?—He could not give it me. He seemed to think it was too high.

177. Do you know whether the Press Association has given general satisfaction, or otherwise, to the papers connected with it?—Yes; I have had very little cause to complain so far as the matter is concerned.

178. You have heard, of course, that there was a certain amount of dissatisfaction in certain quarters with regard to the Association? Do you know what were the reasons for such dissatisfaction?—I have heard nothing except that which has arisen in consequence of the demand made upon a certain person in connection with the starting of a paper, that he should pay this entrance-fee.

179. If the entrance-fee were abolished, do you not think it would follow that the annual fee would be higher?—Yes, I think so. I think the Association would charge more to those coming in now for the cables and telegrams.

180. Then, your chief grievance, if I may be allowed to say so, is that you are not allowed, as a subscriber, to have anything to say in the management?—Yes; I think it is a very wrong thing that we should have nothing to say when we have to pay such a tax.

181. Do you think the subscribers should have a voice?—The persons connected with this Association are the servants of those who pay them, and I consider that I, as one of their employers, should certainly have a voice in what they do with the money.

182. *Mr. Pinkerton.*] I think we had it on record that the entrance-fee is funded for a certain purpose, and that the annual fee pays for the working of the Association. Is that not so?—It is only a portion of that fee which is funded. The directors, it appears to me, meet, and they come to the conclusion that their fund is getting rather high, and they had better return a little to the subscribers, and they accordingly return £20 or £30. Some years they miss, because they deem the fund is not sufficiently large to admit of this being done.

183. The money refunded is paid over by annual subscriptions, which goes to prove that it is sufficient for their purposes. Why should it require to be paid if the entrance-fees were done away with?—I could not say that. If the Association were prevented from levying this entrance-fee they would raise money in another manner. Another thing I would like to say is this: that I think there should be no shareholders in connection with this institution. That is a very important point.

184. *Mr. Hogg.*] It should be worked on co-operative lines?—Certainly. Why should there be shareholders? Why should there be two castes of proprietors? They have no more right to have a say in the management than I have who have paid nothing, because they have paid so very little. They have paid next to nothing, I suppose.

185. *Mr. Pinkerton.*] If it could be shown that very few persons have joined this Association of late years, and consequently have paid nothing of late years, or that on account of the high entrance-fees charged very few persons have joined, and therefore hardly any entrance-fees have been received by the Association,—supposing they did away with all entrance-fees, the fund would be in the same position as it is now?—Probably.

186. *The Chairman.*] You said, if the entrance-fees were abolished, the Association would probably be compelled to charge higher annual fees?—Yes.

187. I suppose that would be spread over all the papers?—I think they would spread the entrance-fee over a period of years by raising the annual fee.

TUESDAY, 22ND SEPTEMBER, 1896.

Mr. W. H. ATACK further examined.

1. *The Chairman.*] In your evidence-in-chief we understood you to admit that a draft agreement [see Exhibit C, A] that was placed before you was substantially the agreement between the Association and its subscribers, but you said it dealt only with one branch of the company's service. Have you any objection to state whether that [handing over to the witness a document: see Exhibit C, B] is the other agreement referring to the cable service?—It looks like it, but I could not say unless I compared it carefully with the original. It looks like a copy of it. I am sorry I cannot enter into that question of the agreement with the Committee, because, as you know, you may take a verse from the Bible and prove anything by it, and it is just the same with a clause from an agreement. Speaking generally, I may say there are a lot of things in this agreement that appear to outsiders to be very stringent, but which if they were really explained would be shown to be very reasonable. I volunteer the statement generally that whatever is put into that agreement has not been put there because the Association wished to take advantage of anybody, but because it has been forced upon us by individual papers trying to take advantage of the Association. The agreement has simply been drawn up to prevent that sort of thing.

2. I suppose you mean such a case as for one paper to take the news and attempt to pass it on to another that had not paid for it?—There have been all sorts of things crop up in connection with the agreement, and every loophole has had to be provided against.

3. Is it a fact that the Association is prepared to pay the travelling- and hotel-expenses of shareholders in the company from year to year in order that they may attend the annual meetings?—Yes.

4. In your statement you gave us to understand that there was a tacit understanding that the revenue of the Cable Company from messages between Australia and New Zealand should be equal under the penny-a-word tariff to what it had been under the threepence-a-word tariff. Now, I may say that the Secretary of the Post and Telegraph Department has laid before the Committee a return which appears in this year's report of the Post and Telegraph Department, showing that the forwarded and received cable Press business for the year 1892 (the year before the reduction was made) was £2,796, in 1893 £1,540, in 1894 £1,179, in 1895 only £1,782. Do you wish to make any explanation to account for the apparent discrepancy between your statement and that return?—Well, I had better state what the circumstances are. As far as I know, at the time this reduction was made nothing was said about any guarantee, but some little time afterwards, I cannot say exactly how many months, as was to be supposed, the department found that under the penny-a-word tariff there had been a very heavy falling-off in the receipts. The drop from 3d. to 1d. made a considerable difference. Then Mr. Ward communicated with the Association showing that there had been this heavy falling-off, and asking if we would help to make up the deficiency by undertaking to get a much larger amount of cable news. The Association agreed to do this. To the best of my belief there was nothing said about spending the same amount of money as they did before; if there was we explained that we could not go so far as that. At any rate, we very largely increased our messages, so much so that we have always lost on them ever since. Whether the amount was quite made up to the same amount as the Cable Company received before I do not know. I have never seen any statement, and the department have never called upon us to make up any deficiency. Part of this deficiency must arise undoubtedly from the fact that, although the Association, as I said before, has very largely increased its messages, the other people who use the cables were not called upon to increase their messages.

5. Do you mean the service between New Zealand and Australia?—Yes; the other customers who used the cable were, as I say, not called upon to make any contributions at all. Consequently, a part of the deficiency must in all fairness be put down to that. That is perfectly clear, I think. Officially, I have never heard anything from the department since we have made the new arrangement; but were they to call upon us to get more messages we simply could not do it. We should have to tell them to raise the rates again. Still, the fact remains that ever since we undertook to help the department by largely increasing our messages, we have every year spent more than we have received. That shows we have done our best to make the deficiency good.

6. Would you mind telling the Committee whether your Association made a substantial reduction in its expenditure through this? Have you saved any considerable sum?—No, we have lost every year. We have saved nothing at all. When the reduction was first made we thought we should get the cables much cheaper, and could reduce the rates all round New Zealand. But directly we were called upon to make up the deficit we lost several hundreds every year.

7. As a matter of fact, is your expenditure under the penny-a-word as much as under the threepence-a-word?—I could not say that. I do not suppose it is, for this reason: It would be utterly impossible to do it. We could not possibly treble the number of words. Although it would mean the same to the Cable Company, it would mean a large amount extra in charges that we should have to pay at each end. We are now getting nearly twice the amount of messages as at the time the last reduction between Europe and Australia took place. To get three times the amount would have landed us in extra charges at the New Zealand end and the Sydney end, which we could not feel justified in paying. I think this return here [Exhibit H] must be drawn up in a different way from ours, because the number of words given here does not coincide at all with the number of words we have received. I do not understand at all on what principle this is drawn up. I take it they must take a different period from what we do.

8. Have you a copy of that return at your offices?—Yes.

9. Would you mind submitting a memorandum [Exhibit H] to me on these points, and then I could forward it to the Telegraph Department and ask for further information?—You see ours is a calendar year.

10. Yes, but the totals for three years?—This 1895 would probably go down to the end of December, 1895. I see the reduction was made on the 1st April, 1893. There was no increase

for some months after that until, as I said, Mr. Ward approached the Association about it. Possibly that would account for the apparent drop in 1894. However, I can let you have the returns from my point of view as to the number of words received during the last two or three years if you wish to have them.

11. Mr. Jones said, when he was before the Committee the other day, he had ascertained that, while he was being charged £225 for the services of the Association, his competitor, also a daily paper in the same town, was paying something under £100, and he used some very strong language with regard to it. Can you give the Committee any idea as to why there was any such difference, or do you prefer not to discuss it?—That is a matter I would like to discuss, but it seems to me a purely private matter between Mr. Jones and the Association, and it cannot have anything to do with the researches of the Committee because a man has a grievance or a fancied grievance with us. All I can say is that it is a remarkable thing that Mr. Jones has taken seven years to discover this, and that he has never made any complaint, and even now will not forward to the directors the ground of his complaint. Officially, I know nothing about it, because I have asked him several times to state it in writing, and he has not bothered to reply. All I can say is that there were particular and special circumstances, of which Mr. Jones ought to have been perfectly well aware, and of which I believe he was well aware. The complaint came as a great surprise to me as well as to the chairman; but I have no doubt the directors would be willing to meet him fairly if he showed he had any ground for his complaint.

12. What proportion does the £225 he pays bear to the amount a paper would pay, say, in Auckland? But I suppose that would be private?—The amount he pays includes other charges altogether than cables, and to that extent he has clearly misled the Committee. Firstly, it includes other charges than cables, and, secondly, of his own free will there were two courses open to him, and he chose to take the more expensive service, knowing, I presume, what the charge for the other service was.

13. *Mr. Pinkerton.*] That one paper paying £225, and the other paying less than £100, does not that in some way contradict the statement about fixed charges?—Mr. Knowles, I believe, answered that. Mr. Jones knows perfectly well there is a question of compensation to be paid. He knows that, and I think he ought to have told the Committee.

14. *The Chairman.*] I think you said that the entrance-fees that were paid did not form a very large item of the Association's revenue. I wish to follow this up with another question: Would it be possible for the Association to provide the public with a service as efficient and effective as it does now, supposing it had no revenue whatever from entrance-fees, but merely had the annual fees to depend upon?—Well, it seems to me that while the agreement with the Government relative to keeping up the large supply of cable news is maintained, if we have no entrance-fees we shall probably have to raise the subscriptions. We could not go on losing year after year.

15. The entrance-fees help to supply the deficit caused by the annual fees not being sufficient to pay working-expenses?—That has been the effect within the last few years.

16. There have lately been some changes in connection with newspapers in the Waikato?—Yes.

17. In which case one man who claims he has controlled a paper for a number of years has had that paper sold over his head by the mortgagees. I refer to Mr. Edgecumbe. And he now has started another paper, which is substantially the same paper as he has been running, under a different name?—I believe so. I have seen a copy of his paper.

18. In a case of that kind where a man who has been for many years connected with the Association continues in business, although his paper is under a new name, the paper that he formerly had having been sold by the mortgagee, would the Association demand a fresh entrance-fee from him?—That is a matter surrounded by so many complications that I really do not see my way to answer it. We have been told there is likely to be a lawsuit brought against us. It is a private quarrel between the parties, and the Association can only act as fairly as it possibly can to both. I could not say what would be done.

19. Where do the directors meet next month?—At Auckland.

20. *Mr. Pinkerton.*] I should like Mr. Atack to tell us out of what fund these annual refunds are made?—I have explained to the Committee before that they were not made out of any special fund, but out of the money in the hands of the Association; except one year when it might be regarded as having been specially made out of the surplus receipts from cable-subscriptions. I fancy when the service was started we had somewhat underestimated the receipts from the cable service, and undoubtedly that year it might have been looked upon as just handing back the extra subscriptions.

21. The reasons we have had were two: one, that it was out of the subscriptions, and the other out of the entrance-fees. Was that so?—I could not say altogether. It was paid out of the balance in hand of the Association, and not out of any particular sum.

[The Chairman here read an extract from the evidence of the Hon. Mr. G. Jones [see Questions 167 to 175 in evidence taken on Friday, 18th September], in which reference was made to the difference in the Press Association's charges for its services to Mr. Jones's paper in Oamaru and a contemporary in the same locality, and asked the witness for an expression of opinion upon it.]

Witness: It is entirely a private matter, and, as Mr. Jones knows perfectly well, it has arisen out of special circumstances, and he has only to put his statement before the Association to get it properly seen to if he has a valid claim. Mr. Jones knows this, and I think it is most unfair for him to have said what he has.

22. *Mr. Pinkerton.*] In other words, you think he will get a part of his refund of £1,000?—Yes, and he knows it.

23. *Mr. Massey.*] About this Waikato paper: Have the Association refused to allow the Waikato *Argus* to become a subscriber to the Association?—No, I cannot say they have refused to allow it to become a subscriber. But this is such a peculiar matter that I should much prefer not

to be questioned about it. I do not quite see that it comes into the question of copyright telegrams. We all know there are very strained relations in the Waikato, and I also know the Association is in a very delicate position with respect to the newspapers, owing to the political feelings of both sides. We have to be very careful what we do; but I cannot say what will be done. The directors, in reference to both these papers, have asked for the matter to be put before them.

24. And I suppose in the meantime the Waikato papers will go on as before?—They will go on as usual, receiving what they are entitled to.

25. If a paper becomes a daily instead of a tri-weekly, for instance, what difference do the Association make? Do they still keep on supplying telegrams at the same rate?—It has to come to terms with the Association, and so forth. Of course, we do not charge the same terms for a daily as for a bi-weekly or tri-weekly. We have to charge somewhat more.

26. *The Chairman.*] And if a bi-weekly is altered to a daily you charge a further entrance-fee for the enlarged service?—That is a question I do not see my way to answer.

27. Well, you have answered it before?—I did not know I had. I very much prefer your not asking questions about these two papers, because, as a matter of fact, I do not really know what the directors will do in reference to them.

28. *Mr. Massey.*] What was the object of the Association paying the expenses of shareholders attending the annual meeting?—Well, formerly they never used to bother to come to the meetings, and it was thought desirable to have the shareholders there to take an interest in the affairs of the Association, and this idea was devised in order to bring them there. It has been very successful. I think that is an answer showing that the directors are not running the Association just to please themselves.

29. Would you object to state what the cost was?—I could not say; it is not very much.

30. Has the Press Association ever been involved in a libel action on its own account or on behalf of the subscribers? We have had evidence from at least one witness to the effect that the Association has never been involved in a libel action?—Whoever said that was mistaken altogether. We have had one or two libel actions.

13. And have you been been put to any expense in connection with them?—Very considerable expense in one, and another one was smaller, and there was not very much expense. One of them cost £400.

32. *Mr. Pinkerton.*] In these libel actions, did the Association come to the relief of a paper, or was the Association itself sued?—In one instance, I think, the Association itself was sued, I think by preference, and the other was the action of some agent in sending a message out.

33. Is there any understanding between the Association and any of its customers that, if a libel action should be started in consequence of what some Press Association agents have done, they will take the responsibility?—Yes, the Association takes all the responsibility.

34. *The Chairman.*] Is that a tacit understanding, or is it in the agreement?—It is not in the agreement, but it is a resolution of the directors recorded on the minutes of the Association.

35. *Mr. Hogg.*] Would you mention what this libel action was that cost £400?—It was the Leitch case.

The Chairman: It was dealt with in the former part of the evidence.

APPENDIX.

EXHIBIT A.

DEAR SIR,— Wellington, 18th June, 1896.

The entrance-fee for a tri-weekly at Hawera will be £166, increasable to £250 if changed to a daily.

I am, &c.,

— Innes, Esq., Wellington. W. H. ATACK, Manager.

EXHIBIT B.

FORM E (AS REQUIRED BY PART II. OF "THE COMPANIES ACT, 1892," SECTION 36).

SUMMARY of capital and shares of the United Press Association (Limited), made up to the 19th day of November, 1896.

Nominal capital, £500, divided into shares of £1 each. Number of shares taken up to the 19th day of November, 1895, 335. There has been called up on each share, 2s. 6d. Total amount of calls received, £41 17s. 6d. Total amount of capital uncalled, £293 2s. 6d.

List of persons holding shares in the company on the day of , and of persons who have held shares therein at any time during the year immediately preceding the said day of , showing their names and addresses, and an account of shares so held.

Folio in Reg. Ledger.	Names, Addresses, and Occupations.	No. of Shares held.
4.	Wilson, Joseph L., Auckland, Newspaper Proprietor	20
4.	Brett, Henry, Auckland, Newspaper Proprietor	20
5.	Blundell, L. B., Wellington, Newspaper Proprietor	20
4.	*N.Z. Times* Company, Wellington, Newspaper Proprietor	30
4.	Wilkin, James C., Christchurch, Newspaper Manager	20
4.	Guthrie, J. S., Christchurch, Newspaper Manager	20
4.	Fenwick, George, Dunedin, Newspaper Manager	20
4.	Kerr, Edward G., Timaru, Newspaper Proprietor	20
4.	Dinwiddie, Walker, and Co., Napier, Newspaper Proprietors	20
4.	Knowles, Edward W., Napier, Newspaper Proprietor	20
4.	Gilmour, Robert, Invercargill, Newspaper Manager	10
4.	Kerr, James, Greymouth, Newspaper Proprietor	20
4.	McCullough, William, Thames, Newspaper Proprietor	5
4.	Banner, Thomas H., Nelson, Newspaper Proprietor	5
4.	Carson, Gilbert, Wanganui, Newspaper Proprietor	20
4.	Weston, Henry, New Plymouth, Newspaper Proprietor	5
4.	Northcroft, Leonard, Hokitika, Newspaper Proprietor	5
4.	Feldwick, Henry, Invercargill, Newspaper Proprietor	5
4.	Bell, Francis H. D., Wellington, Solicitor (as trustee)	35*
4.	Andrew and Kellow, Marton, Newspaper Proprietors	3
5.	Clapperton, J. Findlay, Dunedin, Newspaper Proprietor	20
4.	Bell, George, Dunedin	20†
4.	Kirkbride, John F., Marton	3‡
4.	Roydhouse and Wakefield, Wellington, forfeited	2

* These shares are held by Messrs. Bell and Gully as solicitors for the Press Association, and confer no voting-power. [*Vide* evidence of Mr. Atack, taken 9th September.]

† Transferred 31st August, 1895. ‡ Transferred 19th November, 1894.

NOTE.—The fee for registration of this return is 5s.—This return should be signed by secretary or manager of company.

EXHIBIT C.

COPIES of AGREEMENTS subsisting between the PRESS ASSOCIATION and its SUBSCRIBERS, as placed before Mr. W. H. ATACK. [*Vide* Evidence, 10th and 22nd September.]

A.—New Zealand News Service.

AN AGREEMENT made this day of , 18 , between "The United Press Association (Limited)" of (hereinafter called "the Association"), of the one part, and the proprietor of the newspaper of the other part, witnesseth that it is hereby mutually agreed upon as follows, that is to say,—

1. The Association shall supply the said , for the sole use of the newspaper, telegrams of , and shall despatch such to the office of the said at the same time as like telegrams are despatched to the offices of the other newspapers of the same class published on the same day, without preference or priority.

2. The said shall pay to the Association the yearly sum of , by equal quarterly instalments of £ , each such instalment to become due and be payable in advance on the first day of the quarter for which the payment is to be made.

3. Except as provided in the schedule to this agreement, the said shall not at any time during the continuance of this agreement, directly or indirectly, for any purpose or in any manner whatsoever, supply, use, or make public, or permit or suffer to be supplied, used, or made public, the said telegrams or any of them, or any part thereof or copies thereof, so to be supplied to the said by the Association as aforesaid, otherwise than by publication of the same in the

usual manner in the newspaper, and all such telegrams, when so published in such newspaper, shall always be headed "United Press Association Telegrams" only; nor shall the said employ or permit any person, directly or indirectly, to retransmit any such telegrams (either before or after publication) to any other newspaper.

4. In case of wilful breach by the said of any of the provisions of this agreement, it shall be lawful for the Association to terminate the same forthwith.

5. The said shall, during the continuance of this agreement, act as agent, free of charge, for the Association in the collection for transmission by telegraph, and in the transmission by telegraph, of all local news in the district of , and shall in regard thereto follow out all instructions which may from time to time be given by the Association.

6. The said shall supply the Association, free of charge, with the said newspaper.

7. The provisions of the clause set out in the schedule to this agreement being for the mutual convenience of newspapers subscribing to the Association are to be deemed to be part of this agreement, and the proprietor agrees with the Association that he will perform and observe the requirements of such provisions so far as they are applicable to the said newspaper, and to himself as proprietor thereof.

8. This agreement shall continue in force for the term of one year, to commence from the day of , 18 , and so on from year to year after the expiration of that term. But (*a*) it may be determined at any time by either of the parties giving six calendar months' notice in writing to the other to determine it, the six months being computed from the first day of the months of January, April, July, or October next following the delivery of the notice; and (*b*) it shall be determined if and on the day when the said newspaper ceases to be published. A newspaper shall be considered to have ceased to be published if for three consecutive days, public holidays excepted, in the case of a daily newspaper, or for one week in the case of a newspaper other than a daily newspaper, it shall not be printed, published, delivered to regular subscribers, and sold in the form and manner in which it has heretobefore been customary to print, publish, deliver, and sell the same, or in some modification or alteration of such form or manner adopted by the proprietors thereof in the ordinary and regular course of business, unless the directors of the company shall be satisfied that the cesser of publication has been wholly caused by fire, or other accident to machinery, stock, or premises. The said shall remain liable for all instalments calculated as accruing from day to day up to the date of determination.

SCHEDULE.—If the proprietor of a morning [an evening] newspaper shall receive any telegrams or cablegrams from the Association which shall not be published in such newspaper on the same morning [evening] when they are so received, either because they arrive too late for publication or for any other reason, then such proprietor shall forthwith, after receipt, send on copies of such unpublished telegrams or cablegrams to any evening [morning] newspaper published in the same city or town, and subscribing to the Association. Where two or more evening [morning] newspapers subscribing to the Association are published in the same city or town, such proprietor shall send copies of such unpublished telegrams to one only of the evening [morning] newspapers, but to each in alternate months. It shall be the duty of the proprietor of the evening [morning] newspaper receiving unpublished telegrams or cablegrams from the morning [evening] newspaper forthwith to transmit the same, or copies thereof, to the other evening [morning] newspaper or newspapers.

As witness the execution hereof .

The common seal of "The United Press Association (Limited)" was hereunto affixed by order of the board of directors of the said company, and in the presence of—

, Director.
, Secretary.

Signed by the said , in the presence of .

B.—Cable Service.

AN AGREEMENT made the day of , 18 , between , of , in the Provincial District of , the proprietor of the newspaper (herein called "the proprietor"), of the one part, and the United Press Association (Limited), of Wellington, in the Colony of New Zealand (herein called "the Association"), of the other part.

Whereas the Association has entered into arrangements with the representatives at Melbourne of two combinations of Australian newspaper-proprietors, one of which combinations includes the proprietors of the Melbourne *Argus*, the *Sydney Morning Herald*, and the *South Australian Register* (hereinafter called "Combination A"); and the other combination includes the proprietors of the Melbourne *Age*, the *Sydney Daily Telegraph*, and the *South Australian Advertiser* (hereinafter called "Combination B"), under which said arrangements the Association is to be supplied for a period of three years, from the 1st day of January, 1894, with the full cable service of English and foreign news received by the said combinations, and is to be further supplied by the said combinations with the same cable service from year to year, after the 1st day of January, 1897, unless and until three months' notice shall be given by the Association, or by or on behalf of the said representatives, of intention to terminate the said arrangements:

And whereas the Association has made the arrangement expressed in this agreement with the proprietor to supply to the proprietor the service of English, foreign, and Australian news, hereinafter specified, and has also made a separate arrangement with the proprietor for the supply to the proprietor of New Zealand news by telegraph, and this agreement is executed for the purpose of defining and expressing such first-mentioned arrangement:

Now this agreement witnesseth :—

1. The Association agrees to supply to the proprietor, for the use of the newspaper, the service of news specified in the Shedule hereto.

2. The Association agrees to despatch such news to the proprietor at the same time as the same is despatched to other newspapers taking the same service, and without favour or priority to any newspaper over another.

3. The proprietor agrees to take the said service of news, and to pay to the Association therefor in advance on the first day of every month, commencing on the first day of next, as his share of the cost of procuring and despatching the said service of news, the sum of pounds shillings pence.

4. The word "cablegrams" hereinafter used means the news so to be supplied by the Association to the proprietor.

5. The proprietor shall not at any time during the continuance of this agreement, directly or indirectly, for any purpose in any manner whatsoever, supply, use, make public, or permit or suffer to be supplied, used, or made public, the said cablegrams or any of them, or any part thereof or copies thereof, so to be supplied to the proprietor by the Association as aforesaid, otherwise than by publication of the same in the usual manner in the said newspaper of the proprietor, or in extras issued or published by the proprietor, or in the announcement of news to the public by the exhibition of printed or manuscript copies of the said cablegrams or the gist thereof, at or outside the publishing office of the proprietor, and all such cablegrams, when so published in such newspaper, extras, or printed or manuscript copies, shall always be headed "United Press Association. By Electric Telegraph—Copyright," and shall always bear the date and hour of their receipt; nor shall the proprietor employ or permit any person, directly or indirectly, to retransmit any such cablegrams, either before or after publication, to any other newspaper.

6. The proprietor binds himself, during the currency of this agreement, not to enter into any arrangement with Reuter's Telegram Company or any other organization or person for the supply or publication of cable news, either English, foreign, or Australian, and shall not publish any cable news received from or through any such organization or person in his newspaper, except with the permission of the Association. If any cable news shall be received by the proprietor from any other private source, and be published by him, the publication shall always show by distinctive heading the source from which such news was received, and shall be separated distinctly from the news published as received from the Association. If any breach of this clause is committed by the proprietor, the Association shall have power forthwith to determine this agreement, and the proprietor shall pay to the Association, as liquidated and ascertained damages for the breach by him of his engagement, a sum equal to the aggregate of his monthly payments for a period of fifteen months after such determination.

7. In the event of any breakage or interruption of the cable between Australia and New Zealand, the Association shall be relieved during such breakage or interruption from the performance of their part of this agreement without, however, affecting the liability of a proprietor under his part of this agreement. The Association shall have the right, if the charges for the use of the said cable shall be increased during this agreement, to curtail proportionately the quantity of news supplied by it to the newspapers under this agreement.

8. This agreement shall continue in force until the 1st day of January, 1897, and thereafter so long as the said arrangements between the Association and the said representatives of the said two combinations remain in force. But if, on or after the 1st day of January, 1897, the Association shall find it necessary or expedient to alter the monthly payments, it may from time to time, by notice to the proprietor, require him to pay such altered monthly payments of amounts then fixed by the Association. The proprietor, on receipt of such notice, shall forthwith signify in writing to the Association if he refuses to agree to such altered payments. If the proprietor does not so refuse, then this agreement shall continue in force, with the necessary alterations of the amount of monthly payments. If the proprietor refuses to agree, then this agreement shall, so far as he is concerned, be determined, and he shall cease to be supplied with, or to have any right to require the supply of, news from the Association. If, during the continuance of this agreement, the said combinations shall cease to supply the Association with the said services of English and foreign news, the Association shall forthwith be relieved of its engagements under this agreement so far as English and foreign news are concerned, and the proprietor shall continue to pay to the Association monthly such proportion of the sum named in the 3rd clause of this agreement as the Association shall fix as a fair payment for the service of Australian news. If the Association shall make other arrangements for a supply of English and foreign news, then the proprietor shall accept the same in lieu of that supplied by the said combinations, and shall continue to pay the monthly sums named in clause 3 hereof.

9. If the proprietor shall make default in payment of any one of the monthly payments hereinbefore agreed to be made, and that default shall continue for fourteen (14) days after the due date for such payment, the Association may, at the option of the Association, either cease the supply of news to the proprietor so long as such default shall continue, the proprietor nevertheless remaining liable to the Association for all the monthly sums as if such supply were continued, or may, by notice in writing or telegram addressed to the proprietor, put an end to and determine this agreement. The proprietor shall in the latter event immediately pay to the Association as ascertained and liquidated damages for his default in performance of his agreement a sum equal to the aggregate of his monthly payments for a period of fifteen months after such determination. Notwithstanding that the Association may have elected to adopt the former course of stopping the supply of news while still requiring the proprietor to continue his payments, it shall nevertheless be lawful for the Association at any time thereafter to elect to adopt the latter course and to determine the agreement by notice, and thereupon the proprietor shall pay to the Association as ascertained and liquidated damages for his default in performance of his agreement, and, in addition to the whole amount then owing by

him to the date of such last-mentioned notice, the equivalent of the future aggregate monthly payments as hereinbefore specified.

10. Every engagement entered into by the proprietor in this agreement is made on behalf of himself, his heirs, executors, and assigns, and is intended, so far as possible, also to bind any and every subsequent proprietor of the said newspaper during the currency of this agreement. The proprietor shall not, upon any sale by him of the newspaper or any share therein, become discharged from this agreement, unless an agreement in similar terms is executed by the assignee and accepted by the Association in discharge of the proprietor.

11. Other newspaper-proprietors taking a supply of news from the Association under some one or other of the schedules hereto, have entered into, or will enter into, an agreement to the same or a like effect with the present, and an average contribution has been fixed for each proprietor, having regard to the service of news taken by such proprietor. The failure of any proprietor taking a supply of news under any schedule to carry out his engagements will increase the charge to all other subscribing proprietors, and the proprietor accordingly agrees that, in the event of the failure of any proprietor to perform his engagements, the proprietor (party hereto) will pay monthly to the Association, in addition to the sums specified in clause 3, a rateable proportion with other proprietors (to be fixed by the Association) of the amount which, but for the failure of such failing proprietor, would have been paid by such failing proprietor. This clause applies also to the event of other proprietors refusing to agree to accept news at altered prices (if any) after the 1st day of January, 1897, and in that event such altered prices may be further increased. Nothing herein shall be interpreted as in any manner limiting the right of the Association to supply the same service of news hereafter to any proprietor who shall pay the stipulated charges therefor, nor shall anything herein be interpreted as giving any proprietor any right to complain or to interfere with the exercise or non-exercise by the Association of the powers and discretions conferred on the Association by clause 9 hereof.

12. If the proprietor shall at any time cease to obtain his supply of New Zealand news from the Association according to the rates and terms fixed by the Association for New Zealand news, then the Association may forthwith, or at any time afterwards, at their election, cease to supply to the proprietor the service of news specified in this agreement; but the proprietor shall nevertheless, and notwithstanding that the service of news specified in this agreement shall no longer be supplied to him, be bound to continue to make the monthly payments specified in this agreement as though the service of news was still supplied to him.

13. And whereas some items of news received from Combination A may be identical or practically identical with items of news received from Combination B, and transmission of news from Australia to New Zealand would be unnecessarily expensive if such items were duplicated, and whereas it may happen in certain cases that such items may be first received by the agent of the Association in Australia from Combination B, and therefore transmitted to New Zealand as from Combination B, though the same items may afterwards be received in Australia from Combination A, and appear in the newspapers forming Combination A, it is hereby declared that the Association shall be deemed, so far as regards items of the English and Foreign news, to fulfil its engagements with the proprietors taking the service of news specified in Schedules II. and III. respectively, if the agent of the Association in New Zealand transmits to such proprietors the items of English and foreign news received in New Zealand as from Combination A, though some items of news not supplied to such proprietors may, under the circumstances aforesaid, have actually appeared in the Australian papers forming Combination A.

SCHEDULE I.—(*a*) The complete service of English and foreign news received by the Association from the two said combinations; (*b*) the service of Australian news received by the Association from its agent in Australia.

SCHEDULE II.—(*a*) The service of English and foreign news received by the Association from Combination A, subject to the limitation expressed in clause 13; (*b*) the service of Australian news received by the Association from its agent in Australia.

SCHEDULE III.—(*a*) The service of English and foreign news received by the Association from Combination A, except sporting and commercial items, subject to the limitation expressed in clause 13; (*b*) a summary of Australian news received by the Association from its agent in Australia, without sporting or commercial items; (*c*) result of the following races: The English Derby, Melbourne Cup, V.R.C. Derby, Caulfield Cup, Newmarket Handicap, Australian Cup, Champion Stakes, Grand National Steeplechase, Grand National Hurdle Race, A.J.C. Derby, Sydney Gold Cup, and Sydney Metropolitan Stakes.

In witness whereof these presents have been executed by the parties hereto the day and year first above written.

The common seal of "The United Press Association (Limited)"
was hereunto affixed by order of the board of directors
of the said company, and in the presence of—

, Director.
, Secretary.

Signed by the , in the presence of .

EXHIBIT D.

CORRESPONDENCE between the CHAIRMAN and the MANAGER of the UNITED PRESS ASSOCIATION (LIMITED) with reference to Evidence and Witnesses.

SIR,— Copyright Telegrams Committee, Wellington, 25th August, 1896.

I will feel obliged if you will furnish the Copyright Telegrams Committee with a copy of the agreement subsisting between your Association and the proprietors of newspapers in New

Zealand in reference to the publication of cables or other telegraphic information; also a copy of the schedule of charges for the admission of proprietors of newspapers as members of your Association. I shall be glad also to receive from you the name of a gentleman to represent your Association in giving evidence before the Committee. Kindly reply at your earliest convenience.

I am, &c.,
G. W. Russell, Chairman of the Committee.

The Manager of the Press Association.

Sir,— United Press Association (Limited), Wellington, 25th August, 1896.

I have received your letter asking for certain documents and details.

I am advised that the matters referred to relate to the private affairs of the Association and of its members, and that such evidence is not relevant to the inquiry as defined by the order of reference. I therefore respectfully submit that the Association ought not to be called upon to produce them.

With regard to the latter part of your letter, the chairman of the Association suggests that he, and one of the older members of the board of directors, and myself should be allowed to give evidence. I also respectfully request that I should be allowed to be present on behalf of the Association during the inquiry.

Yours faithfully,
W. H. Atack, Manager.

G. W. Russell, Esq.,
Chairman, Copyright Telegrams Committee.

Dear Sir,— Wellington, 27th, August 1896.

In connection with your request to name witnesses on behalf of the Association, I am instructed to mention, besides Mr. Knowles (the chairman) and myself, the name of Mr. Brett, of the *Auckland Star*, who is one of our oldest directors.

I am, &c.,
W. H. Atack, Manager.

G. W. Russell, Esq.,
Chairman, Telegrams Committee.

Dear Sir,— United Press Association (Limited), Wellington, 31st August, 1896.

I am at present in communication with the directors of the Association respecting the proceedings of your Committee. Owing to the exigencies of the post, the letters will hardly reach them before to-night and to-morrow morning; but replies will come by telegram. As these replies may have considerable bearing upon my letter of the 25th to you, may I respectfully ask if you could postpone consideration of that letter till Wednesday.

Yours faithfully,
W. H. Atack, Manager.

G. W. Russell, Esq.,
Chairman, Telegrams Committee.

Dear Sir,— Copyright Telegrams Committee, Wellington, 1st September, 1896.

In accordance with your request, the correspondence received from you has not been laid before the Committee, but will be dealt with to-morrow. I shall be obliged if you will let me have any further reply as early as convenient, in order that I may consider it before the meeting.

Yours faithfully,
G. W. Russell.

W. H. Atack, Esq.,
Secretary, Press Association (Limited).

Sir,— United Press Association (Limited), Wellington, 1st September, 1896.

I have the honour to state that my directors have now had the opportunity of further considering the request conveyed by your letter of the 25th August, that I should produce the agreement between the Association and newspaper-proprietors in New Zealand in reference to the publication of cable and other telegraphic information, and a schedule of charges for admission into the Association.

The production of the papers referred to would obviously be an admission on the part of my directors that the House of Representatives has ordered an inquiry into the private affairs of the United Press Association, and into the details of its arrangements with its members. That admission they are unable to make, and they intend no disrespect to the Committee in endeavouring to maintain an opinion which they believe to be supported by the terms of the order of reference, by the nature of the amendment made by the House in the order originally proposed, and by the report of the debate upon the amendment.

To illustrate the difficulty of connecting an inquiry into the working of the Electric Copyright Act with an investigation into the affairs of the Press Association, I may mention that entrance-fees were charged by the Association some years before the passing of "The Electric Lines Act, 1884," and before the Association supplied any service of cable telegrams; yet the Committee have required the production by me of the schedule of such fees as if the power to enforce them was derived from the Act.

My directors regret, therefore, that they are compelled respectfully to decline to comply with the request of the Committee to produce the papers referred to; but they trust they will not be denied the right generally accorded in such cases of being present by their counsel or their manager during the taking of evidence.

Yours faithfully,
W. H. Atack, Manager.

G. W. Russell, Esq.,
Chairman, Copyright Telegrams Committee.

SIR,— Copyright Telegrams Committee, 2nd September, 1896.

In reply to your communications of the 25th and 27th August, and the 1st instant, I have the honour, by direction, respectfully to forward you the terms of the resolution adopted by the Copyright Telegrams Committee at its meeting to-day, namely: "That, as the Press Association has, in its letter to the Committee, declined to admit any right on the part of the Committee to inquire into the entrance-fees and the terms of the agreement between the Association and its subscribers, the Committee sees no necessity for granting their request that the Association should be represented by counsel at the inquiry. I have, &c.,

JAMES IZETT, Clerk of the Committee.

W. H. Atack, Esq., Manager, United Press Association.

DEAR SIR,— 4th September, 1896.

I am directed by the Chairman of the Copyright Telegrams Committee to inform you that the Committee will on Tuesday, 8th September, at 11 a.m., receive any evidence you may wish to offer as to the working of the Electric Telegraph Lines Act, so far as the same relates to copyright telegrams, either through yourself or by any officer or member of your Association.

I am, &c.,

W. H. Atack, Esq., Manager of the Press Association, Wellington. G. F. WOOLDRIDGE, Clerk of the Commitee.

EXHIBIT E.

CORRESPONDENCE between the CHAIRMAN and the SECRETARY of POST AND TELEGRAPHS with reference to Concessions granted by his Department to the Press; also Mr. Atack's Comments thereon.

DEAR SIR,— Wellington, 25th August, 1896.

Will you oblige me by letting me know whether any concessions of any kind (either as regards rates, hours of service, or in any other way) are granted by your department to the Press Association (Limited).

An early answer will be a favour. Yours faithfully,

G. W. RUSSELL,

The Secretary, General Post Office. Chairman of Committee *re* Copyright Telegrams.

SIR,— General Post Office, Wellington, 27th August, 1896.

I have the honour to acknowledge the receipt of your letter of the 25th instant, requesting particulars of any concessions granted by the department to the United Press Association (Limited).

In reply, I am directed by the Postmaster-General to forward you the accompanying memorandum, embodying the desired information. I have, &c.,

The Chairman, Copyright Telegrams Committee, Parliament Buildings, Wellington. W. GRAY, Secretary.

UNITED PRESS ASSOCIATION.

No concessions in Press-rates are granted the United Press Association which are not enjoyed by newspapers not members of the Association, except in respect of telegrams forwarded from offices specially reopened at night for Press purposes, the rates for which, and the conditions of transmission, are—

Charges when Office reopened by Special Request.

Press messages lodged at and forwarded from any telegraph-office, when specially reopened after the usual closing-hour, are forwarded as under:—

At the rate of 2s. per 100 words up to 1,000 words, the minimum charge to be 7s. 6d.

For every additional 100 after the first 1,000 words, at the rate of 6d. per 100 words or fraction thereof.

Messages lodged and forwarded on behalf of the United Press Association are liable to the following charges:—

At the rate of 6d. per 100 words or fraction thereof, together with a fee of 7s. 6d. for reopening the office, and all charges in respect of overtime at offices other than the original forwarding office.

The additional payment to be made in all cases by the applicant.

At least six hours' notice should be given the General Post Office, Wellington, of the desire to have an office specially reopened for Press news.

Staffs are in attendance at the principal telegraph-offices throughout the colony from 8 p.m. until midnight during the parliamentary recess, and after midnight during the session, the less important offices being kept open as required up to 11 p.m. for the disposal of Press telegrams for any newspaper, whether served by the Association or not.

Under the existing midnight cable Press-service arrangement £308 6s. 8d. a year is paid the Cable Company for reopening the cable at midnight for late Press cable messages for the Association, which immediately distributes the news to morning newspapers, the principal telegraph-offices being specially kept open to enable this to be done.

The subsidy is paid by the department, but the Association bears one-half. The total cost of the midnight cable service is also shared equally by the department and the Association. In the account between the department and the Association credit is given for the revenue derived from the

midnight Press cables and telegrams. The cost of the midnight service—*i.e.*, the cable subsidy, and the estimated value of operators' time at 4s. per night per operator—is shown as a debit, and the debit balance shared equally between the department and the Association.

A copy of account for the year ended 31st March last is attached. The estimated debit balance for the twelve months was £1,095 7s. 8d., of which £547 13s. 10d. was recovered from the Press Association.

W. Gray, 27/8/96.

Statement of Revenue and Expenditure in Connection with the Midnight Cable Service for the Twelve Months ended 31st March, 1896.

	£	s.	d.		£	s.	d.
Revenue received	377	15	0	Subsidy to Cable Company ...	308	6	8
Deficiency	*1,095	7	8	Cost of service	1,164	16	0
	£1,473	2	8		£1,473	2	8

* The department and the United Press Association divide this deficiency between them.

Sir,— Copyright Telegrams Committee, 1st September, 1896.

I have the honour, by direction, to respectfully acknowledge the receipt of your memorandum of this day's date, inquiring whether the Chairman of the Copyright Telegrams Committee has any objection to furnish you with a copy of the letter of Mr. Gray, of the General Post Office Department, and, in reply, to inform you that he entertains no objection. A printed copy of Mr. Gray's letter is enclosed herewith. I have, &c.,

James Izett,
Clerk of the Committtee.

W. H. Atack, Esq.,
Manager of the United Press Association.

Dear Sir,— Copyright Telegrams Committee, 9th September, 1896.

I have the honour, by direction of the Chairman of the above Committee, to send for your perusal a copy of a memorandum by Mr. W. H. Atack, manager of the Press Association, upon a statement you furnished to the Committee. If you have any comments to make thereon, the Chairman will be obliged by your communicating with the Committee at your earliest convenience. I have, &c.,

G. F. Wooldridge,
Clerk of the Committee.

W. Gray, Esq.,
Secretary, Post Office Department.

United Press Association (Limited), Wellington, 7th September, 1896.

Memorandum upon Mr. Gray's statement to the Committee.

Charges when opened by special request: This does not apply to cables, but to New Zealand telegrams. There is little difference in the two tariffs mentioned, and the whole amount involved is trivial.

Midnight cable service: Although Mr. Gray does not explicitly call the arrangement he describes a concession to the Association, it is evident from the nature of his remarks that he looks upon it in that light. In this he is in error. It is an arrangement made many years ago, not with the Association, but with and for the benefit of the morning papers of the colony. It was employed before the Association by Reuter and others; the Association merely found it in existence, and used it as others had done before them.

In reality, so far from being a concession to the Association, the latter saves the Telegraph Department considerable trouble. If it were not for the existence of the Association, the department would have to collect the money mentioned by Mr. Gray from each paper individually. The Association practically collects it for the Government, and hands it over in a lump sum.

If there were no Association the papers would still continue to receive messages by this service, and the existence or non-existence of the Association would not, so far as we know, affect it in the least. It may be a convenient expression on Mr. Gray's part to call it a concession, or by force of collecting the money for a number of years from us he may have forgotten the origin of the system and really imagines it is our special privilege; but, in effect, as I have shown, it is no concession to the Association at all. The effect of the withdrawal of the Government subsidy would simply be that the papers would have to find £547 per annum more. The Association would neither gain nor lose.

In further proof, if needed, I may mention that the Cable Company claim the right, and exercise it, to transmit any messages upon this service. Association cables have frequently been blocked through this. If the service were really a concession to the Association this could not take place, as we should have the power to stop such interference with our messages.

W. H. Atack, Manager.

Sir,— General Post Office, Wellington, 12th September, 1896.

I have the honour to acknowledge the receipt of the letter of the 9th instant, from the Clerk of your Committee, forwarding, by your direction for my remarks, copy of a memorandum from the manager of the Press Association on the statement I had furnished *re* the arrangements between the department and the Association for the transmission of its Press telegrams.

I think I need only explain that the original midnight cable-service agreement, which was made in 1876, provided for general business messages being transmitted over the cable as well as Press news. It was not until April, 1879, that the Press Association joined the midnight service. It withdrew at the end of March, 1880, but rejoined in July, 1882. The Reuter Telegram Company, which had been a party to the midnight service, withdrew altogether in 1887, and since that time the service has been continued for the Press Association's midnight cable messages. That the service is in the interests of those morning newspapers served by the Association in no way affects the position as between the department and the Association.

It is correct, as stated by Mr. Atack, that the Cable Company claims to transmit any messages by the midnight service—a right also secured to and occasionally exercised by the department. This, however, does not alter the fact that the midnight service is for the purposes of the Press Association.

I have, &c.,
W. Gray, Secretary.

The Chairman, Copyright Telegrams Committee,
House of Representatives, Wellington.

EXHIBIT F.

Correspondence between the Chairman and the Hon. the Postmaster-General.

Sir,— Copyright Telegrams Committee, Wellington, 5th September, 1896.

In order to facilitate the inquiry of the above Committee, I have the honour to ask that, if not trespassing on the privacy of the Postal Department, you will supply me at your early convenience with the following:—

1. A list of the ordinary commercial newspapers of the colony.
2. (If possible) the names of those papers which are supplied by the Press Association (Limited) with cables and telegrams.
3. The receipts from Press telegrams for the year ending 31st March, 1896.
4. An estimate of the probable increase in the telegraph receipts if, say, 25 per cent. of the newspapers now unconnected with any service for the supply of telegrams were to become clients of the Telegraph Department.
5. What proportion of the newspapers (daily, bi-weekly, or tri-weekly) do not at present contribute to the telegraphic revenue.
6. A statement of the telegraphic revenue contributed per month by, say, a daily paper in Dunedin, Wanganui, Napier, Invercargill, Palmerston North, Masterton, and Timaru; also by a typical tri-weekly and a typical bi-weekly, such papers to be ones connected with the Press Association. The name of the paper is not desired in any case, the object being merely to ascertain what increase of revenue could be expected by your department if, say, the number of the papers in the colony were materially increased.
7. An estimate based upon any general departmental basis of the cost of the Press telegrams to the department, and the profit accruing.
8. An estimate of the increased expenditure that would be required if, say, 25 per cent. more papers received Press Association telegrams, and of the increased profit the department would be likely to make.

I have, &c.,
G. W. Russell,
Chairman of the Copyright Telegrams Committee.

The Hon. the Postmaster-General, Wellington.

Sir,— General Post Office, Wellington, 14th September, 1896.

I have been directed by the Postmaster-General to acknowledge the receipt of your letter of the 5th instant, and to transmit the following reply to the request for certain information in respect to the Press-telegram service:—

1. A list of ordinary commercial newspapers, and a printed list of newspapers registered at the General Post Office, are forwarded herewith.
2. It is regretted that it is not practicable to supply a complete list of the newspapers referred to.
3. The receipts from Press telegrams for the year ended 31st March last were £9,507 18s. 8d.
4. If 25 per cent. of the newspapers not now connected with any service supplying Press news were to become clients of the department, it may be assumed that there would be no appreciable increase of revenue.
5. It is estimated that probably one-fifth of the daily, bi-weekly, and tri-weekly newspapers do not contribute to the telegraph revenue.
6. The Postmaster-General regrets that he is unable to furnish the information covered by this paragraph.
7. The net cost to the department for handling Press telegrams for the year ended 31st March, 1895, is estimated to have been £26,120. The receipts from Press telegrams for that year amounted to £9,586.
8. The increased expenditure to the department to provide for, say, 25 per cent. more newspapers being served by the Press Association would depend on the nature of the services required, and whether additional telegraph-offices would have to be reopened at night. In any case there would be no profit to the department.

I have, &c.,
W. Gray, Secretary.

The Chairman, Copyright Telegrams Committee,
House of Representatives, Wellington.

A List of ordinary Commercial Newspapers in the Colony.

Wairoa Bell, Auckland	Weekly.
Evening Star, Auckland	Daily.
New Zealand Herald, Auckland	Daily.
Weekly News, Auckland	Weekly.
Produce Circular, Auckland	Monthly.
Coromandel County News	Bi-weekly.
Coromandel Sun	Weekly.
Northern Advertiser	Weekly.
Waikato Times	Tri-weekly.
Northern Luminary	Weekly.
Hot Lakes Chronicle	Weekly.
Northern Advocate	Weekly.
Opotiki Herald	Bi-weekly.
Hauraki Tribune	Tri-weekly.
Ohinemuri Gazette	Bi-weekly.
Bay of Plenty Times	Tri-weekly.
Te Aroha and Ohinemuri News	Tri-weekly.
Thames Star	Daily.
Thames Advertiser	Daily.
Waihi Miner, &c.	Bi-weekly.
Waikato Argus	Tri-weekly.
Te Aroha Times	Weekly.
Poverty Bay Herald	Daily.
Telephone	Weekly.
Record and Waitara Age	Bi-weekly.
Weekly Record	Weekly.
Budget and Taranaki Weekly Herald	Weekly.
Daily News	Daily.
Taranaki Herald	Daily.
Taranaki News	Weekly.
Opunake Times	Bi-weekly.
Egmont Post	Tri-weekly.
Egmont Settler	Daily.
Waitara Times	Tri-weekly.
Bush Advocate	Tri-weekly.
Hastings Standard	Daily.
Daily Telegraph, Napier	Daily.
Evening News, Napier	Daily.
Hawke's Bay Herald	Daily.
Hawke's Bay Weekly Courier	Weekly.
Waipawa Mail	Tri-weekly.
Wairoa Guardian	Bi-weekly.
Eltham Guardian	Tri-weekly.
Egmont Star	Weekly.
Hawera and Normanby Star	Daily.
Hawera and Morning Post	Daily.
Paraekaretu Express	Bi-weekly.
(Manaia) Waimate Witness	Bi-weekly.
Mercury, Marton	Daily.
Rangitikei Advocate	Daily.
Patea County Press	Tri-weekly.
Wanganui Chronicle	Daily.
Wanganui Herald	Daily.
Weekly Chronicle	Weekly.
Yeoman, Wanganui	Weekly.
Wairarapa Observer	Tri-weekly.
Eketahuna Express	Bi-weekly.
Feilding Star	Daily.
Manawatu Herald	Tri-weekly.
Wairarapa Standard	Tri-weekly.
Levin and Manukau Express	Bi-weekly.
Eketahuna and Pahiatua Mail	Daily.
Wairarapa Star	Daily.
Wairarapa Daily Times	Daily.
Wairarapa Weekly Times	Weekly.
Weekly Star	Weekly.
West Coast Mail, Otaki	Bi-weekly.
Pahiatua Argus	Tri-weekly.
Pahiatua Herald	Tri-weekly.
Manawatu Standard	Daily.
Manawatu Daily Times	Daily.
Manawatu Weekly, Shannon	Weekly.
Hutt and Petone Chronicle	Weekly.
Manawatu Farmer	Tri-weekly.
Daily Commercial News	Weekly.
Evening Post	Daily.
New Zealand Mail	Weekly.
New Zealand Times	Daily.
People, Weekly Herald	Weekly.
Woodville Examiner	Tri-weekly.
Evening Star	Weekly.
Marlborough Daily Times	Daily.
Marlborough Express	Daily.
Pelorus Guardian	Bi-weekly.
Kaikoura Star	Bi-weekly.
Marlborough Press	Bi-weekly.
Golden Bay Argus	Weekly.
Colonist, Nelson	Daily.
Evening Mail, Nelson	Daily.
Evening Star, Nelson	Daily.
Takaka News	Weekly.
Charleston Herald	Bi-weekly.
Lyell Times	Weekly.
Buller Miner	Weekly.
Westport News	Daily.
Westport Times	Daily.
Brunner News	Daily.
Evening Star, Greymouth	Daily.
Grey River Argus	Daily.
Weekly Argus, Greymouth	Weekly.
Inangahua Herald	Daily.
Inangahua Times	Daily.
Buller Post	Weekly.
Hokitika Guardian	Daily.
Leader, Hokitika	Weekly.
West Coast Times	Daily.
Kumara Times	Daily.
Ross and Okarito Advocate	Bi-weekly.
Akaroa Mail	Bi-weekly.
Ashburton Guardian	Daily.
Ashburton Mail	Tri-weekly.
Canterbury Times	Weekly.
Lyttelton Times	Daily.
Mercury and Bankruptcy Gazette	Weekly.
Press, Christchurch	Daily.
Spectator	Weekly.
Star	Daily.
Tribune	Daily.
Truth	Daily.
Weekly Press	Weekly.
Oxford Cust Observer	Weekly.
Rangiora Standard	Bi-weekly.
Ellesmere Guardian	Bi-weekly.
Geraldine Guardian	Tri-weekly.
Temuka Leader	Tri-weekly.
South Canterbury Times	Daily.
Timaru Herald	Daily.
Waimate Times	Bi-weekly.
North Otago Times	Daily.
Oamaru Mail	Daily.
Clutha Leader	Weekly.
Free Press	Weekly.
Clutha County Gazette	Weekly.
Dunstan Times	Weekly.
Cromwell Argus	Weekly.
Alexandra Herald	Weekly.
Evening Star	Daily.
New Zealand Insurance and Finance	Monthly.
Otago Daily Times	Daily.
Otago Witness	Weekly.
Otago Workman	Weekly.
Weekly Budget	Weekly.
Tuapeka Times	Bi-weekly.
Bruce Herald	Bi-weekly.
Taieri Advocate	Bi-weekly.
Mount Ida Chronicle	Bi-weekly.
Palmerston Times	Weekly.
(Roxburgh) Mount Benger Mail	Weekly.
Tapanui Courier	Weekly.
Lake County Press	Weekly.
Mataura Ensign	Tri-weekly.
Southern Standard	Bi-weekly.
Southern Cross	Weekly.
Southlander	Weekly.
Southland Daily News	Daily.
Southland Times	Daily.
Weekly Times, Invercargill	Weekly.
Lake Wakatipu Mail	Weekly.
Western Star, Riverton	Bi-weekly.
Wyndham Herald	Bi-weekly.
Wyndham Farmer	Bi-weekly.

[Attached to this document was a list of newspapers placed on the register at the General Post Office, Wellington. Revised to 1st January, 1896.]

EXHIBIT G.

Correspondence between the Chairman and the Hon. the Minister of Justice.

Copyright Telegrams Committee, 7th September, 1896.

Sir,—

Will you through your department kindly inform me, for the above Committee, whether any of the Australian Colonies have on their statute-book a law similar or analogous to the copyright clauses (38–42) of "The Electric Lines Act, 1884"? The Committee is anxious to find out

whether in any of the other colonies the copyright of foreign news is provided for, and, if so, the duration of the copyright and the conditions upon which it is conferred.

I have, &c.,
G. W. Russell,
Chairman of the Committee.

The Hon. the Minister of Justice, Wellington.

Dr. Fitchett.—Please supply the information asked for herein at your earliest convenience—T. Thompson.—7/9/96.

Hon. the Minister of Justice.

I have made search, but thus far have only been able to find one Act—viz., "The South Australian Telegram Copyright Act, 1872,"—of which the copyright clauses of our Act of 1884 are practically a copy—save that in the South Australian Act the period of protection is twenty-four hours from time of publication, not exceeding thirty-six hours from time of receipt of message (Sundays excepted), and also that the penalty is not less than £10 nor more than £100. In our Act the corresponding figures are 18–24, £1 and £5.

8/9/96. Fred. Fitchett.

G. W. Russell, Esq., M.H.R.—For your information.—T. Thompson. 9/9/96.

EXHIBIT H.

Further Correspondence between the Chairman and the Secretary of Post and Telegraphs, and Mr. Atack's Comments thereon.

Dear Sir,— 17th September, 1896.

I have the honour, by direction of the Chairman of the Copyright Telegrams Committee, to inform you that the Committee will be obliged if you will attend a meeting on Friday, September 18th, at 11 a.m., in Committee-room I, and at the same time supply them with a return of the receipts from Press messages from 1880 down to the close of last financial year; also a statement of the increase in Press messages on New Zealand lines since the reduction in the cable charges to 1d. per word.

I have, &c.,
G. F. Wooldridge,
Clerk of the Committee.

W. Gray, Esq.

Sir,— General Post Office, Wellington, 18th September, 1896.

In reply to your request of yesterday, I have the honour to forward you,—

(1.) A return of the receipts from Press messages from 1880 down to the close of the financial year ended 31st March last; and

(2.) A statement of the increase of Press messages over New Zealand lines since the reduction in the Press cable charges to 1d. per word.

I have, &c.,
W. Gray,
Secretary.

The Chairman, Copyright Telegrams Committee,
Parliament Buildings, Wellington.

Statement showing Number and Value of Press Telegrams Year by Year, from 1880–81 to 1895–96 inclusive; also, the Increase in Press Telegrams since the Reduction in the Cable Charges to 1d. per Word.

Year.	Number.	Revenue. £	s.	d.
1880–81	74,640	5,782	14	3
1881–82	121,211	7,089	9	9
1882	154,598	8,733	19	1
1883	157,893	8,532	19	9
1884	175,640	8,212	10	2
1885	170,282	7,597	10	10
1886	167,923	7,636	15	1
1887	175,202	8,030	1	10
1888	181,755	10,284	13	5
1889	172,243	8,593	16	3
1890	192,882	8,785	7	10
1891	187,623	9,590	5	6
1892	175,054	8,309	11	0
1893	189,991	9,006	9	2
1894–95	197,414	9,586	0	7
1895–96	198,108	9,507	18	8

The increase in Press messages on New Zealand lines since the reduction in cable charges to 1d. per word (which took effect from the 1st April, 1893) amounted to 23,343 messages, of the value of £1,445 15s. 4d., equal to an increase of 13·36 per cent. in number and 17·94 per cent. in value.

United Press Association (Limited), Wellington,
22nd September, 1896.

Dear Sir,—

Our own records follow our own financial year, not the calendar year, and they are as follow:—1891–92, 189,144 words; 1892–93, 209,111 words; 1893–94, 194,749 words; 1894–95, 293,606 words; 1895–96 (eleven months only), 277,053 words.

The total this year will be about three hundred thousand words. The difference in Mr. Gray's statement and the above is, I think, solely caused by the difference of periods.

You will see, except that in 1894, when the wreck of the Wairarapa swelled the messages from New Zealand, the value of the outward messages has fallen more than half. Were the Australian papers under guarantee too, the deficiency would not be so great.

I have, &c.,
W. H. ATACK, Manager.

G. W. Russell, Esq.,
Chairman Copyright Committee.

EXHIBIT I.

CORRESPONDENCE relating to the EVIDENCE given by the Hon. GEORGE JONES, M.L.C., and Mr. W. H. ATACK:—

DEAR SIR,— 24th September, 1896.

Herewith I send you copy of your evidence given before the Copyright Telegrams Committee on the 22nd instant. Please correct same and return to me as soon as possible.

I am directed by the Chairman of the Committee to inform you that he has thought it only fair to give the Hon. G. Jones, M.L.C., a copy of that part of your evidence which deals with his statements with regard to the annual charges which he has to pay to the Press Association.

I have, &c.,
G. F. WOOLDRIDGE,
Clerk of the Committee.

W. H. Atack, Esq.

SIR,— United Press Association (Limited), Wellington, 24th September, 1896.

I have forwarded to Mr. Wooldridge the remainder of my evidence. On page 7, at or about the point marked, * I believe you explained that Mr. Jones said the £225 was not for cables only, and I then said that, if so, he was correct. This does not appear in the report, and as you have forwarded my evidence to Mr. Jones, I think he ought to be acquainted with the fact that the only reason I had for saying he had misled the Committee was because I was given at first to understand he said he was paying £225 for cables as against the less than £100 by the other paper. I should not like him to think I wanted unfairly to criticize his evidence.

I understand Mr. Jones made a statement about being excluded from a voice in the control which is likely to have some influence on the Committee's finding. I do not know whether it is in order to refer to it; but if this is really so, I should like, if possible, to place the following before the Committee: Mr. Jones could obtain the voice he desires by becoming a shareholder. He has never, so far as I myself know, sought to become a shareholder. A circular was sent to all papers inviting them to take up shares. Mr. Jones told me he never received such a circular. Since then I have been told by Mr. Pirani that Mr. Jones at the time was not connected with the *Oamaru Mail*, but was in Auckland. This would account for his not seeing the circular, but not for his silence all these years, when he must have known that there were such things as shares, and could easily have applied for them.

If this is not too irregular I should like the above to go before the Committee before their report is finally drawn.

Yours, &c.,
W. H. ATACK, Manager.

G. W. Russell, Esq., Chairman, Copyright Telegrams Committee.

SIR,— Wellington, 26th September, 1896.

Taking advantage of the perusal of Mr. Atack's evidence before the Committee, which you kindly accorded me that I might be afforded an opportunity of replying to those portions which have reference to myself, I desire to make the following observations:—

Mr. Atack says: "All I can say is that it is a remarkable thing that Mr. Jones has taken several years to discover this [that he was being charged £225 for the services of the Association, while his local contemporary was paying something under £100], and that he has never made any complaint, and, even now, will not forward to the directors the ground of his complaint. Officially I know nothing about it, because I have asked him several times and he has not bothered to reply. All I can say is that there were particular and special circumstances, of which Mr. Jones ought to have been perfectly well aware, and of which I believe he is well aware. The complaint came as a great surprise to me as well as to the directors; but I have no doubt the directors would be willing to meet him." The reasonable sssumption is that I complained as soon as I knew that I was being overcharged. It is not easy for any contributor who is not a director to be aware of what is being done in the case of other newspapers. No hardship has been imposed upon the Association by the delay. It is not too late for the Association to make reparation. I have now sent a written complaint to the directors.

Mr. Atack says: "Mr. Jones knows very well that there is a question of compensation. He knows that, and I think he ought to tell the Committee." The only compensation which was spoken of by Mr. Atack as probable, was the return of a portion of the amount which has been paid for special cablegrams this year, though none have been received. It is proposed to pay this out of an amount which was paid to the Association as compensation for the sudden stoppage of the cablegrams, and it was mentioned by Mr. Atack that a further sum might be added from the funds of the Association, when I expressed an opinion that the £30 would be but a meagre return for the amount paid by contributors. This is quite a different matter from my complaint, concerning which Mr. Atack expressed astonishment in a conversation with me, seemed to think that I ought to be reimbursed, and asked me to write the Association about it. But I did not think that I was at

liberty to view such an expression as either definite or binding on the Association. I am glad to find that I was mistaken, and that there is a likelihood of my receiving back that which the Association ought never to have taken from me; but which, I am quite prepared to believe, was taken without any intention to be unjust.

Mr. Atack speaks of special circumstances why I should have been overcharged. I regret that he did not relate what they were. I know of none. He adds: "There were two courses open to him, and he chose to take the more expensive service." I received substantially the same service as my contemporary did, except that I took the special cablegrams; but their telegrams—at least, so I learn from Mr. Atack—were more expensive than mine. I am, &c.,

The Chairman, Press Telegrams Copyright Committee. GEORGE JONES.

EXHIBIT J.

CABLE MESSAGES in reference to COPYRIGHT LAW in the AUSTRALIAN COLONIES.

General Post Office, Wellington, 19th September, 1896.

(Memorandum for the Chairman, Copyright Telegrams Committee, Wellington.)

I BEG to enclose for your information copies of cable messages exchanged between the Secretary, Telegraphs, Sydney; the Postmaster-General, Adelaide; Deputy Postmaster-General, Melbourne, and myself, *re* Press cables and telegrams copyright.

It will be seen that there is such a copyright law in South Australia and Victoria.

W. GRAY, Secretary.

(Telegram.)

WALKER, Sydney.—Is there any copyright law in New South Wales and other colonies protecting Press cables and telegrams? If so, kindly wire provisions.—GRAY, Wellington. 8/9/96.

(Telegram.)

GRAY, Wellington.—None that I am aware of.—WALKER, Sydney. 8/9/96.

(Telegram.)

TODD, Adelaide.—Is there any copyright law in South Australia protecting publication Press cables and telegrams? If so, kindly wire provisions. Do you know of any similar law in other colonies? —GRAY, Wellington. 18/9/96.

(Telegram.)

WALKER, Sydney.—Press copyright cables and telegrams: I understand that there is such a law in South Australia.—GRAY, Wellington. 18/9/96.

(Telegram.)

GRAY, Wellington.—Yes, see Act No. 10, of 1872. No doubt you have copy of Act in Parliamentary Library. Similar Act in Victoria. Will send you copy our Act.—TODD, Adelaide. 18/9/96.

(Telegram.)

SMIBERT, Melbourne.—Please quote your Act protecting publication Press cables and telegrams.—GRAY, Wellington. 18/9/96.

(Telegram.)

MR. GRAY, Wellington.—Publication Press cables protected under section 25, "Victorian Copyright Act, 1890."—JAMES SMIBERT, Melbourne. 19/9/96.

Approximate Cost of Paper.—Preparation, not given; printing (1,375 copies), £88 7s.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1896.

Price 1s. 9d.]